

State of Wisconsin



2011 Senate Bill 369

Date of enactment:
Date of publication*:

2011 WISCONSIN ACT

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 (6n), 71.10 (4) (cq), 71.28 (6n), 71.30 (3) (dp), 71.47 (6n) and 71.49 (1) (dp) of the statutes; **relating to:** an income and franchise tax credit for hiring unemployed disabled veterans.

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 32, is amended to read:

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

SECTION 2. 71.07 (6n) of the statutes is created to read:

71.07 (6n) VETERAN EMPLOYMENT CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means a person who files a claim under this subsection.
2. "Disabled veteran" means a veteran who is verified by the department of veteran affairs to have a service-connected disability rating of at least 50 percent under 38 USC 1114 or 1134.
3. "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.

4. "Part-time job" means a regular, nonseasonal part-time position in which an individual, as a condition of employment, is required to work fewer than 2,080 hours per year, including paid leave and holidays.

5. "Veteran" means a person who is verified by the department of veteran affairs to have served on active duty under honorable conditions in the U.S. armed forces, in forces incorporated as part of the U.S. armed forces, in the national guard, or in a reserve component of the U.S. armed forces.

(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. 71.02, up to the amount of the tax, an amount equal to any of the following:

1. For each disabled veteran the claimant hires in the taxable year to work a full-time job at the claimant's business in this state, \$4,000 in the taxable year in which the disabled veteran is hired and \$2,000 in each of the 3 taxable years following the taxable year in which the disabled veteran is hired.

2. Subject to par. (c) 4., for each disabled veteran the claimant hires in the taxable year to work a part-time job at the claimant's business in this state, \$2,000 in the tax-

* Section 991.11, WISCONSIN STATUTES 2009-10 : Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated" by the secretary of state [the date of publication may not be more than 10 working days after the date of enactment].

able year in which the disabled veteran is hired and \$1,000 in each of the 3 taxable years following the taxable year in which the disabled veteran is hired.

(c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their hiring of disabled veterans, as described under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

2. No credit may be claimed under this subsection in any taxable year in which the disabled veteran voluntarily or involuntarily leaves his or her employment with the claimant.

3. A claimant may claim a credit under this subsection only for hiring a disabled veteran who has received unemployment compensation benefits for at least one week prior to being hired by the claimant, who was receiving such benefits at the time that he or she was hired by the claimant, and who was eligible to receive such benefits at the time the benefits were paid.

4. With regard to a credit claimed under par. (b) 2., the amount that the claimant may claim is determined as follows:

a. Divide the number of hours that the disabled veteran worked for the claimant during the taxable year by 2,080.

b. Multiply the amount of the credit under par. (b) 2., as appropriate, by the number determined under subd. 4. a.

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

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

71.10 (4) (cq) Veteran employment credit under s. 71.07 (6n).

SECTION 4. 71.21 (4) of the statutes, as affected by 2011 Wisconsin Act 32, is amended to read:

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

SECTION 5. 71.26 (2) (a) 4. of the statutes, as affected by 2011 Wisconsin Act 32, is amended to read:

71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i),

(5j), (5k), (5n), (5r), (5rm), (6n), (8r), and (9s) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, limited liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

SECTION 6. 71.28 (6n) of the statutes is created to read:

71.28 (6n) VETERAN EMPLOYMENT CREDIT. (a) *Definitions.* In this subsection:

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

2. "Disabled veteran" means a veteran who is verified by the department of veteran affairs to have a service-connected disability rating of at least 50 percent under 38 USC 1114 or 1134.

3. "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.

4. "Part-time job" means a regular, nonseasonal part-time position in which an individual, as a condition of employment, is required to work fewer than 2,080 hours per year, including paid leave and holidays.

5. "Veteran" means a person who is verified by the department of veteran affairs to have served on active duty under honorable conditions in the U.S. armed forces, in forces incorporated as part of the U.S. armed forces, in the national guard, or in a reserve component of the U.S. armed forces.

(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 any of the following:

1. For each disabled veteran the claimant hires in the taxable year to work a full-time job at the claimant's business in this state, \$4,000 in the taxable year in which the disabled veteran is hired and \$2,000 in each of the 3 taxable years following the taxable year in which the disabled veteran is hired.

2. Subject to par. (c) 4., for each disabled veteran the claimant hires in the taxable year to work a part-time job at the claimant's business in this state, \$2,000 in the taxable year in which the disabled veteran is hired and \$1,000 in each of the 3 taxable years following the taxable year in which the disabled veteran is hired.

(c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their hiring of disabled veterans, as described under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, mem-

bers of limited liability companies, and shareholders of tax–option corporations may claim the credit in proportion to their ownership interests.

2. No credit may be claimed under this subsection in any taxable year in which the disabled veteran voluntarily or involuntarily leaves his or her employment with the claimant.

3. A claimant may claim a credit under this subsection only for hiring a disabled veteran who has received unemployment compensation benefits for at least one week prior to being hired by the claimant, who was receiving such benefits at the time that he or she was hired by the claimant, and who was eligible to receive such benefits at the time the benefits were paid.

4. With regard to a credit claimed under par. (b) 2., the amount that the claimant may claim is determined as follows:

a. Divide the number of hours that the disabled veteran worked for the claimant during the taxable year by 2,080.

b. Multiply the amount of the credit under par. (b) 2., as appropriate, by the number determined under subd. 4. a.

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

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

71.30 (3) (dp) Veteran employment credit under s. 71.28 (6n).

SECTION 8. 71.34 (1k) (g) of the statutes, as affected by 2011 Wisconsin Act 32, is amended to read:

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

SECTION 9. 71.45 (2) (a) 10. of the statutes, as affected by 2011 Wisconsin Act 32, is amended to read:

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

SECTION 10. 71.47 (6n) of the statutes is created to read:

71.47 (6n) VETERAN EMPLOYMENT CREDIT. (a) *Definitions.* In this subsection:

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

2. “Disabled veteran” means a veteran who is verified by the department of veteran affairs to have a service–connected disability rating of at least 50 percent under 38 USC 1114 or 1134.

3. “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.

4. “Part–time job” means a regular, nonseasonal part–time position in which an individual, as a condition of employment, is required to work fewer than 2,080 hours per year, including paid leave and holidays.

5. “Veteran” means a person who is verified by the department of veteran affairs to have served on active duty under honorable conditions in the U.S. armed forces, in forces incorporated as part of the U.S. armed forces, in the national guard, or in a reserve component of the U.S. armed forces.

(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 any of the following:

1. For each disabled veteran the claimant hires in the taxable year to work a full–time job at the claimant’s business in this state, \$4,000 in the taxable year in which the disabled veteran is hired and \$2,000 in each of the 3 taxable years following the taxable year in which the disabled veteran is hired.

2. Subject to par. (c) 4., for each disabled veteran the claimant hires in the taxable year to work a part–time job at the claimant’s business in this state, \$2,000 in the taxable year in which the disabled veteran is hired and \$1,000 in each of the 3 taxable years following the taxable year in which the disabled veteran is hired.

(c) *Limitations.* 1. Partnerships, limited liability companies, and tax–option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their hiring of disabled veterans, as described under par. (b). A partnership, limited liability company, or tax–option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax–option corporations may claim the credit in proportion to their ownership interests.

2. No credit may be claimed under this subsection in any taxable year in which the disabled veteran voluntarily or involuntarily leaves his or her employment with the claimant.

3. A claimant may claim a credit under this subsection only for hiring a disabled veteran who has received

unemployment compensation benefits for at least one week prior to being hired by the claimant, who was receiving such benefits at the time that he or she was hired by the claimant, and who was eligible to receive such benefits at the time the benefits were paid.

4. With regard to a credit claimed under par. (b) 2., the amount that the claimant may claim is determined as follows:

a. Divide the number of hours that the disabled veteran worked for the claimant during the taxable year by 2,080.

b. Multiply the amount of the credit under par. (b) 2., as appropriate, by the number determined under subd. 4. a.

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

SECTION 11. 71.49 (1) (dp) of the statutes is created to read:

71.49 (1) (dp) Veteran employment credit under s. 71.47 (6n).

SECTION 12. 77.92 (4) of the statutes, as affected by 2011 Wisconsin Act 32, is amended to read:

77.92 (4) "Net business income," with respect to a partnership, means taxable income as calculated under section 703 of the Internal Revenue Code; plus the items of income and gain under section 702 of the Internal Revenue Code, including taxable state and municipal bond interest and excluding nontaxable interest income or dividend income from federal government obligations; minus the items of loss and deduction under section 702 of the Internal Revenue Code, except items that are not deductible under s. 71.21; plus guaranteed payments to partners under section 707 (c) of the Internal Revenue

Code; plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5r), (5rm), (6n), and (8r); and plus or minus, as appropriate, transitional adjustments, depreciation differences, and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain, loss, and deductions from farming. "Net business income," with respect to a natural person, estate, or trust, means profit from a trade or business for federal income tax purposes and includes net income derived as an employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

SECTION 13. Nonstatutory provisions.

(1) JOINT FINANCE REVIEW. No later than June 30, 2013, the department of workforce development, in conjunction with the department of revenue, shall submit to the joint committee on finance a report describing the impact of the tax credits under sections 71.07 (6n), 71.28 (6n), and 71.47 (6n) of the statutes, as created by this act, on unemployed veterans in this state and shall make a recommendation to the committee as to whether the tax credits should continue. The report shall also specify the number and type of businesses that have claimed the credits under sections 71.07 (6n), 71.28 (6n), and 71.47 (6n) of the statutes, as created by this act. Within 14 working days after the submittal date of the report, the cochairpersons of the committee shall notify the department of workforce development and the department of revenue that the committee has scheduled a meeting for the purpose of reviewing the recommendation. The recommendation may be implemented only upon approval of the committee.