



**WISCONSIN LEGISLATIVE COUNCIL
AMENDMENT MEMO**

2007 Assembly Bill 85

**Assembly Substitute
Amendment 1, as Amended**

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2007 ASSEMBLY BILL 85

Assembly Bill 85 would create a non-refundable income and franchise tax credit for the purchase or lease of new motor vehicles licensed for highway use that are capable of using gasoline and a mixture of gasoline and at least 85% ethanol (E85) fuel to propel the vehicle (flex-fuel vehicles). The amount of the credit would be equal to the amount of sales and use taxes paid in the taxable year, up to a maximum of \$1,000 per flex-fuel vehicle. The credit would be available for taxable years beginning after December 31, 2007 and before January 1, 2013.

ASSEMBLY SUBSTITUTE AMENDMENT 1

Assembly Substitute Amendment 1 would create a non-refundable income and franchise tax credit for the purchase of certain amounts of E85 and would change the calculation of the flex-fuel vehicle income and franchise tax credit.

Tax Credit for Purchase of E85

The amount of the E85 credit would be up to \$100 per taxable year if certain amounts of E85 are purchased. The credit may not exceed the amount of income tax paid by the claimant in the taxable year and may be claimed by a person, not including a corporation. Purchases that qualify are:

- 100 gallons or more of motor vehicle fuel that is sold as 85% ethanol, for taxable years beginning after December 31, 2007 and before January 1, 2009.
- 200 gallons or more of motor vehicle fuel that is sold as 85% ethanol, for taxable years beginning after December 31, 2008 and before January 1, 2010.

- 300 gallons or more of motor vehicle fuel that is sold as 85% ethanol, for taxable years beginning after December 31, 2009 and before January 1, 2011.
- 400 gallons or more of motor vehicle fuel that is sold as 85% ethanol, for taxable years beginning after December 31, 2010 and before January 1, 2012.
- 500 gallons or more of motor vehicle fuel that is sold as 85% ethanol, for taxable years beginning after December 31, 2011 and before January 1, 2013.

Flexible Fuel Motor Vehicles Tax Credit

Under Assembly Substitute Amendment 1, the flex-fuel vehicle income and franchise tax credit would be available if the claimant purchased or leased a new motor vehicle, licensed for highway use, that is capable of using both gasoline and E85 for fuel. The credit may not exceed the claimant's income tax paid in a taxable year and may be claimed by a person, including a corporation. The amount of the credit would be calculated as follows:

- \$600 if the vehicle was purchased and \$120 if the vehicle was leased, if the purchase price of the motor vehicle is \$18,000 or more.
- \$550 if the vehicle was purchased and \$110 if the vehicle was leased, if the purchase price of the motor vehicle is at least \$17,000, but less than \$18,000.
- \$500 if the vehicle was purchased and \$100 if the vehicle was leased, if the purchase price of the motor vehicle is at least \$16,000, but less than \$17,000.
- \$450 if the vehicle was purchased and \$90 if the vehicle was leased, if the purchase price of the motor vehicle is at least \$15,000, but less than \$16,000.
- \$400 if the vehicle was purchased and \$80 if the vehicle was leased, if the purchase price of the motor vehicle is at least \$14,000, but less than \$15,000.
- \$350 if the vehicle was purchased and \$70 if the vehicle was leased, if the purchase price of the motor vehicle is at least \$13,000, but less than \$14,000.
- \$300 if the vehicle was purchased and \$60 if the vehicle was leased, if the purchase price of the motor vehicle is at least \$12,000, but less than \$13,000.
- \$250 if the vehicle was purchased and \$50 if the vehicle was leased, if the purchase price of the motor vehicle is at least \$11,000, but less than \$12,000.
- \$200 if the vehicle was purchased and \$40 if the vehicle was leased, if the purchase price of the motor vehicle is at least \$10,000, but less than \$11,000.

For a leased motor vehicle, "purchase price" would be the purchase price on the first day of the lease period. A claimant could claim the credit for each year of the lease period. The Department of Revenue would be authorized to promulgate rules, if not unnecessarily burdensome, establishing

documentation requirements and appropriate forms to be used by consumers and motor vehicle dealers. The Department of Transportation would be required to prepare a list of motor vehicles that satisfy the criteria for eligibility for the flex-fuel tax credit. This list would be required to identify vehicles by make and model, and be made publicly available by January 1 of each year.

ASSEMBLY AMENDMENT 1 TO ASSEMBLY SUBSTITUTE AMENDMENT 1

In order to claim the flex-fuel vehicle tax credit, Assembly Amendment 1 to Assembly Substitute Amendment 1 would require a claimant to submit certain documentation with the claimant's tax return that indicates that the claimant purchased 500 gallons of E85 from the period beginning on the date of purchase of the flex-fuel vehicle and ending on December 31 of the calendar year following the calendar year in which the claimant purchased or leased the flex-fuel vehicle.

ASSEMBLY AMENDMENT 1 TO ASSEMBLY AMENDMENT 1 TO ASSEMBLY SUBSTITUTE AMENDMENT 1

This amendment would change the E85 purchase requirement under Assembly Amendment 1 to Assembly Substitute Amendment 1 from 500 gallons to 300 gallons of E85.

Legislative History

Assembly Bill 85 was introduced by Representative Sheridan and others, cosponsored by Senator Wirch and others, and was referred to the Assembly Committee on Biofuels and Sustainable Energy. Representative Sheridan offered Assembly Substitute Amendment 1. Representative Molepske offered Assembly Amendment 1 to Assembly Substitute Amendment 1. The Assembly Committee on Biofuels and Sustainable Energy offered Assembly Amendment 1 to Assembly Amendment 1 to Assembly Substitute Amendment 1.

The committee recommended adoption of Assembly Amendment 1 to Assembly Amendment 1 to Assembly Substitute Amendment 1 by a vote of Ayes, 9; Noes, 0, adoption of Assembly Amendment 1, as amended, to Assembly Substitute Amendment 1 by a vote of Ayes, 9; Noes, 0, and adoption of Assembly Substitute Amendment 1, as amended, by a vote of Ayes, 7; Noes, 2. The committee recommended passage of Assembly Bill 85, as amended, by a vote of Ayes, 7; Noes, 2.

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