



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-1701/1
KRP&JK:kjf

2017 SENATE BILL 75

February 21, 2017 - Introduced by Senators FEYEN, TESTIN, LASEE, OLSEN and WANGGAARD, cosponsored by Representatives KREMER, HORLACHER, SKOWRONSKI, ALLEN, R. BROOKS, THIESFELDT, ANDERSON, KLEEFISCH and KERKMAN. Referred to Committee on Revenue, Financial Institutions and Rural Issues.

AUTHORS SUBJECT TO CHANGE

1 **AN ACT to amend** 71.26 (2) (a) 4., 71.34 (1k) (g) and 71.45 (2) (a) 10.; and **to create**
2 71.28 (10), 71.30 (3) (ey), 71.47 (10) and 71.49 (1) (ey) of the statutes; **relating**
3 **to:** creating a corporate income and franchise tax credit for amounts
4 contributed by an employer into an employee's college savings account.

Analysis by the Legislative Reference Bureau

This bill creates a nonrefundable corporate income and franchise tax credit for certain amounts contributed by an employer into an employee's college savings account. The credit is nonrefundable, meaning that it may be claimed only up to the amount of the corporation's income or franchise tax liability.

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:

5 **SECTION 1.** 71.26 (2) (a) 4. of the statutes is amended to read:
6 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dm),
7 (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h),

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1 (5i), (5j), (5k), (5r), (5rm), (6n), (8r), ~~and (9s)~~, and (10) and not passed through by a
2 partnership, limited liability company, or tax-option corporation that has added that
3 amount to the partnership's, limited liability company's, or tax-option corporation's
4 income under s. 71.21 (4) or 71.34 (1k) (g).

5 **SECTION 2.** 71.28 (10) of the statutes is created to read:

6 **71.28 (10) EMPLOYEE COLLEGE SAVINGS ACCOUNT CONTRIBUTION CREDIT.** (a)

7 *Definitions.* In this subsection:

- 8 1. "Claimant" means a person who files a claim under this subsection.
- 9 2. "Employee" has the meaning given in s. 71.63 (2).

10 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
11 claimant may claim as a credit against the tax imposed under s. 71.23, up to the
12 amount of those taxes, for each employee of the claimant, an amount equal to 25
13 percent of the amount the claimant paid into a college savings account, as described
14 in s. 16.641, in the taxable year in which the contribution is made or on or before the
15 15th day of the 4th month beginning after the close of the taxable year to which the
16 claim relates, for the benefit of the employee who is an account owner, as defined in
17 s. 16.641 (1) (a), of the college savings account, up to 25 percent of the maximum
18 amount that an individual contributor may deduct under s. 71.05 (6) (b) 32. a. per
19 beneficiary.

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

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

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

5 **SECTION 3.** 71.30 (3) (ey) of the statutes is created to read:

6 71.30 (3) (ey) Employee college savings account contribution credit under s.
7 71.28 (10).

8 **SECTION 4.** 71.34 (1k) (g) of the statutes is amended to read:

9 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
10 corporation under s. 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3p), (3q), (3r),
11 (3rm), (3rn), (3t), (3w), (3y), (4), (5), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n),
12 and (8r), and (10) and passed through to shareholders.

13 **SECTION 5.** 71.45 (2) (a) 10. of the statutes is amended to read:

14 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
15 computed under s. 71.47 (1dm) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
16 (3w), (3y), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), and (9s), and (10)
17 and not passed through by a partnership, limited liability company, or tax-option
18 corporation that has added that amount to the partnership's, limited liability
19 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and
20 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

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

22 71.47 (10) EMPLOYEE COLLEGE SAVINGS ACCOUNT CONTRIBUTION CREDIT. (a)
23 *Definitions.* In this subsection:

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

25 2. "Employee" has the meaning given in s. 71.63 (2).

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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 tax imposed under s. 71.43, up to the
3 amount of those taxes, for each employee of the claimant, an amount equal to 25
4 percent of the amount the claimant paid into a college savings account, as described
5 in s. 16.641, in the taxable year in which the contribution is made or on or before the
6 15th day of the 4th month beginning after the close of the taxable year to which the
7 claim relates, for the benefit of the employee who is an account owner, as defined in
8 s. 16.641 (1) (a), of the college savings account, up to 25 percent of the maximum
9 amount that an individual contributor may deduct under s. 71.05 (6) (b) 32. a. per
10 beneficiary.

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

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

21 **SECTION 7.** 71.49 (1) (ey) of the statutes is created to read:

22 71.49 (1) (ey) Employee college savings account contribution credit under s.
23 71.47 (10).

24 **SECTION 8. Initial applicability.**

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

5

(END)