

2001 DRAFTING REQUEST

Bill

Received: **09/24/2001**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Kevin Shibilski (608) 266-3123**

By/Representing: **Casey**

This file may be shown to any legislator: **NO**

Drafter: **shoveme**

May Contact:

Addl. Drafters: **jkreye**

Subject: **Tax - individual income
Tax - corp. inc. and fran.
Tax Credits - miscellaneous**

Extra Copies:

Submit via email: **NO**

Pre Topic:

No specific pre topic given

Topic:

Individual and corporate tax credit for artistic endowment fund contributions

Instructions:

25% tax credit for contributions to artistic endowment fund, up to \$50 for singles; \$100 for married joint; \$500 for corporations. Based on b2160/2 and b0910/3

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	shoveme 09/25/2001	wjackson 10/01/2001		_____			S&L
/1			haugeca 10/02/2001	_____	lrb_docadmin 10/02/2001	lrb_docadmin 10/02/2001	

FE Sent For:

Lat intro

<END>

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FE Sent For:

<END>

2001 DRAFTING REQUEST

Bill

Received: 09/24/2001

Received By: shoveme

Wanted: As time permits

Identical to I.R.B.:

For: Kevin Shibilski (608) 266-3123

By/Representing: Casey

This file may be shown to any legislator: NO

Drafter: shoveme

May Contact:

Addl. Drafters: jkreyc

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1?	shoveme	1/1 Wlj 10/1	ck	ck			
1/1 MES 9/25/01			10-01-01	ck			

FE Sent For:

<END>

Shovers, Marc

From: Eggleston, Casey
Sent: Monday, September 24, 2001 12:18 PM
To: Shovers, Marc
Subject: FW:

-----Original Message-----

From: **Eggleston, Casey**
Sent: Monday, September 24, 2001 11:59 AM
To: Kunkel, Mark
Subject:

Mark,

We need the Joint Finance version of the Arts Amendment bill drafted today, it was motion #1644. It has the credits set at 25%. Please give us a call as soon as possible, either Casey or Todd.

Casey Eggleston



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-3865/1
MES&JK.../.....

WLL
RMNR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

SOON
IN 9/25

gm

1 AN ACT ...; relating to: creating a nonrefundable individual income and
2 corporate income and franchise tax credit for contributions to the artistic
3 endowment fund.

Analysis by the Legislative Reference Bureau

Under current law, the Wisconsin Artistic Endowment Foundation (Foundation) may, among other things, establish arts programs with the advice of the arts board and statewide arts organizations and may distribute funds to the arts board and to the arts programs it has established.

For taxable years beginning after December 31, 2002, this bill creates an individual income and corporate income and franchise tax credit for contributions to the artistic endowment fund (fund). Contributions to the Foundation are also deposited into the artistic endowment fund.

For individuals and corporations, the tax credit created in the bill may be claimed in an amount equal to 25% of the amount contributed to the fund. The credit is nonrefundable, meaning that contributions may be claimed as a credit only to the extent of the taxpayer's income or income and franchise tax liability. Each taxable year, the maximum credit that may be claimed under the bill is \$50 for an individual or a married person who files a separate income tax return, \$100 for a married couple that files a joint return, and \$500 for a corporation. The maximum credit amount is prorated for individuals who are part-year residents of the state. The credit may not be claimed by nonresidents of this state.

Under the bill, no new claim for a credit may be filed for a taxable year that begins after December 31 of the year in which the department of revenue

^{DOR}
(~~department~~) determines that the total amount of revenues received by the fund equals \$50,150,000. The bill also requires ^{DOR} ~~the department~~ to include on its tax forms a statement that a taxpayer may contribute amounts to the fund that exceed the amount for which a credit may be claimed by reducing the taxpayer's refund or increasing the taxpayer's payment for tax liability.

For further information see the **state and local** 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:

1

(END)



LFB:.....Russell - Artistic endowment foundation tax credits

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

SENATE AMENDMENT

TO SENATE SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

1 At the locations indicated, amend the substitute amendment as follows:

2 ~~1. Page 472, line 14: delete lines 14 to 16.~~

3 ~~2. Page 477, line 8: delete that line.~~

4 ~~3. Page 734, line 22: after that line insert:~~

5 ~~SECTION 2147d.~~ 71.07 (5) (a) 10[✓] of the statutes is created to read:

6 71.07 (5) (a) 10. Any amount claimed as a credit under sub. (9t) 

7 ~~4. Page 737, line 24: after that line insert:~~

8 ~~SECTION 2150d.~~ 71.07 (9t)[✓] of the statutes is created to read:

9 71.07 (9t) ARTISTIC ENDOWMENT CREDIT. (a) *Definition*. In this subsection,

10 "claimant" means a person who files a claim under this subsection.

1 (b) *Filing claims.* For taxable years beginning after December 31, 2002, subject
2 to the limitations provided in this subsection, a claimant may claim as a credit
3 against the tax imposed under s. 71.02, up to the amount of those taxes, an amount
4 equal to ~~10%~~²⁵ of the amount contributed to the artistic endowment fund under s.
5 25.78.

6 (c) *Limitations and conditions.* 1. The maximum credit that may be claimed
7 under par. (b), in a taxable year, is one of the following amounts:

8 a. If the claimant is a single individual or a married individual who files a
9 separate income tax return, ~~\$50~~⁵⁰

10 b. If the claimant is married and the claimant and his or her spouse file a joint
11 income tax return, ~~\$100~~¹⁰⁰

12 2. Nonresidents of this state are not eligible for the credit under this subsection,
13 except as provided under subd. 3.

14 3. For a claimant who is a part-year resident of this state and who is a single
15 person or a married person filing a separate return, multiply the credit for which the
16 claimant is eligible under subd. 1. by a fraction, the numerator of which is the
17 individual's Wisconsin adjusted gross income and the denominator of which is the
18 individual's federal adjusted gross income. If a claimant is married and files a joint
19 return, and if the claimant's spouse is a nonresident or if the claimant or the
20 claimant's spouse, or both, are part-year residents of this state, multiply the credit
21 for which the claimant is eligible under subd. 1. by a fraction, the numerator of which
22 is the couple's joint Wisconsin adjusted gross income and the denominator of which
23 is the couple's joint federal adjusted gross income.

1 4. No new claim may be filed under this subsection for a taxable year that
2 begins after December 31 of the year in which the department determines that the
3 total amount of revenues received by the endowment fund equals \$50,150,000.

4 5. No credit may be allowed under this subsection unless it is claimed within
5 the time period under s. 71.75 (2).

6 (d) *Administration.* Subsection (9e) (d), to the extent that it applies to the credit
7 under that subsection, applies to the credit under this subsection.

8 ~~SECTION 2150t.~~ 71.10 (4) (dg)[✓] of the statutes is created to read:

9 71.10 (4) (dg) The artistic endowment credit under s. 71.07 (9t)[✓].

Handwritten notes in a circle: 1/10, 3/10, 5

10 5. Page 768, line 24: delete "and (5)" and substitute "(5), and (9t)" *AR 3/12/02*

11 6. Page 798, line 22: after that line insert:

12 ~~SECTION 2179d.~~ 71.28 (9t)[✓] of the statutes is created to read:

13 71.28 (9t) ARTISTIC ENDOWMENT CREDIT. (a) *Definition.* In this subsection,
14 "claimant" means a person who files a claim under this subsection.

15 (b) *Filing claims.* For taxable years beginning after December 31, 2002, subject
16 to the limitations provided in this subsection, a claimant may claim as a credit
17 against the tax imposed under s. 71.23, up to the amount of those taxes, an amount
18 equal to ^{10%} 10% of the amount contributed to the artistic endowment fund under s.
19 25.78, up to a maximum credit of \$500 in a taxable year.

20 (c) *Limitations and conditions.* 1. No new claim may be filed under this
21 subsection for a taxable year that begins after December 31 of the year in which the
22 department determines that the total amount of revenues received by the
23 endowment fund equals \$50,150,000.

1 2. No credit may be allowed under this subsection unless it is claimed within
2 the time period under s. 71.75 (2).

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

5 **SECTION 2179h.** 71.30 (3) (bm) of the statutes is created to read:

6 71.30 (3) (bm) Artistic endowment credit under s. 71.28 (9t).

7 7. Page 831, line 18: after that line insert:

8 **SECTION 2193d.** 71.47 (9t) of the statutes is created to read:

9 71.47 (9t) ARTISTIC ENDOWMENT CREDIT. (a) *Definition*. In this subsection,
10 “claimant” means a person who files a claim under this subsection.

11 (b) *Filing claims*. For taxable years beginning after December 31, 2002, subject
12 to the limitations provided in this subsection, a claimant may claim as a credit
13 against the tax imposed under s. 71.43, up to the amount of those taxes, an amount
14 equal to ^{10%} 10% of the amount contributed to the artistic endowment fund under s.
15 25.78, up to a maximum credit of \$500 in a taxable year.

16 (c) *Limitations and conditions*. 1. No new claim may be filed under this
17 subsection for a taxable year that begins after December 31 of the year in which the
18 department determines that the total amount of revenues received by the
19 endowment fund equals \$50,150,000.

20 2. No credit may be allowed under this subsection unless it is claimed within
21 the time period under s. 71.75 (2).

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

24 **SECTION 2193h.** 71.49 (1) (bm) of the statutes is created to read:

1 71.49 (1) (bm) Artistic endowment credit under s. 71.47 (9t) ⁵⁴."

2 ~~8.~~ Page 836, line 24: after that line insert:

3 SECTION ~~2205n.~~ 73.03 ⁵⁴ (57) of the statutes is created to read:

4 73.03 ⁵⁴ (57) To include on the forms on which the artistic endowment credits are
5 claimed, under ss. 71.07 (9t), 71.28 (9t), and 71.47 (9t), a statement that a taxpayer
6 may contribute amounts to the artistic endowment fund under s. 25.78 that exceed
7 the amount for which a credit may be claimed by reducing the taxpayer's refund or
8 by increasing the taxpayer's payment for tax liability, with the proceeds to be
9 deposited into the fund."

10 ~~9.~~ Page 1094, line 20: on lines 20 and 21, delete "55., or 56." and substitute "or
11 55."

12 ~~10.~~ Page 1095, line 4: on lines 4 and 20, delete "55., or 56." and substitute "or
13 55."

14 ~~11.~~ Page 1098, line 7: delete lines 7 to 19.

15 ~~12.~~ Page 1098, line 20: delete the material beginning with "statutes" and
16 ending with "(this act)," on line 21 and substitute "statutes".

17 ~~13.~~ Page 1098, line 24: delete "55., or 56." and substitute "or 55."

18 ~~14.~~ Page 1099, line 2: delete "55., or 56." and substitute "or 55."

19 ~~15.~~ Page 1101, line 10: delete the material beginning with that line and
20 ending on page 1103, line 14.

21 ~~16.~~ Page 1424, line 20: delete that line and substitute:

22 "(d) and (e), (6m) (a), (6r) (b) 2., 3., 4., 6., 7., and 8. (intro.)."

1

17. Page 1424, line 21: delete "SECTION 3406dm),"

2

(END)

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3865/?ins
MES&JK.....

2175
INS 3-10
#

SECTION 4. 71.26 (2) (a) of the statutes, as affected by 2001 Wisconsin Act 16,
is amended to read:

71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means the gross income as computed under the internal revenue code as modified under sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit computed under s. 71.28 (1), ~~and (3)~~, ⁽⁴⁾ ~~and (5)~~, and ^(9t) plus the amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), ^(1dm), ~~(1ds)~~, and ^(3g) ~~(1dx)~~ and ^(3g) 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 (1) (g) plus the amount of losses from the sale or other disposition of assets the gain from which would be wholly exempt income, as defined in sub. (3) (L), if the assets were sold or otherwise disposed of at a gain and minus deductions, as computed under the internal revenue code as modified under sub. (3), plus or minus, as appropriate, an amount equal to the difference between the federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or otherwise disposed of in a taxable transaction during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

History: 1987 a. 312; 1987 a. 411 ss. 22, 124 to 129; 1989 a. 31, 336; 1991 a. 37, 39, 221, 269; 1993 a. 16, 112, 246, 263, 399, 437, 491; 1995 a. 27, 56, 351, 371, 380, 428; 1997 a. 27, 37, 184, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; s. 13.93 (2) (c).



STEPHEN R. MILLER
CHIEF

State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
5TH FLOOR
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
LEGAL FAX: (608) 264-6948

October 2, 2001

MEMORANDUM

To: Senator Shibilski

From: Marc E. Shovers, Senior Legislative Attorney

Re: LRB-3865/1 Individual and corporate tax credit for artistic endowment fund contributions

The attached draft was prepared at your request. Please review it carefully to ensure that it is accurate and satisfies your intent. If it does and you would like it jacketed for introduction, please indicate below for which house you would like the draft jacketed and return this memorandum to our office. If you have any questions about jacketing, please call our program assistants at 266-3561. Please allow one day for jacketing.

_____ JACKET FOR ASSEMBLY JACKET FOR SENATE

RUSA

If you have any questions concerning the attached draft, or would like to have it redrafted, please contact me at (608) 266-0129 or at the address indicated at the top of this memorandum.

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will request that it be prepared after the draft is introduced. You may obtain a fiscal estimate on the attached draft before it is introduced by calling our program assistants at 266-3561. Please note that if you have previously requested that a fiscal estimate be prepared on an earlier version of this draft, you will need to call our program assistants in order to obtain a fiscal estimate on this version before it is introduced.

Please call our program assistants at 266-3561 if you have any questions regarding this memorandum.



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 266-5648

STEPHEN R. MILLER
CHIEF

October 12, 2001

MEMORANDUM

To: Senator Shibilski

From: Marc E. Shovers, Sr. Legislative Attorney, (608) 266-0129
Joseph T. Kreye, Legislative Attorney, (608) 266-2263

Subject: Technical Memorandum to **2001 SB-265** (LRB-3865/1)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

October 12, 2001

TO: Marc Shovers
Joseph Kreye
Legislative Reference Bureau

FROM: Brian Pahnke
Department of Revenue

SUBJECT: Technical Memorandum on SB 265 – Individual and Corporate Tax Credit for Artistic Endowment Fund Contributions

The Department wishes to make several comments regarding SB 265:

1. Sections 71.07(9t)(c)3, 71.28(9t)(c)1, and 71.47(9t)(c)1 should indicate when and how the Department will be notified by the endowment fund that the fund revenues equal \$50,150,000 since the Department will not determine, control, or have knowledge of the fund amount.
2. Corporations required to add back the credit amounts to their income under sec. 71.26 (2)(a); insurance companies are not required to add-back the amount. The statutory language in sec. 71.45 (2)(a)10 should be amended to provide consistent treatment for both of these types of business entities.
3. The current language in the proposal includes no provisions for the administration of the artistic endowment fund income tax check-off program. Provisions similar to those in sec. 71.10 (5)(b) through (h) for contributions to the endangered resources program should be provided to clarify administration of the arts fund check-off box program.
4. The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language could be developed and costs allocated in the following manner:

	<u>Chapter 20</u>	<u>Amount</u>	<u>FTE</u>
one-time	s. 20.566 (1) (a)	\$ 109,400 in FY02 \$ 14,000 in FY03	
annual	s. 20.566 (1) (a)	\$ 209,500 in FY02 \$ 413,500 in FY03	4.0

If you have any questions regarding this technical memorandum, please contact Meredith Krejny (individual income tax provisions) at 261-8984 or Pam Walgren (corporate income tax provisions) at 266-7817.

BP:MK