

2019 DRAFTING REQUEST

Assembly Amendment (AA-AB56)

For: Legislative Fiscal Bureau Drafter: mshovers
By: Olin Secondary Drafters:
Date: 6/13/2019 May Contact:

Same as LRB:

Submit via email: YES
Requester's email:
Carbon copy (CC) to: Sean.Moran@legis.wisconsin.gov
rick.olin@legis.wisconsin.gov
joseph.kreye@legis.wisconsin.gov
Erika.Lunder@legis.wisconsin.gov

Pre Topic:

LFB:.....Olin -

Topic:

Reduce individual income tax rate in the second income tax bracket

Instructions:

See attached. Reduce marginal rate in 2nd bracket from 5.84% to 5.21%, first applies to taxable years beginning after 12/31/19

Drafting History:

Table with 6 columns: Vers., Drafted, Reviewed, Submitted, Jacketed, Required. Row 1: /P1, mshovers, anienaja, dwalker, (blank), (blank). Row 2: 6/14/2019, 6/14/2019, 6/14/2019, (blank), (blank), (blank).

FE Sent For: <END>

71.05 (8) (b) 2. The taxpayer need not make the offset against Wisconsin modified taxable income of the 2 years preceding the loss, as provided under subd. 1., if the taxpayer chooses not to carry back the net operating loss to the 2 years preceding the loss.

**SECTION 23.** 71.05 (8) (c) of the statutes is created to read:

71.05 (8) (c) The department shall not pay interest on any overpayment that results from the carry-back of a net operating loss.

**SECTION 24.** 71.06 (1q) (a) of the statutes, as created by 2013 Wisconsin Act 20, is amended to read:

71.06 (1q) (a) On all taxable income from \$0 to \$7,500, 4.40 percent, except that for taxable years beginning after December 31, 2013, 4.0 percent.

**SECTION 25.** 71.06 (2) (i) 1. of the statutes, as created by 2013 Wisconsin Act 20, is amended to read:

71.06 (2) (i) 1. On all taxable income from \$0 to \$10,000, 4.40 percent, except that for taxable years beginning after December 31, 2013, 4.0 percent.

**SECTION 26.** 71.06 (2) (j) 1. of the statutes, as created by 2013 Wisconsin Act 20, is amended to read:

71.06 (2) (j) 1. On all taxable income from \$0 to \$5,000, 4.40 percent, except that for taxable years beginning after December 31, 2013, 4.0 percent.

**SECTION 27.** 71.07 (4k) (b) 1. of the statutes, as created by 2013 Wisconsin Act 20, is amended to read:

71.07 (4k) (b) 1. Subject to the limitations provided in this subsection, and except as provided in subds. 2. and 3., for taxable years beginning after December 31, 2012, an individual, a partner of a partnership, a shareholder of a tax-option corporation, or a member of a limited liability company may claim a credit against the tax imposed under s. 71.02 or 71.08, as allocated under par. (d), an amount equal to 5 percent of the amount obtained by subtracting from the individual's, partnership's, tax-option corporation's, or limited liability company's qualified research expenses, as defined in section 41 of the Internal Revenue Code, except that "qualified research expenses" includes only expenses incurred by the individual, partnership, tax-option corporation, or the limited liability company, incurred for research conducted in this state for the taxable year, except that a taxpayer may elect the alternative computation under section 41 (c) (4) of the Internal Revenue Code and that election applies until the department permits its revocation, except as provided in par. (c), and except that "qualified research expenses" does not include compensation used in computing the credit under subs. (2dj) and (2dx), the entity's base amount, as defined in section 41 (c) of the Internal Revenue Code, except that gross receipts used in calculating the base amount means gross receipts from sales attributable to Wisconsin under ss. 71.04 (7) (b) 1. and 2., (df), (dh), (dj), and (dk). Section 41 (h) of the Internal Revenue Code does not apply to the credit under this subdivision.

**SECTION 28.** 71.07 (5i) (c) 3. of the statutes is created to read:

71.07 (5i) (c) 3. No credit may be claimed under this subsection based on an amount paid under par. (b) after December 31, 2013.

**SECTION 29.** 71.07 (5m) (a) 4. of the statutes is amended to read:

71.07 (5m) (a) 4. "Net tax liability" means a claimant's income tax liability after he or she completes the computations listed in s. 71.10 (4) (a) to ~~(4r)~~ (d).

**SECTION 30.** 71.07 (5n) (b) (intro.) of the statutes is amended to read:

71.07 (5n) (b) *Filing claims.* (intro.) Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. ss. 71.02 and 71.08, up to the amount of the tax, an amount equal to one of the following percentages of the claimant's eligible qualified production activities income in the taxable year:

**SECTION 31.** 71.07 (9r) (a) of the statutes is amended to read:

71.07 (9r) (a) For taxable years beginning on or after August 1, 1988, any natural person may credit against taxes otherwise due under s. 71.02 or 71.08 an amount equal to 25% of the costs of preservation or rehabilitation of historic property located in this state, including architectural fees and costs incurred in preparing nomination forms for listing in the national register of historic places in Wisconsin or the state register of historic places, if the nomination is made within 5 years prior to submission of a preservation or rehabilitation plan under par. (b) 3. b., and if the physical work of construction or destruction in preparation for construction begins after December 31, 1988, except that the credit may not exceed \$10,000, or \$5,000 for married persons filing separately, for any preservation or rehabilitation project.

**SECTION 32.** 71.08 (1) (intro.) of the statutes, as affected by 2013 Wisconsin Act 62, is amended to read:

71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married couple filing jointly, trust, or estate under s. 71.02, not considering the credits under ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3m), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (5n), (6), (6e), (8r), (9e), and (9m), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (2m), (3), (3n), (3t), and (3w), 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (2m), (3), (3n), (3t), and (3w), 71.57 to 71.61, and 71.613 and subch. VIII and payments to other states under s. 71.07 (7), is less than the tax under this section, there is imposed on that natural person, married couple filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

**SECTION 33.** 71.08 (1) (intro.) of the statutes, as affected by 2013 Wisconsin Acts 62 and .... (this act), is amended to read:



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRBb0377/P1

MES:... *am*

LFB:.....Olin - Reduce individual income tax rate in the second income tax bracket

**FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION  
ASSEMBLY AMENDMENT ,  
TO ASSEMBLY BILL 56**

*SA -  
Xref -  
PwJ -*

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 611, line 4: after that line insert:

3 **"SECTION 877q.** 71.06 (1q) (b) of the statutes is amended to read:

4 ~~×~~71.06 (1q) (b) On all taxable income exceeding \$7,500 but not exceeding  
5 \$15,000, 5.84 percent, except that for taxable years beginning after December 31,  
6 2018, 5.21 percent.

**History:** 1987 a. 312; 1989 a. 31; 1993 a. 16; 1997 a. 27, 41, 237; 1999 a. 9; 2001 a. 16; 2009 a. 28; 2013 a. 20, 145.

7 **SECTION 877r.** 71.06 (2) (i) 2. of the statutes is amended to read:

8 ~~×~~71.06 (2) (i) 2. On all taxable income exceeding \$10,000 but not exceeding  
9 \$20,000, 5.84 percent, except that for taxable years beginning after December 31,  
10 2018, 5.21 percent.

**History:** 1987 a. 312; 1989 a. 31; 1993 a. 16; 1997 a. 27, 41, 237; 1999 a. 9; 2001 a. 16; 2009 a. 28; 2013 a. 20, 145.

1           **SECTION 877s.** 71.06 (2) (j) 2. of the statutes is amended to read:  
2           71.06 (2) (j) 2. On all taxable income exceeding \$5,000 but not exceeding  
3           \$10,000, 5.84 percent, except that for taxable years beginning after December 31,  
4           2018, 5.21 percent.”.

**History:** 1987 a. 312; 1989 a. 31; 1993 a. 16; 1997 a. 27, 41, 237; 1999 a. 9; 2001 a. 16; 2009 a. 28; 2013 a. 20, 145.

5

(END)



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRBb0377/P1  
MES:amn

LFB:.....Olin - Reduce individual income tax rate in the second income tax bracket

**FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION  
ASSEMBLY AMENDMENT ,  
TO ASSEMBLY BILL 56**

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 611, line 4: after that line insert:

3 **“SECTION 877q.** 71.06 (1q) (b) of the statutes is amended to read:

4 71.06 (1q) (b) On all taxable income exceeding \$7,500 but not exceeding  
5 \$15,000, 5.84 percent, except that for taxable years beginning after December 31,  
6 2018, 5.21 percent.

7 **SECTION 877r.** 71.06 (2) (i) 2. of the statutes is amended to read:

8 71.06 (2) (i) 2. On all taxable income exceeding \$10,000 but not exceeding  
9 \$20,000, 5.84 percent, except that for taxable years beginning after December 31,  
10 2018, 5.21 percent.

11 **SECTION 877s.** 71.06 (2) (j) 2. of the statutes is amended to read:

