

State of Wisconsin



2017 Senate Bill 75

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2017 WISCONSIN ACT 197

AN ACT to amend 71.05 (6) (a) 15., 71.21 (4) (a), 71.26 (2) (a) 4., 71.34 (1k) (g) and 71.45 (2) (a) 10.; and to create 71.07 (10), 71.10 (4) (e), 71.28 (10), 71.30 (3) (ey), 71.47 (10) and 71.49 (1) (ey) of the statutes; relating to: creating an individual and corporate income and franchise tax credit for amounts contributed by an employer into an employee's college savings account.

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

SECTION 1b. 71.05 (6) (a) 15. of the statutes, as affected by 2017 Wisconsin Act 58, is amended to read:

71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the credits computed under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (3wm), (3y), (4k), (4n), (5e), (5f), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), and (8r), and (10) 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 1d. 71.07 (10) of the statutes is created to read:

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

1. "Claimant" means an individual who files a claim under this subsection and who is a partner of a partnership, member of a limited liability company, or shareholder of a tax-option corporation that is an employer

and that contributes to an employee's college savings account under par. (b).

1m. "College savings account" means a college savings account, as described in s. 224.50.

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

3. "Employer" means an employer that is a partnership, as defined in s. 71.195, or a tax-option corporation, as defined in s. 71.34 (2).

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.02, up to the amount of those taxes, for each employee of an employer, the claimant's proportionate share, as computed under par. (c) 1., of an amount equal to the amount the employer paid into a college savings account owned by the employee in the taxable year in which the contribution is made.

(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 payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the

* Section 991.11, WISCONSIN STATUTES: 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."

amount of the 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. The maximum amount of the credit per employee that a claimant may claim under this subsection is the claimant's proportionate share of an amount equal to 25 percent of the amount the employee's employer contributed to the employee's college savings account up to a maximum contribution equal to 25 percent of the maximum amount that an individual contributor may deduct under s. 71.05 (6) (b) 32. a. per beneficiary.

(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 1h. 71.10 (4) (e) of the statutes is created to read:

71.10 (4) (e) Employee college savings account contribution credit under s. 71.07 (10).

SECTION 1p. 71.21 (4) (a) of the statutes, as affected by 2017 Wisconsin Act 58, is amended to read:

71.21 (4) (a) The amount of the credits computed by a partnership under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (3wm), (3y), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), ~~and (8r), and (10)~~ and passed through to partners shall be added to the partnership's income.

SECTION 1v. 71.26 (2) (a) 4. of the statutes, as affected by 2017 Wisconsin Acts 58 and 59, is amended to read:

71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dm), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (3wm), (3y), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), ~~and (9s), and (10)~~ 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 2. 71.28 (10) of the statutes is created to read:

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

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

1m. "College savings account" means a college savings account, as described in s. 224.50.

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

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.23, up to the amount of those taxes, for each employee of the claimant, an

amount equal to the amount the claimant paid into a college savings account owned by the employee in the taxable year in which the contribution is made.

(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 payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of the 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. The maximum amount of the credit per employee that a claimant may claim under this subsection is an amount equal to 25 percent of the amount the claimant contributed to the employee's college savings account up to a maximum contribution equal to 25 percent of the maximum amount that an individual contributor may deduct under s. 71.05 (6) (b) 32. a. per beneficiary.

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

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

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

SECTION 4. 71.34 (1k) (g) of the statutes, as affected by 2017 Wisconsin Act 58, 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 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (3wm), (3y), (4), (5), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), ~~and (8r), and (10)~~ and passed through to shareholders.

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

71.45 (2) (a) 10. By adding to federal taxable income the amount of credit computed under s. 71.47 (1dm) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3w), (3y), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), ~~and (9s), and (10)~~ 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 6. 71.47 (10) of the statutes is created to read:

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

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

1m. "College savings account" means a college savings account, as described in s. 224.50.

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

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.43, up to the amount of those taxes, for each employee of the claimant, an amount equal to the amount the claimant paid into a college savings account owned by the employee in the taxable year in which the contribution is made.

(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 payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of the 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 corpo-

rations may claim the credit in proportion to their ownership interests.

2. The maximum amount of the credit per employee that a claimant may claim under this subsection is an amount equal to 25 percent of the amount the claimant contributed to the employee's college savings account up to a maximum contribution equal to 25 percent of the maximum amount that an individual contributor may deduct under s. 71.05 (6) (b) 32. a. per beneficiary.

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

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

SECTION 8. Initial applicability.

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

