



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.

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.21 (4) (a), 71.26 (2) (a) 4., 71.34 (1k) (g) and
2 71.45 (2) (a) 10.; and **to create** 71.07 (8b), 71.10 (4) (cs), 71.28 (8b), 71.30 (3) (cs),
3 71.47 (8b) and 71.49 (1) (cs) of the statutes; **relating to:** an income and
4 franchise tax credit for providing full-time employment to part-time
5 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

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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:

1 **SECTION 1.** 71.05 (6) (a) 15. of the statutes, as affected by 2013 Wisconsin Act
2 20, is amended to read:

3 71.05 **(6)** (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the
4 credits computed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds),
5 (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (4k), (4n), (5e),
6 (5f), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8b), and (8r) and not passed through by a
7 partnership, limited liability company, or tax-option corporation that has added that
8 amount to the partnership's, company's, or tax-option corporation's income under s.
9 71.21 (4) or 71.34 (1k) (g).

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

11 71.07 **(8b)** FULL-TIME EMPLOYMENT INCENTIVE CREDIT. *Definition.* In this
12 subsection, "claimant" means a person who files a claim under this subsection.

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

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

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

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

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

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

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

15 2. 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 are based on their payment of amounts under par. (b). A partnership,
18 limited liability company, or tax-option corporation shall compute the amount of
19 credit that each of its partners, members, or shareholders may claim and shall
20 provide that information to each of them. Partners, members of limited liability
21 companies, and shareholders of tax-option corporations may claim the credit in
22 proportion to their ownership interests.

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

ASSEMBLY BILL 832**SECTION 2**

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

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

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

16 71.10 (4) (cs) Full-time employment incentive credit under s. 71.07 (8b).

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

19 71.21 (4) (a) The amount of the credits computed by a partnership under s.
20 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p),
21 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r),
22 (5rm), (6n), (8b), and (8r) and passed through to partners shall be added to the
23 partnership's income.

24 **SECTION 5.** 71.26 (2) (a) 4. of the statutes is amended to read:

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

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

9 71.28 (8b) FULL-TIME EMPLOYMENT INCENTIVE CREDIT. *Definition.* In this
10 subsection, "claimant" means a person who files a claim under this subsection.

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

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

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

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

23 4. The claimant's business is located in a county where the average rate of total
24 unemployment is 6 percent or greater, as determined by the U.S. secretary of labor

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1 based on the jobs data for March of the year that corresponds to the taxable year for
2 which the claimant claims a credit under this subsection.

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

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

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

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

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

24 3. An unused balance described under subd. 2. may not be carried forward and
25 credited against Wisconsin income or franchise taxes otherwise due for a taxable

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1 year in which the number of full-time employees employed by the claimant in this
2 state is less than the number of full-time employees employed by the claimant in this
3 state for the taxable year for which the claimant made the original claim under this
4 subsection. For purposes of this subdivision, a full-time employee is an individual
5 who works at least 2,000 hours during the taxable year at the claimant's business
6 in this state.

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

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

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

11 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
12 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
13 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (4), (5), (5e), (5f), (5g), (5h),
14 (5i), (5j), (5k), (5r), (5rm), (6n), (8b), and (8r) and passed through to shareholders.

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

16 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
17 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
18 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8b), (8r), and (9s) and not
19 passed through by a partnership, limited liability company, or tax-option
20 corporation that has added that amount to the partnership's, limited liability
21 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and
22 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

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

24 71.47 (8b) FULL-TIME EMPLOYMENT INCENTIVE CREDIT. *Definition.* In this
25 subsection, "claimant" means a person who files a claim under this subsection.

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1 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
2 claimant may claim as a credit against the taxes imposed under s. 71.43, up to the
3 amount of the tax, an amount that is equal to \$5,000 multiplied by the number of the
4 claimant's employees who satisfy all of the following conditions:

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

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

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

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

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

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

22 2. 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 are based on their payment of amounts under par. (b). A partnership,
25 limited liability company, or tax-option corporation shall compute the amount of

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

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

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

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

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

22 71.49 (1) (cs) Full-time employment incentive credit under s. 71.47 (8b).

23 **SECTION 12. Initial applicability.**

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

25 (END)