



State of Wisconsin
1999 - 2000 LEGISLATURE

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**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 1999 ASSEMBLY BILL 81**

December 8, 1999 - Offered by COMMITTEE ON VETERANS AND MILITARY AFFAIRS.

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.08 (1) (intro.), 71.10 (4) (i), 71.21 (4), 71.26
2 (2) (a), 71.30 (3) (f), 71.34 (1) (g), 71.45 (2) (a) 10., 71.49 (1) (f) and 77.92 (4); and
3 **to create** 20.835 (2) (a), 71.07 (5dv), 71.28 (5dv) and 71.47 (5dv) of the statutes;
4 **relating to:** creating an income tax credit and franchise tax credit for hiring
5 disabled veterans and making an appropriation.

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

6 **SECTION 1.** 20.835 (2) (a) of the statutes is created to read:

7 20.835 (2) (a) *Disabled veterans hiring credit.* A sum sufficient to make the
8 payments under ss. 71.07 (5dv) (c), 71.28 (5dv) (c) and 71.47 (5dv) (c).

9 **SECTION 2.** 71.05 (6) (a) 15. of the statutes is amended to read:

10 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
11 (2di), (2dj), (2dL), (2dr), (2ds), (2dx) and, (3s) and (5dv) and not passed through by
12 a partnership, limited liability company or tax-option corporation that has added

1 that amount to the partnership's, company's or tax-option corporation's income
2 under s. 71.21 (4) or 71.34 (1) (g).

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

4 71.07 (5dv) DISABLED VETERANS HIRING CREDIT. (a) In this subsection:

5 1. "Claimant" means a person who files a claim under this subsection.

6 2. "Disabled veteran" means a person who is eligible for compensation under
7 38 USC 1110.

8 3. "Percentage of disability" means the percentage determined under 38 USC
9 1114 (c) to (j).

10 (b) Subject to the limitations provided in this subsection, a claimant may claim
11 as a credit against the tax imposed under s. 71.02 an amount calculated as follows:

12 1. For each disabled veteran whom the claimant hires after the effective date
13 of this subdivision [revisor inserts date], determine the wages and salary paid.

14 2. Multiply the amount under subd. 1. by the disabled veteran's percentage of
15 disability.

16 3. Add the amounts under subd. 2. for all disabled veterans.

17 (c) If the allowable amount of the claim under this subsection exceeds the
18 income taxes otherwise due on the claimant's income, the amount of the claim that
19 is not used to offset those taxes shall be certified by the department of revenue to the
20 department of administration for payment by check, share draft or other draft drawn
21 from the appropriation under s. 20.835 (2) (a).

22 (d) Partnerships, limited liability companies and tax-option corporations may
23 not claim the credit under this subsection, but the eligibility for, and the amount of,
24 the credit is based on their payment of wages and salaries. A partnership, limited
25 liability company or corporation shall compute the amount of credit that each of its

1 partners, members or shareholders may claim and shall provide that information to
2 each of them. Partners, members of limited liability companies and shareholders of
3 tax-option corporations may claim the credit in proportion to their ownership
4 interest.

5 (e) Section 71.28 (4) (g) and (h) as it relates to the credit under s. 71.28 (4)
6 relates to the credit under this subsection.

7 (f) No new claim may be filed under this subsection for a taxable year that
8 begins after December 31, 2002.

9 **SECTION 4.** 71.08 (1) (intro.) of the statutes is amended to read:

10 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
11 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
12 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (5dv),
13 (6) and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) ~~and~~, (3) and
14 (5dv) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) ~~and~~, (3) and
15 (5dv) and subchs. VIII and IX and payments to other states under s. 71.07 (7), is less
16 than the tax under this section, there is imposed on that natural person, married
17 couple filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative
18 minimum tax computed as follows:

19 **SECTION 5.** 71.10 (4) (i) of the statutes is amended to read:

20 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
21 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
22 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
23 71.07 (2fd), earned income tax credit under s. 71.07 (9e), disabled veterans hiring
24 credit under s. 71.07 (5dv), estimated tax payments under s. 71.09, and taxes
25 withheld under subch. X.

1 **SECTION 6.** 71.21 (4) of the statutes is amended to read:

2 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
3 (2dj), (2dL), (2ds), (2dx) ~~and~~, (3s) and (5dv) and passed through to partners shall be
4 added to the partnership's income.

5 **SECTION 7.** 71.26 (2) (a) of the statutes is amended to read:

6 71.26 (2) (a) *Corporations in general.* The “net income” of a corporation means
7 the gross income as computed under the internal revenue code as modified under
8 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
9 computed under s. 71.28 (1) and (3) to (5) plus the amount of the credit computed
10 under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds) ~~and~~, (1dx) and (5dv) and not
11 passed through by a partnership, limited liability company or tax-option corporation
12 that has added that amount to the partnership's, limited liability company's or
13 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount
14 of losses from the sale or other disposition of assets the gain from which would be
15 wholly exempt income, as defined in sub. (3) (L), if the assets were sold or otherwise
16 disposed of at a gain and minus deductions, as computed under the internal revenue
17 code as modified under sub. (3), plus or minus, as appropriate, an amount equal to
18 the difference between the federal basis and Wisconsin basis of any asset sold,
19 exchanged, abandoned or otherwise disposed of in a taxable transaction during the
20 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

21 **SECTION 8.** 71.28 (5dv) of the statutes is created to read:

22 71.28 (5dv) DISABLED VETERANS HIRING CREDIT. (a) In this subsection:

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

24 2. “Disabled veteran” means a person who is eligible for compensation under
25 38 USC 1110.

1 3. “Percentage of disability” means the percentage determined under 38 USC
2 1114 (c) to (j).

3 (b) Subject to the limitations provided in this subsection, a claimant may claim
4 as a credit against the taxes imposed under s. 71.23 an amount calculated as follows:

5 1. For each disabled veteran whom the claimant hires after the effective date
6 of this subdivision [revisor inserts date], determine the wages and salary paid.

7 2. Multiply the amount under subd. 1. by the disabled veteran’s percentage of
8 disability.

9 3. Add the amounts under subd. 2. for all disabled veterans.

10 (c) If the allowable amount of the claim under this subsection exceeds the
11 amount of taxes otherwise due under this subchapter, the allowable amount of the
12 claim that is not used to offset taxes shall be certified by the department of revenue
13 to the department of administration for payment by check, share draft or other draft
14 drawn from the appropriation under s. 20.835 (2) (a).

15 (d) Partnerships, limited liability companies and tax-option corporations may
16 not claim the credit under this subsection, but the eligibility for, and the amount of,
17 the credit is based on their payment of wages and salaries. A partnership, limited
18 liability company or corporation shall compute the amount of credit that each of its
19 partners, members or shareholders may claim and shall provide that information to
20 each of them. Partners, members of limited liability companies and shareholders of
21 tax-option corporations may claim the credit in proportion to their ownership
22 interest.

23 (e) Subsection (4) (g) and (h) as it relates to the credit under sub. (4) relates to
24 the credit under this subsection.

1 (f) No new claim may be filed under this subsection for a taxable year that
2 begins after December 31, 2002.

3 **SECTION 9.** 71.30 (3) (f) of the statutes is amended to read:

4 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28
5 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
6 s. 71.28 (2m), disabled veterans hiring credit under s. 71.28 (5dv) and estimated tax
7 payments under s. 71.29.

8 **SECTION 10.** 71.34 (1) (g) of the statutes is amended to read:

9 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
10 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx) ~~and~~, (3) and
11 (5dv) and passed through to shareholders.

12 **SECTION 11.** 71.45 (2) (a) 10. of the statutes is amended to read:

13 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
14 computed under s. 71.47 (1dd) to (1dx) and (5dv) and not passed through by a
15 partnership, limited liability company or tax-option corporation that has added that
16 amount to the partnership's, limited liability company's or tax-option corporation's
17 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under
18 s. 71.47 (1), (3), (4) and (5).

19 **SECTION 12.** 71.47 (5dv) of the statutes is created to read:

20 71.47 (5dv) DISABLED VETERANS HIRING CREDIT. (a) In this subsection:

21 1. "Claimant" means a person who files a claim under this subsection.

22 2. "Disabled veteran" means a person who is eligible for compensation under
23 38 USC 1110.

24 3. "Percentage of disability" means the percentage determined under 38 USC
25 1114 (e) to (j).

1 (b) Subject to the limitations provided in this subsection, a claimant may claim
2 as a credit against the taxes imposed under s. 71.43 an amount calculated as follows:

3 1. For each disabled veteran whom the claimant hires after the effective date
4 of this subdivision [revisor inserts date], determine the wages and salary paid.

5 2. Multiply the amount under subd. 1. by the disabled veteran's percentage of
6 disability.

7 3. Add the amounts under subd. 2. for all disabled veterans.

8 (c) If the allowable amount of the claim under this subsection exceeds the
9 amount of taxes otherwise due under this subchapter, the allowable amount of the
10 claim that is not used to offset taxes shall be certified by the department of revenue
11 to the department of administration for payment by check, share draft or other draft
12 drawn from the appropriation under s. 20.835 (2) (a).

13 (d) Partnerships, limited liability companies and tax-option corporations may
14 not claim the credit under this subsection, but the eligibility for, and the amount of,
15 the credit is based on their payment of wages and salaries. A partnership, limited
16 liability company or corporation shall compute the amount of credit that each of its
17 partners, members or shareholders may claim and shall provide that information to
18 each of them. Partners, members of limited liability companies and shareholders of
19 tax-option corporations may claim the credit in proportion to their ownership
20 interest.

21 (e) Section 71.28 (4) (g) and (h) as it relates to the credit under s. 71.28 (4)
22 relates to the credit under this subsection.

23 (f) No new claim may be filed under this subsection for a taxable year that
24 begins after December 31, 2002.

25 **SECTION 13.** 71.49 (1) (f) of the statutes is amended to read:

1 71.49 (1) (f) The total of farmers’ drought property tax credit under s. 71.47
2 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
3 s. 71.47 (2m), disabled veterans hiring credit under s. 71.47 (5dv) and estimated tax
4 payments under s. 71.48.

5 **SECTION 14.** 77.92 (4) of the statutes, as affected by 1999 Wisconsin Act 9, is
6 amended to read:

7 77.92 (4) “Net business income”, with respect to a partnership, means taxable
8 income as calculated under section 703 of the Internal Revenue Code; plus the items
9 of income and gain under section 702 of the Internal Revenue Code including taxable
10 state and municipal bond interest and excluding nontaxable interest income
11 dividend income from federal government obligations; minus the items of loss and
12 deduction under section 702 of the Internal Revenue Code except items that are not
13 deductible under s. 71.21; plus guaranteed payments to partners under section 707
14 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
15 (2di), (2dj), (2dL), (2dr), (2ds), (2dx) and, (3s) and (5dv); and plus or minus, as
16 appropriate, transitional adjustments, depreciation differences and basis
17 differences under s. 71.05 (13), (15), (16), (17) and (19); but excluding income, gain,
18 loss and deductions from farming. “Net business income”, with respect to a natural
19 person, estate or trust, means profit from a trade or business for federal income tax
20 purposes and includes net income derived as an employe as defined in section 3121
21 (d) (3) of the Internal Revenue Code.

22 **SECTION 15. Initial applicability.**

23 (1) This act first applies to taxable years beginning on January 1 of the year
24 in which this subsection takes effect, except that if this subsection takes effect after

1 July 31 this act first applies to taxable years beginning on January 1 of the year after
2 the year in which this subsection takes effect.

3 (END)