



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-0297/1
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DOA:.....Ley, BB0149 – Calculation of jobs and enterprise zone tax credits

FOR 2013-2015 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; **relating to:** the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, WEDC administers the jobs tax credit program and the enterprise zone tax credit program. These programs provide tax benefits to businesses that create or retain certain full-time jobs in this state. Currently, under the jobs tax credit program, WEDC may award tax benefits in an amount that is equal to 10 percent of the wages a business pays to certain full-time employees who annually earn at least \$20,000 or \$30,000, depending on where the business is located. Under the enterprise zone tax credit program, DOR provides tax benefits to a business certified by WEDC for certain full-time employees in an amount that is up to 7 percent of the amount by which the annual wages for each of those employees exceeds either \$20,000 or \$30,000, depending on where the business is located.

Under this bill, WEDC may award tax benefits under the jobs tax credit program in an amount that is equal to 10 percent of the wages a business pays to certain full-time employees who annually earn at least: (a) what an individual earns making 150 percent of federal minimum wage for 2,080 hours or (b) \$30,000, depending on where the business is located. Similarly, under this bill, the amount of tax benefits DOR provides under the enterprise zone tax credit program is up to 7 percent of the amount by which the annual wages for each full-time employee

exceeds either: (a) what an individual earns making 150 percent of federal minimum wage for 2,080 hours or (b) \$30,000, depending on where the business is located.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 71.07 (3w) (b) 1. a. of the statutes is amended to read:

71.07 (3w) (b) 1. a. The number of full-time employees whose annual wages are greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the enterprise zone in the taxable year, minus the number of full-time employees whose annual wages were greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the area that comprises the enterprise zone in the base year.

SECTION 2. 71.07 (3w) (b) 1. b. of the statutes is amended to read:

71.07 (3w) (b) 1. b. The number of full-time employees whose annual wages are greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the state in the taxable year, minus the number of full-time employees whose annual wages were greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the state in the base year.

SECTION 3. 71.07 (3w) (b) 2. of the statutes is amended to read:

71.07 (3w) (b) 2. Determine the claimant's average zone payroll by dividing total wages for full-time employees whose annual wages are greater than \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the enterprise zone in the taxable year by the number of full-time employees whose annual wages are greater than \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the enterprise zone in the taxable year.

SECTION 4. 71.07 (3w) (b) 3. of the statutes is amended to read:

71.07 (3w) (b) 3. For employees in a tier I county or municipality, subtract \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage from the amount determined under subd. 2. and for employees in a tier II county or municipality, subtract \$30,000 from the amount determined under subd. 2.

SECTION 5. 71.07 (3w) (bm) 2. of the statutes is amended to read:

71.07 (3w) (bm) 2. In addition to the credits under par. (b) and subds. 1., 3., and 4., and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., a claimant may claim as a credit against the tax imposed under s. 71.02 or 71.08 an amount equal to the percentage, as determined under s. 238.399 or s. 560.799, 2009 stats., not to exceed 7 percent, of the claimant's zone payroll paid in the taxable year to all of the claimant's full-time employees whose annual wages are greater than \$20,000 the amount determined by multiplying 2,080 by 150

percent of the federal minimum wage in a tier I county or municipality, not including the wages paid to the employees determined under par. (b) 1., or greater than \$30,000 in a tier II county or municipality, not including the wages paid to the employees determined under par. (b) 1., and who the claimant employed in the enterprise zone in the taxable year, if the total number of such employees is equal to or greater than the total number of such employees in the base year. A claimant may claim a credit under this subdivision for no more than 5 consecutive taxable years.

SECTION 6. 71.28 (3w) (b) 1. a. of the statutes is amended to read:

71.28 (3w) (b) 1. a. The number of full-time employees whose annual wages are greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the enterprise zone in the taxable year, minus the number of full-time employees whose annual wages were greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the area that comprises the enterprise zone in the base year.

SECTION 7. 71.28 (3w) (b) 1. b. of the statutes is amended to read:

71.28 (3w) (b) 1. b. The number of full-time employees whose annual wages are greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the state in the taxable year, minus the number of full-time employees whose annual wages were greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater

than \$30,000 in a tier II county or municipality and who the claimant employed in the state in the base year.

SECTION 8. 71.28 (3w) (b) 2. of the statutes is amended to read:

71.28 (3w) (b) 2. Determine the claimant's average zone payroll by dividing total wages for full-time employees whose annual wages are greater than \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the enterprise zone in the taxable year by the number of full-time employees whose annual wages are greater than \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the enterprise zone in the taxable year.

SECTION 9. 71.28 (3w) (b) 3. of the statutes is amended to read:

71.28 (3w) (b) 3. For employees in a tier I county or municipality, subtract \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage from the amount determined under subd. 2. and for employees in a tier II county or municipality, subtract \$30,000 from the amount determined under subd. 2.

SECTION 10. 71.28 (3w) (bm) 2. of the statutes is amended to read:

71.28 (3w) (bm) 2. In addition to the credits under par. (b) and subds. 1., 3., and 4., and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., a claimant may claim as a credit against the tax imposed under s. 71.23 an amount equal to the percentage, as determined under s. 238.399 or s. 560.799, 2009 stats., not to exceed 7 percent, of the claimant's zone payroll paid in

the taxable year to all of the claimant's full-time employees whose annual wages are greater than \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality, not including the wages paid to the employees determined under par. (b) 1., or greater than \$30,000 in a tier II county or municipality, not including the wages paid to the employees determined under par. (b) 1., and who the claimant employed in the enterprise zone in the taxable year, if the total number of such employees is equal to or greater than the total number of such employees in the base year. A claimant may claim a credit under this subdivision for no more than 5 consecutive taxable years.

SECTION 11. 71.47 (3w) (b) 1. a. of the statutes is amended to read:

71.47 (3w) (b) 1. a. The number of full-time employees whose annual wages are greater than \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the enterprise zone in the taxable year, minus the number of full-time employees whose annual wages were greater than \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the area that comprises the enterprise zone in the base year.

SECTION 12. 71.47 (3w) (b) 1. b. of the statutes is amended to read:

71.47 (3w) (b) 1. b. The number of full-time employees whose annual wages are greater than \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the state in the taxable year, minus the number of full-time employees whose annual

wages were greater than \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the state in the base year.

SECTION 13. 71.47 (3w) (b) 2. of the statutes is amended to read:

71.47 (3w) (b) 2. Determine the claimant's average zone payroll by dividing total wages for full-time employees whose annual wages are greater than \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the enterprise zone in the taxable year by the number of full-time employees whose annual wages are greater than \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality and who the claimant employed in the enterprise zone in the taxable year.

SECTION 14. 71.47 (3w) (b) 3. of the statutes is amended to read:

71.47 (3w) (b) 3. For employees in a tier I county or municipality, subtract \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage from the amount determined under subd. 2. and for employees in a tier II county or municipality, subtract \$30,000 from the amount determined under subd. 2.

SECTION 15. 71.47 (3w) (bm) 2. of the statutes is amended to read:

71.47 (3w) (bm) 2. In addition to the credits under par. (b) and subds. 1., 3., and 4., and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., a claimant may claim as a credit against the tax imposed under

s. 71.43 an amount equal to the percentage, as determined under s. 238.399 or s. 560.799, 2009 stats., not to exceed 7 percent, of the claimant's zone payroll paid in the taxable year to all of the claimant's full-time employees whose annual wages are greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality, not including the wages paid to the employees determined under par. (b) 1., or greater than \$30,000 in a tier II county or municipality, not including the wages paid to the employees determined under par. (b) 1., and who the claimant employed in the enterprise zone in the taxable year, if the total number of such employees is equal to or greater than the total number of such employees in the base year. A claimant may claim a credit under this subdivision for no more than 5 consecutive taxable years.

SECTION 16. 238.16 (3) (a) of the statutes is amended to read:

238.16 (3) (a) In a tier I county or municipality, an eligible employee for whom the person claims a tax credit will earn at least ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in wages from the person in the year for which the credit is claimed.

SECTION 17. 238.16 (4) (b) 1. a. of the statutes is amended to read:

238.16 (4) (b) 1. a. In a tier I county or municipality, at least ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage.

SECTION 9337. Initial applicability; Revenue.

(1) ENTERPRISE ZONE JOBS CREDIT. The treatment of sections 71.07 (3w) (b) 1. a. and b., 2., and 3. and (bm) 2., 71.28 (3w) (b) 1. a. and b., 2., and 3. and (bm) 2., 71.47 (3w) (b) 1. a. and b., 2., and 3. and (bm) 2., and 238.16 (3) (a) and (4) (b) 1. a. of the statutes first applies to taxable years beginning on January 1, 2013.

(END)