



## 2009 ASSEMBLY BILL 909

March 29, 2010 - Introduced by Representative HIXSON. Referred to Committee on Ways and Means.

1     **AN ACT to amend** 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45  
2             (2) (a) 10. and 77.92 (4); and **to create** 71.07 (5p), 71.10 (4) (ce), 71.28 (5p), 71.30  
3             (3) (ce), 71.47 (5p) and 71.49 (1) (ce) of the statutes; **relating to:** an income and  
4             franchise tax credit for new small businesses that hire interns.

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### *Analysis by the Legislative Reference Bureau*

Under this bill, a new small business may claim an income and franchise tax credit of \$1,000 for hiring an intern. In order for the business to receive the credit, the intern must be enrolled at a public or private postsecondary institution, work at least 20 hours per week for one semester, and receive course credit for the internship. A business may claim the credit only once. Under the bill, a new small business is a business that employs no more than ten employees in this state and is organized in this state on a date that is not more than 12 months from the date on which the intern starts his or her employment.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

5             **SECTION 1.** 71.05 (6) (a) 15. of the statutes, as affected by 2009 Wisconsin Act  
6             28, is amended to read:

**ASSEMBLY BILL 909****SECTION 1**

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

7           **SECTION 2.** 71.07 (5p) of the statutes is created to read:

8           71.07 (5p) NEW SMALL BUSINESS INTERNSHIP CREDIT. (a) *Definitions.* In this  
9           subsection:

10           1. "Business" means any organization or enterprise operated for profit,  
11           including a proprietorship, partnership, firm, business trust, joint venture,  
12           syndicate, corporation, limited liability company, or association.

13           2. "Claimant" means a person who files a claim under this subsection.

14           3. "Course of instruction" has the meaning given in s. 38.50 (1) (c).

15           4. "New small business" means a business for which all of the following apply:

16           a. It employs no more than 10 employees in this state during the taxable year  
17           for which the claimant claims a credit under this subsection.

18           b. It is organized in this state on a date that is not more than 12 months from  
19           the date on which an intern for which a credit is claimed under this subsection begins  
20           his or her employment with the business.

21           5. "Qualified postsecondary institution" means all of the following:

22           a. A University of Wisconsin System institution, a technical college system  
23           institution, or a regionally accredited 4-year nonprofit college or university having  
24           its regional headquarters and principal place of business in this state.

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1           b. A school approved under s. 38.50, if the delivery of education occurs in this  
2 state.

3           (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
4 claimant may claim as a credit against the tax imposed under s. 71.02, up to the  
5 amount of the tax, \$1,000, if all of the following apply:

6           1. The claimant's new small business hires an intern during the taxable year  
7 for which the claimant files a claim under this subsection.

8           2. The intern is enrolled in a course of instruction at a qualified postsecondary  
9 institution.

10          3. The intern works for the claimant's new small business at least 20 hours per  
11 week, on average, during a period that corresponds with at least one semester at the  
12 intern's qualified postsecondary institution.

13          4. The intern receives course credit from the qualified postsecondary  
14 institution for the work done at the claimant's new small business.

15          (c) *Limitations.* 1. The maximum amount of the credit that a claimant may  
16 receive under this subsection is \$1,000.

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

**ASSEMBLY BILL 909****SECTION 2**

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

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

4 71.10 (4) (ce) New small business internship credit under s. 71.07 (5p).

5 **SECTION 4.** 71.21 (4) of the statutes, as affected by 2009 Wisconsin Act 28, is  
6 amended to read:

7 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
8 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w),  
9 (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5p), and (8r) and passed through to partners shall  
10 be added to the partnership's income.

11 **SECTION 5.** 71.26 (2) (a) 4. of the statutes, as affected by 2009 Wisconsin Act 28,  
12 is amended to read:

13 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),  
14 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3t),  
15 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5p), and (8r) and not passed through by a  
16 partnership, limited liability company, or tax-option corporation that has added that  
17 amount to the partnership's, limited liability company's, or tax-option corporation's  
18 income under s. 71.21 (4) or 71.34 (1k) (g).

19 **SECTION 6.** 71.28 (5p) of the statutes is created to read:

20 71.28 (5p) NEW SMALL BUSINESS INTERNSHIP CREDIT. (a) *Definitions*. In this  
21 subsection:

22 1. "Business" means any organization or enterprise operated for profit,  
23 including a proprietorship, partnership, firm, business trust, joint venture,  
24 syndicate, corporation, limited liability company, or association.

25 2. "Claimant" means a person who files a claim under this subsection.

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- 1           3. “Course of instruction” has the meaning given in s. 38.50 (1) (c).
- 2           4. “New small business” means a business for which all of the following apply:
- 3           a. It employs no more than 10 employees in this state during the taxable year
- 4 for which the claimant claims a credit under this subsection.
- 5           b. It is organized in this state on a date that is not more than 12 months from
- 6 the date on which an intern for which a credit is claimed under this subsection begins
- 7 his or her employment with the business.
- 8           5. “Qualified postsecondary institution” means all of the following:
- 9           a. A University of Wisconsin System institution, a technical college system
- 10 institution, or a regionally accredited 4-year nonprofit college or university having
- 11 its regional headquarters and principal place of business in this state.
- 12           b. A school approved under s. 38.50, if the delivery of education occurs in this
- 13 state.
- 14           (b) *Filing claims.* Subject to the limitations provided in this subsection, a
- 15 claimant may claim as a credit against the tax imposed under s. 71.23, up to the
- 16 amount of the tax, \$1,000, if all of the following apply:
- 17           1. The claimant’s new small business hires an intern during the taxable year
- 18 for which the claimant files a claim under this subsection.
- 19           2. The intern is enrolled in a course of instruction at a qualified postsecondary
- 20 institution.
- 21           3. The intern works for the claimant’s new small business at least 20 hours per
- 22 week, on average, during a period that corresponds with at least one semester at the
- 23 intern’s qualified postsecondary institution.
- 24           4. The intern receives course credit from the qualified postsecondary
- 25 institution for the work done at the claimant’s new small business.

**ASSEMBLY BILL 909****SECTION 6**

1           (c) *Limitations.* 1. The maximum amount of the credit that a claimant may  
2 receive under this subsection is \$1,000.

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

11           (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under  
12 sub. (4), applies to the credit under this subsection.

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

14           71.30 (3) (ce) New small business internship credit under s. 71.28 (5p).

15           **SECTION 8.** 71.34 (1k) (g) of the statutes, as affected by 2009 Wisconsin Act 28,  
16 is amended to read:

17           71.34 (1k) (g) An addition shall be made for credits computed by a tax-option  
18 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),  
19 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5p),  
20 and (8r) and passed through to shareholders.

21           **SECTION 9.** 71.45 (2) (a) 10. of the statutes, as affected by 2009 Wisconsin Act  
22 28, is amended to read:

23           71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
24 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3w), (5e), (5f),  
25 (5g), (5h), (5i), (5j), (5k), (5p), and (8r) and not passed through by a partnership,

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1 limited liability company, or tax-option corporation that has added that amount to  
2 the partnership's, limited liability company's, or tax-option corporation's income  
3 under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47  
4 (1), (3), (3t), (4), (4m), and (5).

5 **SECTION 10.** 71.47 (5p) of the statutes is created to read:

6 71.47 (5p) NEW SMALL BUSINESS INTERNSHIP CREDIT. (a) *Definitions.* In this  
7 subsection:

8 1. "Business" means any organization or enterprise operated for profit,  
9 including a proprietorship, partnership, firm, business trust, joint venture,  
10 syndicate, corporation, limited liability company, or association.

11 2. "Claimant" means a person who files a claim under this subsection.

12 3. "Course of instruction" has the meaning given in s. 38.50 (1) (c).

13 4. "New small business" means a business for which all of the following apply:

14 a. It employs no more than 10 employees in this state during the taxable year  
15 for which the claimant claims a credit under this subsection.

16 b. It is organized in this state on a date that is not more than 12 months from  
17 the date on which an intern for which a credit is claimed under this subsection begins  
18 his or her employment with the business.

19 5. "Qualified postsecondary institution" means all of the following:

20 a. A University of Wisconsin System institution, a technical college system  
21 institution, or a regionally accredited 4-year nonprofit college or university having  
22 its regional headquarters and principal place of business in this state.

23 b. A school approved under s. 38.50, if the delivery of education occurs in this  
24 state.

**ASSEMBLY BILL 909****SECTION 10**

1 (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
2 claimant may claim as a credit against the tax imposed under s. 71.43, up to the  
3 amount of the tax, \$1,000, if all of the following apply:

4 1. The claimant's new small business hires an intern during the taxable year  
5 for which the claimant files a claim under this subsection.

6 2. The intern is enrolled in a course of instruction at a qualified postsecondary  
7 institution.

8 3. The intern works for the claimant's new small business at least 20 hours per  
9 week, on average, during a period that corresponds with at least one semester at the  
10 intern's qualified postsecondary institution.

11 4. The intern receives course credit from the qualified postsecondary  
12 institution for the work done at the claimant's new small business.

13 (c) *Limitations.* 1. The maximum amount of the credit that a claimant may  
14 receive under this subsection is \$1,000.

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

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



**ASSEMBLY BILL 909****SECTION 11**

1           71.49 (1) (ce) New small business internship credit under s. 71.47 (5p).

2           **SECTION 12.** 77.92 (4) of the statutes, as affected by 2009 Wisconsin Act 28, is  
3 amended to read:

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

20           **SECTION 13. Initial applicability.**

21           (1) This act first applies to taxable years beginning on January 1 of the year  
22 in which this subsection takes effect, except that if this subsection takes effect after  
23 July 31 this act first applies to taxable years beginning on January 1 of the year  
24 following the year in which this subsection takes effect.

25

(END)