2013 ASSEMBLY BILL 832

February 28, 2014 – Introduced by Representatives JOHNSON, BARNES, SARGENT, BEWLEY, OHNSTAD, BERCEAU, HEBL, POPE and GOYKE. Referred to Committee on Jobs, Economy and Mining.

AN ACT to amend 71.05 (6) (a) 15., 71.21 (4) (a), 71.26 (2) (a) 4., 71.34 (1k) (g) and 71.45 (2) (a) 10.; and to create 71.07 (8b), 71.10 (4) (cs), 71.28 (8b), 71.30 (3) (cs), 71.47 (8b) and 71.49 (1) (cs) of the statutes; relating to: an income and franchise tax credit for providing full-time employment to part-time employees.

Analysis by the Legislative Reference Bureau

Under this bill, a business may claim an income and franchise tax credit in an amount equal to $5,000 multiplied by the number of the taxpayer’s employees who satisfy all of the following conditions:

1. In the taxable year prior to the taxable year for which the taxpayer claims a credit, the employee worked at least 800 hours, but no more than 1,200 hours, at the taxpayer’s business in this state.

2. During the taxable year for which the taxpayer claims a credit, the employee worked at least 2,000 hours at the taxpayer’s business in this state.

3. During the taxable year for which the taxpayer claims a credit, the taxpayer paid the employee a wage of not less than $10 an hour.

4. The taxpayer’s business is located in a county where the average rate of total unemployment is 6 percent or greater.

5. The taxpayer’s business employs no more than ten employees during the taxable year.

A taxpayer may claim the credit for one taxable year only. If the amount of the credit exceeds the taxpayer’s tax liability, the taxpayer may credit the unused


amount of the credit to the next five taxable years, except that the taxpayer may not claim the unused balance for a taxable year in which the number of the taxpayer’s full-time employees is less than number of such employees employed by the taxpayer for the taxable year for which the taxpayer originally claimed the credit.

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. 71.05 (6) (a) 15. of the statutes, as affected by 2013 Wisconsin Act 20, is amended to read:

71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the credits computed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3s), (3t), (3w), (4k), (4n), (5e), (5f), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8b), and (8r) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership’s, company’s, or tax-option corporation’s income under s. 71.21 (4) or 71.34 (1k) (g).

SECTION 2. 71.07 (8b) of the statutes is created to read:

71.07 (8b) FULL-TIME EMPLOYMENT INCENTIVE CREDIT. Definition. In this subsection, “claimant” means a person who files a claim under this subsection.

(b) Filing claims. Subject to the limitations provided in this subsection, a claimant may claim as a credit against the taxes imposed under s. 71.02, up to the amount of the tax, an amount that is equal to $5,000 multiplied by the number of the claimant’s employees who satisfy all of the following conditions:

1. In the taxable year prior to the taxable year for which the claimant claims a credit under this subsection, the employee worked at least 800 hours, but no more than 1,200 hours, at the claimant’s business in this state.
2. During the taxable year for which the claimant claims a credit under this subsection, the employee worked at least 2,000 hours at the claimant’s business in this state.

3. During the taxable year for which the claimant claims a credit under this subsection, the claimant paid the employee a wage of not less than $10 an hour.

4. The claimant’s business is located in a county where the average rate of total unemployment is 6 percent or greater, as determined by the U.S. secretary of labor based on the jobs data for March of the year that corresponds to the taxable year for which the claimant claims a credit under this subsection.

5. During the taxable year for which the claimant claims a credit under this subsection, the claimant employs no more than 10 employees at the claimant’s business in this state.

(c) Limitations. 1. A claimant may claim a credit under this subsection for one taxable year only.

2. Partnerships, limited liability companies, and tax−option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax−option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax−option corporations may claim the credit in proportion to their ownership interests.

(d) Administration. 1. Section 71.28 (4) (e), (g), and (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.
2. Except as provided in subd. 3., if a credit computed under this subsection is not entirely offset against Wisconsin income or franchise taxes otherwise due, the unused balance may be carried forward and credited against Wisconsin income or franchise taxes otherwise due for the following 5 taxable years to the extent not offset by these taxes otherwise due in all intervening years between the year in which the expense was incurred and the year in which the carry-forward credit is claimed.

3. An unused balance described under subd. 2. may not be carried forward and credited against Wisconsin income or franchise taxes otherwise due for a taxable year in which the number of full-time employees employed by the claimant in this state is less than the number of full-time employees employed by the claimant in this state for the taxable year for which the claimant made the original claim under this subsection. For purposes of this subdivision, a full-time employee is an individual who works at least 2,000 hours during the taxable year at the claimant’s business in this state.

SECTION 3. 71.10 (4) (cs) of the statutes is created to read:

71.10 (4) (cs) Full-time employment incentive credit under s. 71.07 (8b).

SECTION 4. 71.21 (4) (a) of the statutes, as affected by 2013 Wisconsin Act 20, is amended to read:

71.21 (4) (a) The amount of the credits computed by a partnership under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8b), and (8r) and passed through to partners shall be added to the partnership’s income.

SECTION 5. 71.26 (2) (a) 4. of the statutes is amended to read:
71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
(1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r),
(3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8b), (8r),
and (9s) and not passed through by a partnership, limited liability company, or
tax−option corporation that has added that amount to the partnership’s, limited
liability company’s, or tax−option corporation’s income under s. 71.21 (4) or 71.34 (1k)
(g).

**SECTION 6.** 71.28 (8b) of the statutes is created to read:

71.28 (8b) **FULL−TIME EMPLOYMENT INCENTIVE CREDIT.** **Definition.** In this
subsection, “claimant” means a person who files a claim under this subsection.

(b) **Filing claims.** Subject to the limitations provided in this subsection, a
claimant may claim as a credit against the taxes imposed under s. 71.23, up to the
amount of the tax, an amount that is equal to $5,000 multiplied by the number of the
claimant’s employees who satisfy all of the following conditions:

1. In the taxable year prior to the taxable year for which the claimant claims
a credit under this subsection, the employee worked at least 800 hours, but no more
than 1,200 hours, at the claimant’s business in this state.

2. During the taxable year for which the claimant claims a credit under this
subsection, the employee worked at least 2,000 hours at the claimant’s business in this state.

3. During the taxable year for which the claimant claims a credit under this
subsection, the claimant paid the employee a wage of not less than $10 an hour.

4. The claimant’s business is located in a county where the average rate of total
unemployment is 6 percent or greater, as determined by the U.S. secretary of labor
based on the jobs data for March of the year that corresponds to the taxable year for which the claimant claims a credit under this subsection.

5. During the taxable year for which the claimant claims a credit under this subsection, the claimant employs no more than 10 employees at the claimant’s business in this state.

(c) Limitations. 1. A claimant may claim a credit under this subsection for one taxable year only.

2. Partnerships, limited liability companies, and tax–option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax–option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax–option corporations may claim the credit in proportion to their ownership interests.

(d) Administration. 1. Subsection (4) (e), (g), and (h), as it applies to the credit under sub. (4), applies to the credit under this subsection.

2. Except as provided in subd. 3., if a credit computed under this subsection is not entirely offset against Wisconsin income or franchise taxes otherwise due, the unused balance may be carried forward and credited against Wisconsin income or franchise taxes otherwise due for the following 5 taxable years to the extent not offset by these taxes otherwise due in all intervening years between the year in which the expense was incurred and the year in which the carry–forward credit is claimed.

3. An unused balance described under subd. 2. may not be carried forward and credited against Wisconsin income or franchise taxes otherwise due for a taxable
year in which the number of full-time employees employed by the claimant in this state is less than the number of full-time employees employed by the claimant in this state for the taxable year for which the claimant made the original claim under this subsection. For purposes of this subdivision, a full-time employee is an individual who works at least 2,000 hours during the taxable year at the claimant’s business in this state.

**SECTION 7.** 71.30 (3) (cs) of the statutes is created to read:

71.30 (3) (cs) Full-time employment incentive credit under s. 71.28 (8b).

**SECTION 8.** 71.34 (1k) (g) of the statutes, as affected by 2013 Wisconsin Act 20, is amended to read:

71.34 (1k) (g) An addition shall be made for credits computed by a tax-option corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rn), (3t), (3w), (4), (5), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (7b), and (8r) and passed through to shareholders.

**SECTION 9.** 71.45 (2) (a) 10. of the statutes is amended to read:

71.45 (2) (a) 10. By adding to federal taxable income the amount of credit computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (7b), (8r), and (9s) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership’s, limited liability company’s, or tax-option corporation’s income under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

**SECTION 10.** 71.47 (8b) of the statutes is created to read:

71.47 (8b) **FULL-TIME EMPLOYMENT INCENTIVE CREDIT. Definition.** In this subsection, “claimant” means a person who files a claim under this subsection.
(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the taxes imposed under s. 71.43, up to the amount of the tax, an amount that is equal to $5,000 multiplied by the number of the claimant’s employees who satisfy all of the following conditions:

1. In the taxable year prior to the taxable year for which the claimant claims a credit under this subsection, the employee worked at least 800 hours, but no more than 1,200 hours, at the claimant’s business in this state.

2. During the taxable year for which the claimant claims a credit under this subsection, the employee worked at least 2,000 hours at the claimant’s business in this state.

3. During the taxable year for which the claimant claims a credit under this subsection, the claimant paid the employee a wage of not less than $10 an hour.

4. The claimant’s business is located in a county where the average rate of total unemployment is 6 percent or greater, as determined by the U.S. secretary of labor based on the jobs data for March of the year that corresponds to the taxable year for which the claimant claims a credit under this subsection.

5. During the taxable year for which the claimant claims a credit under this subsection, the claimant employs no more than 10 employees at the claimant’s business in this state.

(c) *Limitations.* 1. A claimant may claim a credit under this subsection for one taxable year only.

2. Partnerships, limited liability companies, and tax–option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax–option corporation shall compute the amount of
credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

(d) Administration. 1. Section 71.28 (4) (e), (g), and (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

2. Except as provided in subd. 3., if a credit computed under this subsection is not entirely offset against Wisconsin income or franchise taxes otherwise due, the unused balance may be carried forward and credited against Wisconsin income or franchise taxes otherwise due for the following 5 taxable years to the extent not offset by these taxes otherwise due in all intervening years between the year in which the expense was incurred and the year in which the carry-forward credit is claimed.

3. An unused balance described under subd. 2. may not be carried forward and credited against Wisconsin income or franchise taxes otherwise due for a taxable year in which the number of full-time employees employed by the claimant in this state is less than the number of full-time employees employed by the claimant in this state for the taxable year for which the claimant made the original claim under this subsection. For purposes of this subdivision, a full-time employee is an individual who works at least 2,000 hours during the taxable year at the claimant’s business in this state.

SECTION 11. 71.49 (1) (cs) of the statutes is created to read:

71.49 (1) (cs) Full-time employment incentive credit under s. 71.47 (8b).

SECTION 12. Initial applicability.

(1) This act first applies to taxable years beginning on January 1, 2014.