



## 1997 SENATE BILL 86

February 19, 1997 – Introduced by Senators GROBSCHMIDT, WELCH, WIRCH, SCHULTZ, BUETTNER and BURKE, cosponsored by Representatives RILEY, GREEN, LA FAVE, NOTESTEIN, PLALE, DOBYNS, BOCK, DUFF and GROTHMAN. Referred to Committee on Economic Development, Housing and Government Operations.

1     **AN ACT** *to repeal* 71.07 (2di) (c), 71.07 (2dL) (d), 71.10 (4) (gd), (ge), (gg), (gm),  
2           (gr), (gs) and (gt), 71.28 (1di) (c), 71.28 (1dL) (d), 71.30 (3) (eb), (ec), (eg), (em),  
3           (en) and (eo), 71.47 (1di) (c), 71.47 (1dL) (d) and 71.49 (1) (eb), (ec), (eg), (em),  
4           (en) and (eo); **to amend** 71.07 (2dd) (c), 71.07 (2de) (a) (intro.), 71.07 (2de) (b),  
5           71.07 (2di) (b) 2., 71.07 (2dj) (h), 71.07 (2dL) (c) 2., 71.07 (2ds) (h), 71.10 (4) (i),  
6           71.28 (1dd) (c), 71.28 (1de) (a) (intro.), 71.28 (1de) (b), 71.28 (1di) (b) 2., 71.28  
7           (1dj) (h), 71.28 (1dL) (c) 2., 71.28 (1ds) (h), 71.30 (3) (f), 71.47 (1dd) (c), 71.47  
8           (1de) (a) (intro.), 71.47 (1de) (b), 71.47 (1di) (b) 2., 71.47 (1dj) (h), 71.47 (1dL) (c)  
9           2., 71.47 (1ds) (h), 71.49 (1) (f), 560.745 (2) (a) and 560.75 (9) (b); **to repeal and**  
10          **recreate** 71.07 (2dr) (f); and **to create** 20.835 (2) (co), 20.835 (2) (cp) and 20.835  
11          (2) (cr) of the statutes; **relating to:** the development zones environmental

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1 remediation credit, increasing the total tax benefits limit under the  
2 development zone program and making an appropriation.

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***Analysis by the Legislative Reference Bureau***

Under current law, taxpayers may claim an income tax or franchise tax credit for 7.5% of the amount expended for environmental remediation in a development zone or an enterprise development zone. This bill increases the percentage to 33%.

Under current law all development zones tax credits, except the research credit, which is available only to individuals, are refundable (a check is issued if the amount of the credit exceeds the amount of tax due) if the claimant is located on an Indian reservation and is an American Indian, on Indian business or a tribal enterprise. Under this bill, all development zones tax credits are refundable regardless of the claimant.

Under the development zone program, which is administered by the department of commerce, a person conducting economic activity in an area that has been designated as a development zone may claim certain tax benefits. The department of commerce must allocate to each area that is designated as a development zone the total amount of tax benefits that may be claimed by persons conducting economic activity in the area. The amount that is allocated is a portion of the total tax benefits that may be claimed under the entire program. Under current law, \$28,155,000 may be claimed in tax benefits under the entire program. The bill increases this amount to \$40,000,000 and specifies that of this amount at least \$3,000,000 must be allocated to development zones that are located in a 1st class city.

Also under current law, 65% of the tax benefits in a development zone that is located in a 1st class city must be used for development zones jobs credits. The bill excludes tax benefits used for development zones environmental remediation credits from the total tax benefits upon which the percentage is based.

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:***

3 **SECTION 1.** 20.835 (2) (co) of the statutes is created to read:

4 20.835 (2) (co) *Development zones environmental remediation tax credit.* A sum  
5 sufficient to make the payments under ss. 71.07 (2de) (b), 71.28 (1de) (b) and 71.47  
6 (1de) (b).

7 **SECTION 2.** 20.835 (2) (cp) of the statutes is created to read:

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1           20.835 (2) (cp) *Development zones day care credit.* A sum sufficient to make the  
2 payments under ss. 71.07 (2dd) (c), 71.28 (1dd) (c) and 71.47 (1dd) (c).

3           **SECTION 3.** 20.835 (2) (cr) of the statutes is created to read:

4           20.835 (2) (cr) *Development zones research credit.* A sum sufficient to make the  
5 payments under s. 71.07 (2dr).

6           **SECTION 4.** 71.07 (2dd) (c) of the statutes is amended to read:

7           71.07 (2dd) (c) Subsection (2di) (b), ~~(e)~~, (d) 1., (f) and (g), as it applies to the  
8 credit under sub. (2di), applies to the credit under this subsection.

9           **SECTION 5.** 71.07 (2de) (a) (intro.) of the statutes is amended to read:

10          71.07 (2de) (a) (intro.) Except as provided in s. 73.03 (35), for any taxable year  
11 for which a person is certified under s. 560.765 (3) and begins business operations  
12 in a zone under s. 560.71 after July 29, 1995, or certified under s. 560.797 (4) (a), for  
13 each zone for which the person is certified or entitled the person may claim as a credit  
14 against taxes otherwise due under this subchapter an amount equal to ~~7.5%~~ 33% of  
15 the amount that the person expends to remove or contain environmental pollution,  
16 as defined in s. 299.01 (4), in the zone or to restore soil or groundwater that is affected  
17 by environmental pollution, as defined in s. 299.01 (4), in the zone if the person  
18 fulfills all of the following requirements:

19          **SECTION 6.** 71.07 (2de) (b) of the statutes is amended to read:

20          71.07 (2de) (b) Subsection (2di) (b), ~~(e)~~, (d), (f) and (g), as it applies to the credit  
21 under sub. (2di), applies to the credit under this subsection.

22          **SECTION 7.** 71.07 (2di) (b) 2. of the statutes is amended to read:

23          71.07 (2di) (b) 2. ~~If the claimant is located on an Indian reservation, as defined~~  
24 ~~in s. 560.86 (5), and is an American Indian, as defined in s. 560.86 (1), an Indian~~  
25 ~~business, as defined in s. 560.86 (4), or a tribal enterprise, and if the allowable~~

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1 amount of the credit under this subsection exceeds the taxes otherwise due under  
2 this chapter on or measured by the claimant's income, the amount of the credit not  
3 used as an offset against those taxes shall be certified to the department of  
4 administration for payment to the claimant by check, share draft or other draft. In  
5 this subdivision, ~~"tribal enterprise" means a business that is at least 51% owned and~~  
6 ~~controlled by the governing body of one or more Indian tribes, is actively managed~~  
7 ~~by the governing body, or by the designee of the governing body, of one or more Indian~~  
8 ~~tribes and is currently performing a useful business function.~~

9 **SECTION 8.** 71.07 (2di) (c) of the statutes is repealed.

10 **SECTION 9.** 71.07 (2dj) (h) of the statutes is amended to read:

11 71.07 **(2dj)** (h) The rules under sub. (2di) (b) ~~and (e)~~ as they apply to the credit  
12 under that subsection apply to the credit under this subsection.

13 **SECTION 10.** 71.07 (2dL) (c) 2. of the statutes is amended to read:

14 71.07 **(2dL)** (c) 2. ~~If the claimant is located on an Indian reservation, as defined~~  
15 ~~in s. 560.86 (5), and is an American Indian, as defined in s. 560.86 (1), an Indian~~  
16 ~~business, as defined in s. 560.86 (4), or a tribal enterprise, as defined in sub. (2di) (b)~~  
17 ~~2., and if the allowable amount of the credit under par. (a) exceeds the taxes otherwise~~  
18 ~~due under this chapter on or measured by the claimant's income, the amount of the~~  
19 ~~credit not used as an offset against those taxes shall be certified to the department~~  
20 ~~of administration for payment to the claimant by check, share draft or other draft.~~

21 **SECTION 11.** 71.07 (2dL) (d) of the statutes is repealed.

22 **SECTION 12.** 71.07 (2dr) (f) of the statutes is repealed and recreated to read:

23 71.07 **(2dr)** (f) *Carry-over.* The rules under sub. (2di) (b) as they apply to the  
24 credit under that subsection apply to the credit under this subsection.

25 **SECTION 13.** 71.07 (2ds) (h) of the statutes is amended to read:

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1           71.07 **(2ds)** (h) The rules under sub. (2di) (b) ~~and (e)~~ as they apply to the credit  
2 under that subsection apply to the credit under this subsection.

3           **SECTION 14.** 71.10 (4) (gd), (ge), (gg), (gm), (gr), (gs) and (gt) of the statutes are  
4 repealed.

5           **SECTION 15.** 71.10 (4) (i) of the statutes is amended to read:

6           71.10 **(4)** (i) The total of claim of right credit under s. 71.07 (1), farmland  
7 preservation credit under subch. IX, homestead credit under subch. VIII,  
8 development zones day care credit under s. 71.07 (2dd), development zones  
9 environmental remediation credit under s. 71.07 (2de), development zones  
10 investment credit under s. 71.07 (2di), development zones jobs credit under s. 71.07  
11 (2dj), development zones location credit under s. 71.07 (2dL), development zones  
12 research credit under s. 71.07 (2dr), development zones sales tax credit under s.  
13 71.07 (2ds), farmland tax relief credit under s. 71.07 (3m), farmers' drought property  
14 tax credit under s. 71.07 (2fd), earned income tax credit under s. 71.07 (9e), estimated  
15 tax payments under s. 71.09, and taxes withheld under subch. X.

16           **SECTION 16.** 71.28 (1dd) (c) of the statutes is amended to read:

17           71.28 **(1dd)** (c) Subsection (1di) (b), ~~(e)~~, (d) 1., (f) and (g), as it applies to the  
18 credit under sub. (1di), applies to the credit under this subsection.

19           **SECTION 17.** 71.28 (1de) (a) (intro.) of the statutes is amended to read:

20           71.28 **(1de)** (a) (intro.) Except as provided in s. 73.03 (35), for any taxable year  
21 for which a person is certified under s. 560.765 (3) and begins business operations  
22 in a zone under s. 560.71 after July 29, 1995, entitled under s. 560.795 (3) (a) and  
23 begins business operations in a zone under s. 560.795 after July 29, 1995, or certified  
24 under s. 560.797 (4) (a), for each zone for which the person is certified or entitled the  
25 person may claim as a credit against taxes otherwise due under this subchapter an

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1 amount equal to ~~7.5%~~ 33% of the amount that the person expends to remove or  
2 contain environmental pollution, as defined in s. 299.01 (4), in the zone or to restore  
3 soil or groundwater that is affected by environmental pollution, as defined in s.  
4 299.01 (4), in the zone if the person fulfills all of the following requirements:

5 **SECTION 18.** 71.28 (1de) (b) of the statutes is amended to read:

6 71.28 **(1de)** (b) Subsection (1di) (b), ~~(e)~~, (d), (f) and (g), as it applies to the credit  
7 under sub. (1di), applies to the credit under this subsection.

8 **SECTION 19.** 71.28 (1di) (b) 2. of the statutes is amended to read:

9 71.28 **(1di)** (b) 2. ~~If the claimant is located on an Indian reservation, as defined~~  
10 ~~in s. 560.86 (5), and is an American Indian, as defined in s. 560.86 (1), an Indian~~  
11 ~~business, as defined in s. 560.86 (4), or a tribal enterprise, as defined in s. 71.07 (2di)~~  
12 ~~(b) 2., and if the allowable amount of the credit under this subsection exceeds the~~  
13 ~~taxes otherwise due under this chapter on or measured by the claimant's income, the~~  
14 ~~amount of the credit not used as an offset against those taxes shall be certified to the~~  
15 ~~department of administration for payment to the claimant by check, share draft or~~  
16 ~~other draft.~~

17 **SECTION 20.** 71.28 (1di) (c) of the statutes is repealed.

18 **SECTION 21.** 71.28 (1dj) (h) of the statutes is amended to read:

19 71.28 **(1dj)** (h) The rules under sub. (1di) (b) ~~and (e)~~ as they apply to the credit  
20 under that subsection apply to the credit under this subsection.

21 **SECTION 22.** 71.28 (1dL) (c) 2. of the statutes is amended to read:

22 71.28 **(1dL)** (c) 2. ~~If the claimant is located on an Indian reservation, as defined~~  
23 ~~in s. 560.86 (5), and is an American Indian, as defined in s. 560.86 (1), an Indian~~  
24 ~~business, as defined in s. 560.86 (4), or a tribal enterprise, as defined in s. 71.07 (2di)~~  
25 ~~(b) 2., and if the allowable amount of the credit under par. (a) exceeds the taxes~~

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1 otherwise due under this chapter on or measured by the claimant's income, the  
2 amount of the credit not used as an offset against those taxes shall be certified to the  
3 department of administration for payment to the claimant by check, share draft or  
4 other draft.

5 **SECTION 23.** 71.28 (1dL) (d) of the statutes is repealed.

6 **SECTION 24.** 71.28 (1ds) (h) of the statutes is amended to read:

7 71.28 (1ds) (h) The rules under sub. (1di) (b) and (e) as they apply to the credit  
8 under that subsection apply to the credit under this subsection.

9 **SECTION 25.** 71.30 (3) (eb), (ec), (eg), (em), (en) and (eo) of the statutes are  
10 repealed.

11 **SECTION 26.** 71.30 (3) (f) of the statutes is amended to read:

12 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28  
13 (1fd), farmland preservation credit under subch. IX, development zones day care  
14 credit under s. 71.28 (1dd), development zones environmental remediation credit  
15 under s. 71.28 (1de), development zones investment credit under s. 71.28 (1di),  
16 development zones jobs credit under s. 71.28 (1dj), development zones location credit  
17 under s. 71.28 (1dL), development zones sales tax credit under s. 71.28 (1ds),  
18 farmland tax relief credit under s. 71.28 (2m) and estimated tax payments under s.  
19 71.29.

20 **SECTION 27.** 71.47 (1dd) (c) of the statutes is amended to read:

21 71.47 (1dd) (c) Subsection (1di) (b), (e), (d) 1., (f) and (g), as it applies to the  
22 credit under sub. (1di), applies to the credit under this subsection.

23 **SECTION 28.** 71.47 (1de) (a) (intro.) of the statutes is amended to read:

24 71.47 (1de) (a) (intro.) Except as provided in s. 73.03 (35), for any taxable year  
25 for which a person is certified under s. 560.765 (3) and begins business operations

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1 in a zone under s. 560.71 after July 29, 1995, or certified under s. 560.797 (4) (a), for  
2 each zone for which the person is certified or entitled the person may claim as a credit  
3 against taxes otherwise due under this subchapter an amount equal to ~~7.5%~~ 33% of  
4 the amount that the person expends to remove or contain environmental pollution,  
5 as defined in s. 299.01 (4), in the zone or to restore soil or groundwater that is affected  
6 by environmental pollution, as defined in s. 299.01 (4), in the zone if the person  
7 fulfills all of the following requirements:

8 **SECTION 29.** 71.47 (1de) (b) of the statutes is amended to read:

9 71.47 (1de) (b) Subsection (1di) (b), ~~(e)~~, (d), (f) and (g), as it applies to the credit  
10 under s. 71.07 (2di), applies to the credit under this subsection.

11 **SECTION 30.** 71.47 (1di) (b) 2. of the statutes is amended to read:

12 71.47 (1di) (b) 2. ~~If the claimant is located on an Indian reservation, as defined~~  
13 ~~in s. 560.86 (5), and is an American Indian, as defined in s. 560.86 (1), an Indian~~  
14 ~~business, as defined in s. 560.86 (4), or a tribal enterprise, as defined in s. 71.07 (2di)~~  
15 ~~(b) 2., and if the allowable amount of the credit under this subsection exceeds the~~  
16 ~~taxes otherwise due under this chapter on or measured by the claimant's income, the~~  
17 ~~amount of the credit not used as an offset against those taxes shall be certified to the~~  
18 ~~department of administration for payment to the claimant by check, share draft or~~  
19 ~~other draft.~~

20 **SECTION 31.** 71.47 (1di) (c) of the statutes is repealed.

21 **SECTION 32.** 71.47 (1dj) (h) of the statutes is amended to read:

22 71.47 (1dj) (h) The rules under sub. (1di) (b) ~~and (e)~~ as they apply to the credit  
23 under that subsection apply to the credit under this subsection.

24 **SECTION 33.** 71.47 (1dL) (c) 2. of the statutes is amended to read:



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1           71.47 (1dL) (c) 2. ~~If the claimant is located on an Indian reservation, as defined~~  
2 ~~in s. 560.86 (5), and is an American Indian, as defined in s. 560.86 (1), an Indian~~  
3 ~~business, as defined in s. 560.86 (4), or a tribal enterprise, as defined in s. 71.07 (2di)~~  
4 ~~(b) 2., and if the allowable amount of the credit under par. (a) exceeds the taxes~~  
5 ~~otherwise due under this chapter on or measured by the claimant's income, the~~  
6 ~~amount of the credit not used as an offset against those taxes shall be certified to the~~  
7 ~~department of administration for payment to the claimant by check, share draft or~~  
8 ~~other draft.~~

9           **SECTION 34.** 71.47 (1dL) (d) of the statutes is repealed.

10          **SECTION 35.** 71.47 (1ds) (h) of the statutes is amended to read:

11          71.47 (1ds) (h) The rules under sub. (1di) (b) ~~and (e)~~ as they apply to the credit  
12 under that subsection apply to the credit under this subsection.

13          **SECTION 36.** 71.49 (1) (eb), (ec), (eg), (em), (en) and (eo) of the statutes are  
14 repealed.

15          **SECTION 37.** 71.49 (1) (f) of the statutes is amended to read:

16          71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47  
17 (1fd), farmland preservation credit under subch. IX, development zones day care  
18 credit under s. 71.47 (1dd), development zones environmental remediation credit  
19 under s. 71.47 (1de), development zones investment credit under s. 71.47 (1di),  
20 development zones jobs credit under s. 71.47 (1dj), development zones location credit  
21 under s. 71.47 (1dL), development zones sales tax credit under s. 71.47 (1ds),  
22 farmland tax relief credit under s. 71.47 (2m) and estimated tax payments under s.  
23 71.48.

24          **SECTION 38.** 560.745 (2) (a) of the statutes is amended to read:

