



## 1997 ASSEMBLY BILL 339

May 6, 1997 - Introduced by Representatives AINSWORTH, HASENOHRL, MUSSER, OTT, OWENS and SERATTI, cosponsored by Senator A. LASEE. Referred to Committee on Rural Affairs.

1 **AN ACT to amend** 71.08 (1) (intro.) and 71.26 (2) (a); and **to create** 71.07 (9a),  
2 71.10 (4) (gb), 71.28 (7), 71.30 (3) (ed), 71.47 (7) and 71.49 (1) (ed) of the statutes;  
3 **relating to:** creating a wood residue income tax and franchise tax credit.

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### *Analysis by the Legislative Reference Bureau*

This bill creates an income tax and franchise tax credit for persons who transport and sell for use as an energy source certain kinds of wood residue. The credit is equal to \$5 per ton of residue. It is nonrefundable (that is, no check is issued if the amount of the credit exceeds the amount of the tax liability), but it may be carried forward.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

4 **SECTION 1.** 71.07 (9a) of the statutes is created to read:  
5 71.07 (9a) WOOD RESIDUE CREDIT. (a) In this subsection, "wood residue" means  
6 the residue from normal timber harvesting or production; including timber  
7 thinnings from timber stand improvements, hogged wood, chipped wood, slash,

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1 sawdust, shavings, edgings, slabs, leaves and bark; construction waste, demolition  
2 waste, crating, packaging and freight pallets.

3 (b) Any person may credit against taxes otherwise due under this subchapter,  
4 up to the amount of those taxes, an amount equal to the result obtained by  
5 multiplying \$5 by the number of tons of wood residue that, during the taxable year,  
6 the person transports and sells for use as an energy source.

7 (c) Any person who receives a credit under this subsection may carry forward  
8 to the next 15 taxable years the amount of the credit that is not offset against taxes  
9 for the year in which the wood residue is transported and sold to the extent that that  
10 amount is not offset against those taxes otherwise due in all of the years between the  
11 year for which the credit was computed and the year for which the carry-forward is  
12 claimed.

13 (d) Section 71.28 (1di) (b) 3. and (4) (g) and (h), as they apply to the credits under  
14 s. 71.28 (1di) and (4), apply to the credit under this subsection.

15 **SECTION 2.** 71.08 (1) (intro.) of the statutes is amended to read:

16 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married  
17 couple filing jointly, trust or estate under s. 71.02, not considering the credits under  
18 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2fd), (3m), (6), (9a) and (9e),  
19 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1fd) and (2m) and 71.47 (1dd), (1de), (1di),  
20 (1dj), (1dL), (1ds), (1fd) and (2m) and subchs. VIII and IX and payments to other  
21 states under s. 71.07 (7), is less than the tax under this section, there is imposed on  
22 that natural person, married couple filing jointly, trust or estate, instead of the tax  
23 under s. 71.02, an alternative minimum tax computed as follows:

24 **SECTION 3.** 71.10 (4) (gb) of the statutes is created to read:

25 71.10 (4) (gb) Wood residue credit under s. 71.07 (9a).

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1           **SECTION 4.** 71.26 (2) (a) of the statutes is amended to read:

2           71.26 (2) (a) *Corporations in general.* The “net income” of a corporation means  
3 the gross income as computed under the internal revenue code as modified under  
4 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit  
5 computed under s. 71.28 (1) ~~and~~, (3) to (5) and (7) plus the amount of the credit  
6 computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL) and (1ds) and not passed  
7 through by a partnership, limited liability company or tax-option corporation that  
8 has added that amount to the partnership’s, limited liability company’s or tax-option  
9 corporation’s income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from  
10 the sale or other disposition of assets the gain from which would be wholly exempt  
11 income, as defined in sub. (3) (L), if the assets were sold or otherwise disposed of at  
12 a gain and minus deductions, as computed under the internal revenue code as  
13 modified under sub. (3), plus or minus, as appropriate, an amount equal to the  
14 difference between the federal basis and Wisconsin basis of any asset sold,  
15 exchanged, abandoned or otherwise disposed of in a taxable transaction during the  
16 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

17           **SECTION 5.** 71.28 (7) of the statutes is created to read:

18           71.28 (7) **WOOD RESIDUE CREDIT.** (a) In this subsection, “wood residue” means  
19 the residue from normal timber harvesting or production; including timber  
20 thinnings from timber stand improvements, hogged wood, chipped wood, slash,  
21 sawdust, shavings, edgings, slabs, leaves and bark; construction waste, demolition  
22 waste, crating, packaging and freight pallets.

23           (b) Any person may credit against taxes otherwise due under this subchapter,  
24 up to the amount of those taxes, an amount equal to the result obtained by

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1 multiplying \$5 by the number of tons of wood residue that, during the taxable year,  
2 the person transports and sells for use as an energy source.

3 (c) Any person who receives a credit under this subsection may carry forward  
4 to the next 15 taxable years the amount of the credit that is not offset against taxes  
5 for the year in which the wood residue is transported and sold to the extent that that  
6 amount is not offset against those taxes otherwise due in all of the years between the  
7 year for which the credit was computed and the year for which the carry-forward is  
8 claimed.

9 (d) Subsections (1di) (b) 3. and (4) (g) and (h), as they apply to the credits under  
10 subs. (1di) and (4), apply to the credit under this subsection.

11 **SECTION 6.** 71.30 (3) (ed) of the statutes is created to read:

12 71.30 (3) (ed) Wood residue credit under s. 71.28 (7).

13 **SECTION 7.** 71.47 (7) of the statutes is created to read:

14 71.47 (7) WOOD RESIDUE CREDIT. (a) In this subsection, “wood residue” means  
15 the residue from normal timber harvesting or production; including timber  
16 thinnings from timber stand improvements, hogged wood, chipped wood, slash,  
17 sawdust, shavings, edgings, slabs, leaves and bark; construction waste, demolition  
18 waste, crating, packaging and freight pallets.

19 (b) Any person may credit against taxes otherwise due under this subchapter,  
20 up to the amount of those taxes, an amount equal to the result obtained by  
21 multiplying \$5 by the number of tons of wood residue that, during the taxable year,  
22 the person transports and sells for use as an energy source.

23 (c) Any person who receives a credit under this subsection may carry forward  
24 to the next 15 taxable years the amount of the credit that is not offset against taxes  
25 for the year in which the wood residue is transported and sold to the extent that that

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1 amount is not offset against those taxes otherwise due in all of the years between the  
2 year for which the credit was computed and the year for which the carry-forward is  
3 claimed.

4 (d) Section 71.28 (1di) (b) 3. and (4) (g) and (h), as they apply to the credits under  
5 s. 71.28 (1di) and (4), apply to the credit under this subsection.

6 **SECTION 8.** 71.49 (1) (ed) of the statutes is created to read:

7 71.49 (1) (ed) Wood residue credit under s. 71.47 (7).

8 **SECTION 9. Initial applicability; revenue.**

9 (1) WOOD RESIDUE CREDIT. This act first applies to taxable years beginning on  
10 the January 1 of the year in which this subsection takes effect, except that, if this  
11 subsection takes effect on or after August 1, this act first applies to taxable years  
12 beginning on January 1 of the year following the year in which this subsection takes  
13 effect.

14 (END)