



1999 ASSEMBLY BILL 161

March 4, 1999 – Introduced by Representatives POCAN, BOCK, SINICKI, MILLER, CARPENTER, BERCEAU, MUSSER, BLACK, PLOUFF, BOYLE, LA FAVE, TURNER, KREUSER, SCHNEIDER, RYBA and CULLEN, cosponsored by Senator RISSER. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 71.26 (3) (e) 1. of the statutes; **relating to:** limiting the
2 corporate income tax deduction for compensation paid to an employe.

Analysis by the Legislative Reference Bureau

Under current law, a corporation may deduct from its income tax the compensation paid to its officers and employes. The corporate income tax deduction for compensation paid to executive officers cannot exceed \$1,000,000.

This bill further limits any single corporate income tax deduction for compensation paid to an employe or officer to an amount not to exceed the compensation paid to a corporation's lowest paid full-time employe multiplied by 25.

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:

3 **SECTION 1.** 71.26 (3) (e) 1. of the statutes is amended to read:
4 71.26 (3) (e) 1. So that payments for wages, salaries, commissions and bonuses
5 of employes and officers may be deducted only if the name, address and amount paid
6 to each resident of this state to whom compensation of \$600 or more has been paid

ASSEMBLY BILL 161**SECTION 1**

1 during the taxable year is reported or if the department of revenue is satisfied that
2 failure to report has resulted in no revenue loss to this state. A deduction for wages,
3 salaries, commissions and bonuses paid to an employe or officer shall not exceed an
4 amount equal to the wages, salaries, commissions and bonuses paid to the
5 corporation's lowest paid full-time employe multiplied by 25.

6 **SECTION 2. Initial applicability.**

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

11 (END)