

State of Misconsin 2011 - 2012 LEGISLATURE



## 2011 SENATE BILL 201

September 27, 2011 – Introduced by Senator WANGGAARD, cosponsored by Representatives PETRYK, BIES, E. COGGS and DOYLE. Referred to Committee on Economic Development and Veterans and Military Affairs.

AN ACT to amend 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45 (2) (a) 10. and 77.92 (4); and to create 71.07 (5p), 71.10 (4) (cs), 71.28 (5p), 71.30 (3) (dp), 71.47 (5p) and 71.49 (1) (dp) of the statutes; relating to: an income and franchise tax credit for hiring unemployed individuals.

#### Analysis by the Legislative Reference Bureau

This bill allows a taxpayer to claim an income and franchise tax credit equal to \$5,000 for each unemployed state resident hired by the taxpayer in the taxable year to work a full-time job at the taxpayer's business in this state. The maximum amount of all such credits that a taxpayer may claim is \$250,000. If the amount of the credit exceeds the taxpayer's tax liability, the taxpayer does not receive a refund, but may carry forward the amount of any unused credit to subsequent taxable years.

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:

SECTION 1. 71.05 (6) (a) 15. of the statutes, as affected by 2011 Wisconsin Act

6 32, is amended to read:

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1	71.05 (6) (a) 15. The amount of the credits computed under s. $71.07$ (2dd), (2de),
2	$(2di),\ (2dj),\ (2dL),\ (2dm),\ (2dr),\ (2ds),\ (2dx),\ (2dy),\ (3g),\ (3h),\ (3n),\ (3p),\ (3q),\ (3r),$
3	(3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), and
4	(8r) and not passed through by a partnership, limited liability company, or
5	tax-option corporation that has added that amount to the partnership's, company's,
6	or tax-option corporation's income under s. $71.21$ (4) or $71.34$ (1k) (g).
7	<b>SECTION 2.</b> 71.07 (5p) of the statutes is created to read:
8	71.07 (5p) HIRING THE UNEMPLOYED CREDIT. (a) Definitions. In this subsection:
9	1. "Claimant" means a person who files a claim under this subsection.
10	2. "Full-time job" means a regular, nonseasonal full-time position in which an
11	individual, as a condition of employment, is required to work at least 2,080 hours per
12	year, including paid leave and holidays.
13	3. "Qualified individual" means a person who, on the date that the claimant
14	hires the individual to work at the claimant's business in this state, is a resident of
15	this state, has been receiving unemployment insurance benefits for at least 60 days
16	prior to being hired by the claimant, and has not been employed by the claimant at
17	any time during the 60 days prior to the first day on which the individual is eligible
18	to receive unemployment insurance benefits.
19	(b) <i>Filing claims</i> . Subject to the limitations provided in this subsection, for
20	taxable years beginning after December 31, 2011, a claimant may claim as a credit
21	against the tax imposed under s. 71.02, up to the amount of the tax, an amount equal
22	to \$5,000 for each qualified individual hired by the claimant in the taxable year to
23	work at a full-time job at the claimant's business in this state.
24	(c) <i>Limitations</i> . 1. The maximum amount of all credits that a claimant may

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24 (c) *Limitations*. 1. The maximum amount of all credits that a claimant may
25 claim under this subsection is \$250,000.

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1	2. Partnerships, limited liability companies, and tax-option corporations may
2	not claim the credit under this subsection, but the eligibility for, and the amount of,
3	the credit are based on hiring individuals described under par. (b). A partnership,
4	limited liability company, or tax-option corporation shall compute the amount of
5	credit that each of its partners, members, or shareholders may claim and shall
6	provide that information to each of them. Partners, members of limited liability
7	companies, and shareholders of tax-option corporations may claim the credit in
8	proportion to their ownership interests.
9	(d) Administration. Section 71.28 (4) (e) to (h), as it applies to the credit under
10	s. 71.28 (4), applies to the credit under this subsection.
11	<b>SECTION 3.</b> 71.10 (4) (cs) of the statutes is created to read:
12	71.10 (4) (cs) Hiring the unemployed credit under s. 71.07 (5p).
13	<b>SECTION 4.</b> 71.21 (4) of the statutes, as affected by 2011 Wisconsin Act 32, is
14	amended to read:
15	71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
16	(2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3rn),
17	(3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), and (8r) and passed
18	through to partners shall be added to the partnership's income.
19	<b>SECTION 5.</b> 71.26 (2) (a) 4. of the statutes, as affected by 2011 Wisconsin Act 32,
20	is amended to read:
21	71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
22	$(1de),\ (1di),\ (1dj),\ (1dL),\ (1dm),\ (1ds),\ (1dx),\ (1dy),\ (3g),\ (3h),\ (3n),\ (3p),\ (3q),\ (3r),$
23	(3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), (8r), (
24	and (9s) and not passed through by a partnership, limited liability company, or
25	tax-option corporation that has added that amount to the partnership's, limited

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liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)
 (g).

SECTION 6. 71.28 (5p) of the statutes is created to read:
71.28 (5p) HIRING THE UNEMPLOYED CREDIT. (a) *Definitions*. In this subsection:
1. "Claimant" means a person who files a claim under this subsection.
2. "Full-time job" means a regular, nonseasonal full-time position in which an
individual, as a condition of employment, is required to work at least 2,080 hours per
year, including paid leave and holidays.
3. "Qualified individual" means a person who, on the date that the claimant

hires the individual to work at the claimant's business in this state, is a resident of this state, has been receiving unemployment insurance benefits for at least 60 days prior to being hired by the claimant, and has not been employed by the claimant at any time during the 60 days prior to the first day on which the individual is eligible to receive unemployment insurance benefits.

(b) Filing claims. Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2011, a claimant may claim as a credit against the tax imposed under s. 71.23, up to the amount of the tax, an amount equal to \$5,000 for each qualified individual hired by the claimant in the taxable year to work at a full-time job at the claimant's business in this state.

20 (c) *Limitations*. 1. The maximum amount of all credits that a claimant may
21 claim under this subsection is \$250,000.

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 hiring individuals described 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. Subsection (4) (e) to (h), as it applies to the credit under
6	sub. (4), applies to the credit under this subsection.
7	<b>SECTION 7.</b> 71.30 (3) (dp) of the statutes is created to read:
8	71.30 (3) (dp) Hiring the unemployed credit under s. 71.28 (5p).
9	SECTION 8. 71.34 (1k) (g) of the statutes, as affected by 2011 Wisconsin Act 32,
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), (5e), (5f), (5g), (5h), (5i), (5j), (5f), (5f), (5g), (5h), (5h
14	(5k), (5n), (5p), (5r), (5rm), and (8r) and passed through to shareholders.
15	<b>SECTION 9.</b> 71.45 (2) (a) 10. of the statutes, as affected by 2011 Wisconsin Act
16	32, is amended to read:
17	71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
18	$computed \ under \ s. \ 71.47 \ (1dd) \ to \ (1dy), \ (3g), \ (3h), \ (3n), \ (3p), \ (3q), \ (3r), \ (3rm), \ (3rn), $
19	(3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), ( <u>5p)</u> , (5r), (5rm), (8r), and (9s) and not
20	passed through by a partnership, limited liability company, or tax-option
21	corporation that has added that amount to the partnership's, limited liability
22	company's, or tax-option corporation's income under s. $71.21\ (4)$ or $71.34\ (1k)\ (g)$ and
23	the amount of credit computed under s. $71.47(1)$ , $(3)$ , $(3t)$ , $(4)$ , $(4m)$ , and $(5)$ .
24	<b>SECTION 10.</b> 71.47 (5p) of the statutes is created to read:
25	71.47 (5p) HIRING THE UNEMPLOYED CREDIT. (a) <i>Definitions</i> . In this subsection:

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

- 2 2. "Full-time job" means a regular, nonseasonal full-time position in which an
  3 individual, as a condition of employment, is required to work at least 2,080 hours per
  4 year, including paid leave and holidays.
- 5 3. "Qualified individual" means a person who, on the date that the claimant 6 hires the individual to work at the claimant's business in this state, is a resident of 7 this state, has been receiving unemployment insurance benefits for at least 60 days 8 prior to being hired by the claimant, and has not been employed by the claimant at 9 any time during the 60 days prior to the first day on which the individual is eligible 10 to receive unemployment insurance benefits.
- (b) *Filing claims*. Subject to the limitations provided in this subsection, for
  taxable years beginning after December 31, 2011, a claimant may claim as a credit
  against the tax imposed under s. 71.43, up to the amount of the tax, an amount equal
  to \$5,000 for each qualified individual hired by the claimant in the taxable year to
  work at a full-time job at the claimant's business in this state.
- 16 (c) *Limitations*. 1. The maximum amount of all credits that a claimant may
  17 claim under this subsection is \$250,000.
- 18 2. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, 19 20 the credit are based on hiring individuals described under par. (b). A partnership. 21limited liability company, or tax-option corporation shall compute the amount of 22credit that each of its partners, members, or shareholders may claim and shall 23provide that information to each of them. Partners, members of limited liability  $\mathbf{24}$ companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests. 25

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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	<b>SECTION 11.</b> 71.49 (1) (dp) of the statutes is created to read:
4	71.49 (1) (dp) Hiring the unemployed credit under s. $71.47$ (5p).
5	<b>SECTION 12.</b> 77.92 (4) of the statutes, as affected by 2011 Wisconsin Act 32, 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 or
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	$(2di),\ (2dj),\ (2dL),\ (2dm),\ (2dr),\ (2ds),\ (2dx),\ (2dy),\ (3g),\ (3h),\ (3n),\ (3p),\ (3q),\ (3r),$
16	$(3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (\underline{5p}), (5r), (5rm), (5r$
17	and (8r); and plus or minus, as appropriate, transitional adjustments, depreciation
18	differences, and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but
19	excluding income, gain, loss, and deductions from farming. "Net business income,"
20	with respect to a natural person, estate, or trust, means profit from a trade or
21	business for federal income tax purposes and includes net income derived as an
22	employee as defined in section 3121 (d) (3) of the Internal Revenue Code.
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(END)