



RMR

2007 BILL

in 1-28-08
Today

4

Regen

1 AN ACT *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2)
 2 (a) 10. and 77.92 (4); and *to create* 71.07 (5r), 71.10 (4) (cr), 71.28 (5r), 71.30
 3 (3) (cr), 71.47 (5r) and 71.49 (1) (cr) of the statutes; **relating to:** an income and
 4 franchise tax credit for certain nonprofit community theaters.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit for the property taxes paid on property owned by a nonprofit entity and operated as a community theater, if the property satisfies all of the following conditions:

1. It is used for the purposes for which the nonprofit entity is granted a federal income tax exemption.
2. It is located on land donated by a local business owner.
3. It is located on land that is within 20 miles of the Mississippi River.
4. It is located on a parcel of land that is at least ~~one acre but no greater than~~ two acres.
5. It includes one or more theaters for the performing arts and the seating capacity of the theater or theaters is not less than 450 persons.
6. It includes facilities that are used for arts education.

↑ three-fourths of an acre ✓

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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:

1 **SECTION 1.** 71.05 (6) (a) 15. of the statutes, as affected by 2007 Wisconsin Act
2 20, is amended to read:

3 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
4 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3h), (3n), (3p), (3s), (3t), (3w), (5e),
5 (5f), (5h), (5i), (5j), ~~and (5k)~~, and (5r) and not passed through by a partnership, limited
6 liability company, or tax-option corporation that has added that amount to the
7 partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or
8 71.34 (1) (g).

9 **SECTION 2.** 71.07 (5r) of the statutes is created to read:

10 71.07 (5r) NONPROFIT COMMUNITY THEATER CREDIT. (a) *Definition.* In this
11 subsection, "claimant" means a person who files a claim under this subsection.

12 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
13 claimant may claim as a credit against the tax imposed under s. 71.02 up to the
14 amount of the tax, the amount of property taxes imposed under ch. 70 that the
15 claimant paid in the taxable year on all property owned or leased by a corporation,
16 organization, or association that is exempt from taxation under section 501 (c) (3) of
17 the Internal Revenue Code, if the property satisfies the following conditions:

18 1. It is used for the purposes for which the exemption under section 501 (c) (3)
19 of the Internal Revenue Code is granted to the corporation, organization, or
20 association that owns or leases the property.

21 2. It is located on land donated by a local business owner.

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1 3. It is located on land that is within 20 miles of the Mississippi River.

2 4. It is located on a parcel of land that is at least ~~one acre but no greater than~~

3 ~~2 acres.~~ *three-fourths of an acre* ✓

4 5. It includes one or more theaters for the performing arts that are operated by
5 the corporation, organization, or association and the seating capacity of the theater
6 or theaters is not less than 450 persons.

7 6. It includes facilities that are used for arts education.

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

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

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

19 71.10 (4) (cr) Nonprofit community theater credit under s. 71.07 (5r).

20 **SECTION 4.** 71.21 (4) of the statutes, as affected by 2007 Wisconsin Act 20, is
21 amended to read:

22 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
23 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3h), (3n), (3p), (3s), (3t), (3w), (5e), (5f), (5g),
24 (5h), (5i), (5j), and (5k), and (5r) and passed through to partners shall be added to the
25 partnership's income.

BILL**SECTION 5**

1 **SECTION 5.** 71.26 (2) (a) of the statutes, as affected by 2007 Wisconsin Act 20,
2 is amended to read:

3 71.26 (2) (a) *Corporations in general.* The “net income” of a corporation means
4 the gross income as computed under the Internal Revenue Code as modified under
5 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
6 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
7 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income
8 under this paragraph at the time that the taxpayer first claimed the credit plus the
9 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),
10 (1ds), (1dx), (3g), (3h), (3n), (3p), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), and (5k), and
11 (5r) and not passed through by a partnership, limited liability company, or
12 tax-option corporation that has added that amount to the partnership’s, limited
13 liability company’s, or tax-option corporation’s income under s. 71.21 (4) or 71.34 (1)
14 (g) plus the amount of losses from the sale or other disposition of assets the gain from
15 which would be wholly exempt income, as defined in sub. (3) (L), if the assets were
16 sold or otherwise disposed of at a gain and minus deductions, as computed under the
17 Internal Revenue Code as modified under sub. (3), plus or minus, as appropriate, an
18 amount equal to the difference between the federal basis and Wisconsin basis of any
19 asset sold, exchanged, abandoned, or otherwise disposed of in a taxable transaction
20 during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

21 **SECTION 6.** 71.28 (5r) of the statutes is created to read:

22 71.28 (5r) **NONPROFIT COMMUNITY THEATER CREDIT.** (a) *Definition.* In this
23 subsection, “claimant” means a person who files a claim under this subsection.

24 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
25 claimant may claim as a credit against the tax imposed under s. 71.23 up to the

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1 amount of the tax, the amount of property taxes imposed under ch. 70 that the
2 claimant paid in the taxable year on all property owned or leased by a corporation,
3 organization, or association that is exempt from taxation under section 501 (c) (3) of
4 the Internal Revenue Code, if the property satisfies the following conditions:

5 1. It is used for the purposes for which the exemption under section 501 (c) (3)
6 of the Internal Revenue Code is granted to the corporation, organization, or
7 association that owns or leases the property.

8 2. It is located on land donated by a local business owner.

9 3. It is located on land that is within 20 miles of the Mississippi River.

10 4. It is located on a parcel of land that is at least ~~one acre but no greater than~~
11 ~~one~~ *three-fourths of an acre* ✓

12 5. It includes one or more theaters for the performing arts that are operated by
13 the corporation, organization, or association and the seating capacity of the theater
14 or theaters is not less than 450 persons.

15 6. It includes facilities that are used for arts education.

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

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

BILL**SECTION 7**

1 **SECTION 7.** 71.30 (3) (cr) of the statutes is created to read:

2 71.30 (3) (cr) Nonprofit community theater credit under s. 71.28 (5r).

3 **SECTION 8.** 71.34 (1) (g) of the statutes, as affected by 2007 Wisconsin Act 20,
4 is amended to read:

5 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
6 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
7 (3h), (3n), (3p), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), ~~and (5k)~~, and (5r) and passed
8 through to shareholders.

9 **SECTION 9.** 71.45 (2) (a) 10. of the statutes, as affected by 2007 Wisconsin Act
10 20, is amended to read:

11 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
12 computed under s. 71.47 (1dd) to (1dx), (3h), (3n), (3p), (3w), (5e), (5f), (5g), (5h), (5i),
13 (5j), ~~and (5k)~~, and (5r) and not passed through by a partnership, limited liability
14 company, or tax-option corporation that has added that amount to the partnership's,
15 limited liability company's, or tax-option corporation's income under s. 71.21 (4) or
16 71.34 (1) (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and
17 (5).

18 **SECTION 10.** 71.47 (5r) of the statutes is created to read:

19 71.47 (5r) NONPROFIT COMMUNITY THEATER CREDIT. (a) *Definition.* In this
20 subsection, "claimant" means a person who files a claim under this subsection.

21 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
22 claimant may claim as a credit against the tax imposed under s. 71.43 up to the
23 amount of the tax, the amount of property taxes imposed under ch. 70 that the
24 claimant paid in the taxable year on all property owned or leased by a corporation,

BILL



1 organization, or association that is exempt from taxation under section 501 (c) (3) of
2 the Internal Revenue Code, if the property satisfies the following conditions:

3 1. It is used for the purposes for which the exemption under section 501 (c) (3)
4 of the Internal Revenue Code is granted to the corporation, organization, or
5 association that owns or leases the property.

6 2. It is located on land donated by a local business owner.

7 3. It is located on land that is within 20 miles of the Mississippi River.

8 4. It is located on a parcel of land that is at least ~~one acre but no greater than~~

9 ~~one~~ acres. *three fourths of an acre*

10 5. It includes one or more theaters for the performing arts that are operated by
11 the corporation, organization, or association and the seating capacity of the theater
12 or theaters is not less than 450 persons.

13 6. It includes facilities that are used for arts education.

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

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

24 **SECTION 11.** 71.49 (1) (cr) of the statutes is created to read:

25 71.49 (1) (cr) Nonprofit community theater credit under s. 71.47 (5r).

Kreye, Joseph

From: Welhouse, Andrew
Sent: Monday, January 28, 2008 12:06 PM
To: Kreye, Joseph
Subject: FW: Draft

Last change to LRB 3816 - I promise

From: Allen Ebert [mailto:AEbert@lacrossecommunitytheatre.org]
Sent: Monday, January 28, 2008 12:03 PM
To: Welhouse, Andrew
Subject: Draft

Andrew can we change at least one acre to at least .75 acres or more? If so please make the change and run with it.

Thank you,

Allen Ebert-

Artistic/Managing Director
La Crosse Community Theatre
608-784-9292
www.lacrossecommunitytheatre.org

Kreye, Joseph

38/6

From: Welhouse, Andrew
Sent: Monday, January 28, 2008 4:18 PM
To: Kreye, Joseph
Subject: FW: Community Theater bill from Rep. Mike Huebsch
Importance: High

Sigh. One of these days these people will stop changing their minds. I know I promised no more changes -- sorry. Item 4 needs to be .48 acres... so .25 acres to 0.75 acres should work fine.

Thanks again

Andrew

From: Allen Ebert [mailto:AEbert@lacrossecommunitytheatre.org]
Sent: Monday, January 28, 2008 3:07 PM
To: Welhouse, Andrew
Subject: FW: Community Theater bill from Rep. Mike Huebsch
Importance: High

Andrew,

I was incorrect in my previous email. Our site has a 25 foot corridor to the river that will be city property to the south. To the north there is a 10 foot set back from the property line. To the west is the city river walk and river and to the east is a road. So our foot print is stated below from the architects.

If you have any questions please let me know.

Thanks,

Allen Ebert-

Artistic/Managing Director
La Crosse Community Theatre
608-784-9292
www.lacrossecommunitytheatre.org

From: Jerry Schomberg [mailto:js.vantagearch@centurytel.net]
Sent: Monday, January 28, 2008 1:55 PM
To: AEbert@lacrossecommunitytheatre.org
Cc: js.vantagearch@centurytel.net
Subject: RE: Community Theater bill from Rep. Mike Huebsch

Dear Allen,

The proposed site is 18,593 sq. ft. or 0.43 acres.

This does not include the adjacent river walk or the access easement on the south end of the parcel.

Jerry Schomberg

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

01/28/2008

From: Allen Ebert [mailto:AEbert@lacrossecommunitytheatre.org]
Sent: Monday, January 28, 2008 12:02 PM
To: 'Jerry Schomberg'
Subject: FW: Community Theater bill from Rep. Mike Huebsch

How many acres is the site we are looking at?

Thanks,

Allen Ebert-

Artistic/Managing Director
La Crosse Community Theatre
608-784-9292
www.lacrossecommunitytheatre.org

From: Peter & Krin Krause [mailto:2daboat@centurytel.net]
Sent: Monday, January 28, 2008 10:09 AM
To: AEbert@lacrossecommunitytheatre.org; 'Brock, Tom'; 'Chuck Roth'; djamborn@gundluth.org; heyer.cary@uwlax.edu; john@lyche.us; 'Korn Smith, Nancy'; miriamwuensch@hotmail.com; nrkornsm@gundluth.org; paddis@addislaw.com; 'Vicky Kunz'; 'Zietlow, Hans'
Subject: Re: Community Theater bill from Rep. Mike Huebsch

I apologize for the delay in my response, but we were off 'Festing'.

I am still concerned by #4 of the bill. I need to be assured that the Weber site is, in fact, "at least one acre" as specified by this condition.

Krin

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

From: Allen Ebert
To: 'Brock, Tom'; 'Chuck Roth'; djamborn@gundluth.org; heyer.cary@uwlax.edu; john@lyche.us; 'Korn Smith, Nancy'; 'Krause, Krin'; miriamwuensch@hotmail.com; nrkornsm@gundluth.org; paddis@addislaw.com; 'Vicky Kunz'; 'Zietlow, Hans'
Sent: Thursday, January 24, 2008 9:24 AM
Subject: FW: Community Theater bill from Rep. Mike Huebsch

You all should have received the 2nd draft of the bill. We must make a decision soon.

Please let me know if there are any concerns.

Thanks,

Allen Ebert-

Artistic/Managing Director
La Crosse Community Theatre
608-784-9292
www.lacrossecommunitytheatre.org

From: Welhouse, Andrew [mailto:Andrew.Welhouse@legis.wisconsin.gov]
Sent: Tuesday, January 22, 2008 12:55 PM
To: AEbert@lacrossecommunitytheatre.org
Subject: RE: Community Theater bill from Rep. Mike Huebsch

Draft 2 - let me know what you think

From: Allen Ebert [mailto:AEbert@lacrossecommunitytheatre.org]
Sent: Friday, January 18, 2008 9:36 AM
To: Welhouse, Andrew
Subject: RE: Community Theater bill from Rep. Mike Huebsch

We could also change resident to local business owner in regards to the donation of the land.

Allen Ebert-

Artistic/Managing Director
La Crosse Community Theatre
608-784-9292
www.lacrossecommunitytheatre.org

From: Welhouse, Andrew [mailto:Andrew.Welhouse@legis.wisconsin.gov]
Sent: Thursday, January 17, 2008 4:02 PM
To: AEbert@lacrossecommunitytheatre.org
Subject: RE: Community Theater bill from Rep. Mike Huebsch

Yeah, that would be a concern. All we need is something specific about our theater that would prevent other theaters from being eligible. Thanks for looking into it.

From: Allen Ebert [mailto:AEbert@lacrossecommunitytheatre.org]
Sent: Thursday, January 17, 2008 4:01 PM
To: Welhouse, Andrew
Subject: RE: Community Theater bill from Rep. Mike Huebsch

Andrew,

I will get back to you soon. The person donating the land owns the property and has built 2 other buildings on this land where he works. He however lives in Minnesota.

Thanks,

Allen Ebert-

Artistic/Managing Director
La Crosse Community Theatre
608-784-9292
www.lacrossecommunitytheatre.org

From: Welhouse, Andrew [mailto:Andrew.Welhouse@legis.wisconsin.gov]
Sent: Thursday, January 17, 2008 3:03 PM
To: AEbert@lacrossecommunitytheatre.org
Subject: RE: Community Theater bill from Rep. Mike Huebsch

Allen,

Do you have any other unique qualification we could add? My concern is that without the donated land provision and with the land provision extended even to 20 miles we could open it up to similar theaters in Prairie du Chien, River Falls, etc.

From: Allen Ebert [mailto:AEbert@lacrossecommunitytheatre.org]

Sent: Thursday, January 17, 2008 2:40 PM
To: Welhouse, Andrew
Subject: RE: Community Theater bill from Rep. Mike Huebsch

Thank you Andrew.

Allen Ebert-

Artistic/Managing Director
La Crosse Community Theatre
608-784-9292
www.lacrossecommunitytheatre.org

From: Welhouse, Andrew [mailto:Andrew.Welhouse@legis.wisconsin.gov]
Sent: Thursday, January 17, 2008 2:35 PM
To: AEbert@lacrossecommunitytheatre.org
Subject: RE: Community Theater bill from Rep. Mike Huebsch

Thanks for the input - I'll work with the drafter on these points.

Andrew

From: Allen Ebert [mailto:AEbert@lacrossecommunitytheatre.org]
Sent: Thursday, January 17, 2008 2:34 PM
To: Welhouse, Andrew
Subject: RE: Community Theater bill from Rep. Mike Huebsch

Andrew

A couple of concerns we have are the person donating the land lives outside the municipality. Can we rework that point? Also, when we spoke with Rep. Huebsch we were trying to find a way not to land lock us incase we have to build the theatre in another location. Our concern is the banks of the Mississippi. Can we rework to say will be built in a municipality which is located within 50 miles of the Mississippi River?

If you would please let me know your thoughts.

Thank you for your time,

Allen Ebert-

Artistic/Managing Director
La Crosse Community Theatre
608-784-9292
www.lacrossecommunitytheatre.org

From: Welhouse, Andrew [mailto:Andrew.Welhouse@legis.wisconsin.gov]
Sent: Monday, January 14, 2008 1:34 PM
To: aebert@lacrossecommunitytheatre.org
Subject: RE: Community Theater bill from Rep. Mike Huebsch

Allen,

Looks like the original PDF I sent you only had one side of each page scanned. Please find a corrected copy attached with my apologies

Andrew

<<LRB 3816-1 Community Theater Credit - 1-14-08.pdf>>

From: Welhouse, Andrew

Sent: Monday, January 14, 2008 9:01 AM

To: 'aebert@lacrossecommunitytheatre.org'

Subject: Community Theater bill from Rep. Mike Huebsch

Allen,

Here's the draft of the bill that Rep. Huebsch is working to draft. It is drafted as a tax credit, but we will substitute "tax exemption" down the line. Let me know if the qualifications match, and we will adjust accordingly.

The bill is 9 pages of statutory language, but all we need to worry about is the 6 qualifications on the first page, in the "Analysis by the Legislative Reference Bureau" section. Where it's actually written in english, as opposed to lawyer-speak. Thanks!

Andrew

Andrew J. Welhouse

Office of Rep. Mike Huebsch

Assembly Speaker

p: (608) 261-9482

c: (920) 254-6403



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-3816/3
JK:jld:pg

RMnotR

2007 BILL

in 1-28-08
due Tues 1-29

Regen

1 AN ACT *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2)
2 (a) 10. and 77.92 (4); and *to create* 71.07 (5r), 71.10 (4) (cr), 71.28 (5r), 71.30
3 (3) (cr), 71.47 (5r) and 71.49 (1) (cr) of the statutes; **relating to:** an income and
4 franchise tax credit for certain nonprofit community theaters.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit for the property taxes paid on property owned by a nonprofit entity and operated as a community theater, if the property satisfies all of the following conditions:

1. It is used for the purposes for which the nonprofit entity is granted a federal income tax exemption.
2. It is located on land donated by a local business owner.
3. It is located on land that is within 20 miles of the Mississippi River.
4. It is located on a parcel of land that is at least three-fourths of an acre.
5. It includes one or more theaters for the performing arts and the seating capacity of the theater or theaters is not less than 450 persons.
6. It includes facilities that are used for arts education.

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:

✓
one-fourth of an acre, but no larger than

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1 **SECTION 1.** 71.05 (6) (a) 15. of the statutes, as affected by 2007 Wisconsin Act
2 20, is amended to read:

3 71.05 **(6)** (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
4 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3h), (3n), (3p), (3s), (3t), (3w), (5e),
5 (5f), (5h), (5i), (5j), ~~and (5k)~~, and (5r) and not passed through by a partnership, limited
6 liability company, or tax-option corporation that has added that amount to the
7 partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or
8 71.34 (1) (g).

9 **SECTION 2.** 71.07 (5r) of the statutes is created to read:

10 71.07 **(5r)** NONPROFIT COMMUNITY THEATER CREDIT. (a) *Definition.* In this
11 subsection, "claimant" means a person who files a claim under this subsection.

12 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
13 claimant may claim as a credit against the tax imposed under s. 71.02 up to the
14 amount of the tax, the amount of property taxes imposed under ch. 70 that the
15 claimant paid in the taxable year on all property owned or leased by a corporation,
16 organization, or association that is exempt from taxation under section 501 (c) (3) of
17 the Internal Revenue Code, if the property satisfies the following conditions:

18 1. It is used for the purposes for which the exemption under section 501 (c) (3)
19 of the Internal Revenue Code is granted to the corporation, organization, or
20 association that owns or leases the property.

21 2. It is located on land donated by a local business owner.

22 3. It is located on land that is within 20 miles of the Mississippi River.

23 4. It is located on a parcel of land that is at least three-fourths of an acre.

one-fourth of an acre, but no larger than

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1 5. It includes one or more theaters for the performing arts that are operated by
2 the corporation, organization, or association and the seating capacity of the theater
3 or theaters is not less than 450 persons.

4 6. It includes facilities that are used for arts education.

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

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

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

16 71.10 (4) (cr) Nonprofit community theater credit under s. 71.07 (5r).

17 **SECTION 4.** 71.21 (4) of the statutes, as affected by 2007 Wisconsin Act 20, is
18 amended to read:

19 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
20 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3h), (3n), (3p), (3s), (3t), (3w), (5e), (5f), (5g),
21 (5h), (5i), (5j), ~~and (5k)~~, and (5r) and passed through to partners shall be added to the
22 partnership's income.

23 **SECTION 5.** 71.26 (2) (a) of the statutes, as affected by 2007 Wisconsin Act 20,
24 is amended to read:

BILL

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

19 **SECTION 6.** 71.28 (5r) of the statutes is created to read:

20 71.28 (5r) NONPROFIT COMMUNITY THEATER CREDIT. (a) *Definition.* In this
21 subsection, “claimant” means a person who files a claim under this subsection.

22 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
23 claimant may claim as a credit against the tax imposed under s. 71.23 up to the
24 amount of the tax, the amount of property taxes imposed under ch. 70 that the
25 claimant paid in the taxable year on all property owned or leased by a corporation,

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one fourth of an acre, but no larger than

1 organization, or association that is exempt from taxation under section 501 (c) (3) of
2 the Internal Revenue Code, if the property satisfies the following conditions:

3 1. It is used for the purposes for which the exemption under section 501 (c) (3)
4 of the Internal Revenue Code is granted to the corporation, organization, or
5 association that owns or leases the property.

6 2. It is located on land donated by a local business owner.

7 3. It is located on land that is within 20 miles of the Mississippi River.

8 4. It is located on a parcel of land that is at least three-fourths of an acre.

9 5. It includes one or more theaters for the performing arts that are operated by
10 the corporation, organization, or association and the seating capacity of the theater
11 or theaters is not less than 450 persons.

12 6. It includes facilities that are used for arts education.

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

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

23 **SECTION 7.** 71.30 (3) (cr) of the statutes is created to read:

24 71.30 (3) (cr) Nonprofit community theater credit under s. 71.28 (5r).

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1 **SECTION 8.** 71.34 (1) (g) of the statutes, as affected by 2007 Wisconsin Act 20,
2 is amended to read:

3 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
4 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
5 (3h), (3n), (3p), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), ~~and (5k)~~, and (5r) and passed
6 through to shareholders.

7 **SECTION 9.** 71.45 (2) (a) 10. of the statutes, as affected by 2007 Wisconsin Act
8 20, is amended to read:

9 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
10 computed under s. 71.47 (1dd) to (1dx), (3h), (3n), (3p), (3w), (5e), (5f), (5g), (5h), (5i),
11 (5j), ~~and (5k)~~, and (5r) and not passed through by a partnership, limited liability
12 company, or tax-option corporation that has added that amount to the partnership's,
13 limited liability company's, or tax-option corporation's income under s. 71.21 (4) or
14 71.34 (1) (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and
15 (5).

16 **SECTION 10.** 71.47 (5r) of the statutes is created to read:

17 71.47 (5r) NONPROFIT COMMUNITY THEATER CREDIT. (a) *Definition.* In this
18 subsection, "claimant" means a person who files a claim under this subsection.

19 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
20 claimant may claim as a credit against the tax imposed under s. 71.43 up to the
21 amount of the tax, the amount of property taxes imposed under ch. 70 that the
22 claimant paid in the taxable year on all property owned or leased by a corporation,
23 organization, or association that is exempt from taxation under section 501 (c) (3) of
24 the Internal Revenue Code, if the property satisfies the following conditions:

BILL

✓ (-7-)
one-fourth of an acre, but no larger than

1 1. It is used for the purposes for which the exemption under section 501 (c) (3)
2 of the Internal Revenue Code is granted to the corporation, organization, or
3 association that owns or leases the property.

4 2. It is located on land donated by a local business owner.

5 3. It is located on land that is within 20 miles of the Mississippi River.

6 4. It is located on a parcel of land that is at least three-fourths of an acre.

7 5. It includes one or more theaters for the performing arts that are operated by
8 the corporation, organization, or association and the seating capacity of the theater
9 or theaters is not less than 450 persons.

10 6. It includes facilities that are used for arts education.

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 credit that each of its partners, members, or shareholders may claim
16 and shall provide that information to each of them. Partners, members of limited
17 liability companies, and shareholders of tax-option corporations may claim the
18 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 11.** 71.49 (1) (cr) of the statutes is created to read:

22 71.49 (1) (cr) Nonprofit community theater credit under s. 71.47 (5r).

23 **SECTION 12.** 77.92 (4) of the statutes, as affected by 2007 Wisconsin Act 20, is
24 amended to read:



RM/AR

2007 BILL

in 1-29-08
due Wed 1-30-08

Regen

1 AN ACT *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2)
2 (a) 10. and 77.92 (4); and *to create* 71.07 (5r), 71.10 (4) (cr), 71.28 (5r), 71.30
3 (3) (cr), 71.47 (5r) and 71.49 (1) (cr) of the statutes; **relating to:** an income and
4 franchise tax credit for certain nonprofit community theaters.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit for the property taxes paid on property owned by a nonprofit entity and operated as a community theater, if the property satisfies all of the following conditions:

1. It is used for the purposes for which the nonprofit entity is granted a federal income tax exemption.
2. It is located on land donated by a local business owner.
3. It is located on land that is within 20 miles of the Mississippi River.
4. It is located on a parcel of land that is at least one-fourth of an acre, but no larger than ~~three-fourths of an acre.~~ two acres ✓
5. It includes one or more theaters for the performing arts and the seating capacity of the theater or theaters is not less than 450 persons.
6. It includes facilities that are used for arts education.

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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:

1 **SECTION 1.** 71.05 (6) (a) 15. of the statutes, as affected by 2007 Wisconsin Act
2 20, is amended to read:

3 71.05 **(6)** (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
4 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3h), (3n), (3p), (3s), (3t), (3w), (5e),
5 (5f), (5h), (5i), (5j), ~~and (5k), and (5r)~~ and not passed through by a partnership, limited
6 liability company, or tax-option corporation that has added that amount to the
7 partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or
8 71.34 (1) (g).

9 **SECTION 2.** 71.07 (5r) of the statutes is created to read:

10 71.07 **(5r)** NONPROFIT COMMUNITY THEATER CREDIT. (a) *Definition.* In this
11 subsection, "claimant" means a person who files a claim under this subsection.

12 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
13 claimant may claim as a credit against the tax imposed under s. 71.02 up to the
14 amount of the tax, the amount of property taxes imposed under ch. 70 that the
15 claimant paid in the taxable year on all property owned or leased by a corporation,
16 organization, or association that is exempt from taxation under section 501 (c) (3) of
17 the Internal Revenue Code, if the property satisfies the following conditions:

18 1. It is used for the purposes for which the exemption under section 501 (c) (3)
19 of the Internal Revenue Code is granted to the corporation, organization, or
20 association that owns or leases the property.

21 2. It is located on land donated by a local business owner.

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1 3. It is located on land that is within 20 miles of the Mississippi River.

2 4. It is located on a parcel of land that is at least one-fourth of an acre, but no
3 larger than ~~three-fourths of an acre.~~ 2 acres

4 5. It includes one or more theaters for the performing arts that are operated by
5 the corporation, organization, or association and the seating capacity of the theater
6 or theaters is not less than 450 persons.

7 6. It includes facilities that are used for arts education.

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

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

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

19 71.10 (4) (cr) Nonprofit community theater credit under s. 71.07 (5r).

20 **SECTION 4.** 71.21 (4) of the statutes, as affected by 2007 Wisconsin Act 20, is
21 amended to read:

22 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
23 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3h), (3n), (3p), (3s), (3t), (3w), (5e), (5f), (5g),
24 (5h), (5i), (5j), ~~and (5k), and (5r)~~ and passed through to partners shall be added to the
25 partnership's income.

BILL**SECTION 5**

1 **SECTION 5.** 71.26 (2) (a) of the statutes, as affected by 2007 Wisconsin Act 20,
2 is amended to read:

3 71.26 (2) (a) *Corporations in general.* The “net income” of a corporation means
4 the gross income as computed under the Internal Revenue Code as modified under
5 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
6 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
7 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income
8 under this paragraph at the time that the taxpayer first claimed the credit plus the
9 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),
10 (1ds), (1dx), (3g), (3h), (3n), (3p), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), ~~and (5k), and~~
11 (5r) and not passed through by a partnership, limited liability company, or
12 tax-option corporation that has added that amount to the partnership’s, limited
13 liability company’s, or tax-option corporation’s income under s. 71.21 (4) or 71.34 (1)
14 (g) plus the amount of losses from the sale or other disposition of assets the gain from
15 which would be wholly exempt income, as defined in sub. (3) (L), if the assets were
16 sold or otherwise disposed of at a gain and minus deductions, as computed under the
17 Internal Revenue Code as modified under sub. (3), plus or minus, as appropriate, an
18 amount equal to the difference between the federal basis and Wisconsin basis of any
19 asset sold, exchanged, abandoned, or otherwise disposed of in a taxable transaction
20 during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

21 **SECTION 6.** 71.28 (5r) of the statutes is created to read:

22 71.28 (5r) **NONPROFIT COMMUNITY THEATER CREDIT.** (a) *Definition.* In this
23 subsection, “claimant” means a person who files a claim under this subsection.

24 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
25 claimant may claim as a credit against the tax imposed under s. 71.23 up to the

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1 amount of the tax, the amount of property taxes imposed under ch. 70 that the
2 claimant paid in the taxable year on all property owned or leased by a corporation,
3 organization, or association that is exempt from taxation under section 501 (c) (3) of
4 the Internal Revenue Code, if the property satisfies the following conditions:

5 1. It is used for the purposes for which the exemption under section 501 (c) (3)
6 of the Internal Revenue Code is granted to the corporation, organization, or
7 association that owns or leases the property.

8 2. It is located on land donated by a local business owner.

9 3. It is located on land that is within 20 miles of the Mississippi River.

10 4. It is located on a parcel of land that is at least one-fourth of an acre, but no
11 larger than ~~three-fourths of an acre.~~ 2 acres ✓

12 5. It includes one or more theaters for the performing arts that are operated by
13 the corporation, organization, or association and the seating capacity of the theater
14 or theaters is not less than 450 persons.

15 6. It includes facilities that are used for arts education.

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

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

BILL**SECTION 7**

1 **SECTION 7.** 71.30 (3) (cr) of the statutes is created to read:

2 71.30 (3) (cr) Nonprofit community theater credit under s. 71.28 (5r).

3 **SECTION 8.** 71.34 (1) (g) of the statutes, as affected by 2007 Wisconsin Act 20,
4 is amended to read:

5 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
6 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
7 (3h), (3n), (3p), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), ~~and (5k), and (5r)~~ and passed
8 through to shareholders.

9 **SECTION 9.** 71.45 (2) (a) 10. of the statutes, as affected by 2007 Wisconsin Act
10 20, is amended to read:

11 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
12 computed under s. 71.47 (1dd) to (1dx), (3h), (3n), (3p), (3w), (5e), (5f), (5g), (5h), (5i),
13 (5j), ~~and (5k), and (5r)~~ and not passed through by a partnership, limited liability
14 company, or tax-option corporation that has added that amount to the partnership's,
15 limited liability company's, or tax-option corporation's income under s. 71.21 (4) or
16 71.34 (1) (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and
17 (5).

18 **SECTION 10.** 71.47 (5r) of the statutes is created to read:

19 71.47 (5r) NONPROFIT COMMUNITY THEATER CREDIT. (a) *Definition.* In this
20 subsection, "claimant" means a person who files a claim under this subsection.

21 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
22 claimant may claim as a credit against the tax imposed under s. 71.43 up to the
23 amount of the tax, the amount of property taxes imposed under ch. 70 that the
24 claimant paid in the taxable year on all property owned or leased by a corporation,

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1 organization, or association that is exempt from taxation under section 501 (c) (3) of
2 the Internal Revenue Code, if the property satisfies the following conditions:

3 1. It is used for the purposes for which the exemption under section 501 (c) (3)
4 of the Internal Revenue Code is granted to the corporation, organization, or
5 association that owns or leases the property.

6 2. It is located on land donated by a local business owner.

7 3. It is located on land that is within 20 miles of the Mississippi River.

8 4. It is located on a parcel of land that is at least one-fourth of an acre, but no
9 larger than ~~three-fourths of an acre.~~ 2 acres

10 5. It includes one or more theaters for the performing arts that are operated by
11 the corporation, organization, or association and the seating capacity of the theater
12 or theaters is not less than 450 persons.

13 6. It includes facilities that are used for arts education.

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

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

24 **SECTION 11.** 71.49 (1) (cr) of the statutes is created to read:

25 71.49 (1) (cr) Nonprofit community theater credit under s. 71.47 (5r).

3816

Kreye, Joseph

From: Welhouse, Andrew
Sent: Tuesday, January 29, 2008 4:07 PM
To: Kreye, Joseph
Subject: Community Theaters

OK - Final Word.

I just got a phone call from the Community Theater director, and he just heard back from his Board of Directors that their timetable is moving up for the parking project - apparantly when they made the inquiry it reminded the powers that be that this was an issue and they started moving on it.

Long story short, I need to adjust the 0.25-0.75 to be 0.25 to 2.0 acres. He promises me that this will be the last change, and apologized to you and to I about the multiple drafts and inability to get a conclusive answer until now.

I apologize as well.

Andrew

Andrew J. Welhouse
Office of Rep. Mike Huebsch
Assembly Speaker
p: (608) 261-9482
c: (920) 254-6403

Duerst, Christina

From: Welhouse, Andrew
Sent: Monday, March 03, 2008 3:05 PM
To: LRB.Legal
Subject: Draft Review: LRB 07-3816/5 Topic: Tax credit for property taxes paid by certain nonprofit community theaters

Please Jacket LRB 07-3816/5 for the ASSEMBLY.