2017 ASSEMBLY BILL 108

March 1, 2017 – Introduced by Representatives KREMER, ALLEN, ANDERSON, R. BROOKS, HORLACHER, KERKMAN, KLEEFISCH, SKOWRONSKI and THIESFELDT, cosponsored by Senators FEYEN, LASEE, OLSEN, TESTIN and WANGGAARD. Referred to Committee on Ways and Means.

AN ACT to amend 71.26 (2) (a) 4., 71.34 (1k) (g) and 71.45 (2) (a) 10.; and to create 71.28 (10), 71.30 (3) (ey), 71.47 (10) and 71.49 (1) (ey) of the statutes; relating to: creating a corporate income and franchise tax credit for amounts contributed by an employer into an employee’s college savings account.

Analysis by the Legislative Reference Bureau
This bill creates a nonrefundable corporate income and franchise tax credit for certain amounts contributed by an employer into an employee’s college savings account. The credit is nonrefundable, meaning that it may be claimed only up to the amount of the corporation’s income or franchise tax liability.

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. 71.26 (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 (1dm), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h),
(5i), (5j), (5k), (5r), (5rm), (6n), (8r), and (9s), and (10) 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 2. 71.28 (10) of the statutes is created to read:

71.28 (10) Employee college savings account contribution credit. (a)

Definitions. In this subsection:

1. “Claimant” means a person who files a claim under this subsection.

2. “Employee” has the meaning given in s. 71.63 (2).

(b) Filing claims. Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.23, up to the amount of those taxes, for each employee of the claimant, an amount equal to 25 percent of the amount the claimant paid into a college savings account, as described in s. 16.641, in the taxable year in which the contribution is made or on or before the 15th day of the 4th month beginning after the close of the taxable year to which the claim relates, for the benefit of the employee who is an account owner, as defined in s. 16.641 (1) (a), of the college savings account, up to 25 percent of the maximum amount that an individual contributor may deduct under s. 71.05 (6) (b) 32. a. per beneficiary.

(c) Limitations. 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 the 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. Subsection (4) (e) to (h), as it applies to the credit under
sub. (4), applies to the credit under this subsection.

SECTION 3. 71.30 (3) (ey) of the statutes is created to read:

71.30 (3) (ey) Employee college savings account contribution credit under s.
71.28 (10).

SECTION 4. 71.34 (1k) (g) of the statutes 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 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3p), (3q), (3r),
(3rm), (3rn), (3t), (3w), (3y), (4), (5), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n),
and (8r), and (10) and passed through to shareholders.

SECTION 5. 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 (1dm) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
(3w), (3y), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), and (9s), and (10)
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 6. 71.47 (10) of the statutes is created to read:

71.47 (10) EMPLOYEE COLLEGE SAVINGS ACCOUNT CONTRIBUTION CREDIT. (a)
Definitions. In this subsection:

1. “Claimant” means a person who files a claim under this subsection.
2. “Employee” has the meaning given in s. 71.63 (2).
(b) **Filing claims.** Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.43, up to the amount of those taxes, for each employee of the claimant, an amount equal to 25 percent of the amount the claimant paid into a college savings account, as described in s. 16.641, in the taxable year in which the contribution is made or on or before the 15th day of the 4th month beginning after the close of the taxable year to which the claim relates, for the benefit of the employee who is an account owner, as defined in s. 16.641 (1) (a), of the college savings account, up to 25 percent of the maximum amount that an individual contributor may deduct under s. 71.05 (6) (b) 32. a. per beneficiary.

(c) **Limitations.** 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 the 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.** Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

**SECTION 7.** 71.49 (1) (ey) of the statutes is created to read:

> 71.49 (1) (ey) Employee college savings account contribution credit under s. 71.47 (10).

**SECTION 8. Initial applicability.**
(1) This act first applies to taxable years beginning on January 1 of the year in which this subsection takes effect, except that if this subsection takes effect after July 31, this act first applies to taxable years beginning on January 1 of the year following the year in which this subsection takes effect.

(END)