

2009 DRAFTING REQUEST

Bill

Received: 12/12/2008

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Administration-Budget

By/Representing: Miner

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Adl. Drafters:

Subject: Tax, Business - credits

Extra Copies:

Submit via email: NO

Pre Topic:

DOA:.....Miner, BB0260 -

Topic:

Meat processing facility tax credit

Instructions:

See attached

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>
/P1	jkreye 12/12/2008	jdyer 12/12/2008	phenry 12/15/2008	_____	lparisi 12/15/2008		State
	jkreye 01/21/2009	jdyer 01/21/2009		_____			
/P2			rschlue 01/21/2009	_____	cduerst 01/21/2009		State
/P3	jkreye 01/30/2009	wjackson 01/30/2009	mduchek 01/30/2009	_____	cduerst 01/31/2009		State

FE Sent For:

<END>

2009 DRAFTING REQUEST

Bill

Received: 12/12/2008

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Administration-Budget

By/Representing: Miner

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Business - credits

Extra Copies:

Submit via email: NO

Pre Topic:

DOA:.....Miner, BB0260 -

Topic:

Meat processing facility tax credit

Instructions:

See attached

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>
/P1	jkreye 12/12/2008	jdyer 12/12/2008	phenry 12/15/2008	_____	lparisi 12/15/2008		State
	jkreye 01/21/2009	jdyer 01/21/2009		_____			
/P2			rschluet 01/21/2009	_____	cduerst 01/21/2009		State

/p3 wlj 1/30

MD

MD JF

FE Sent For:

<END>

1/30

2009 DRAFTING REQUEST

Bill

Received: 12/12/2008

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Administration-Budget

By/Representing: Miner

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Business - credits

Extra Copies:

Submit via email: NO

Pre Topic:

DOA:.....Miner, BB0260 -

Topic:

Meat processing facility tax credit

Instructions:

See attached

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>
/P1	jkreye 12/12/2008	jdye 12/12/2008	phenry 12/15/2008		lparisi 12/15/2008		State

FE Sent For:

p2 2/1 jld
[Signature]
12/19
<END>

2009 DRAFTING REQUEST

Bill

Received: 12/12/2008

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Administration-Budget

By/Representing: Miner

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Business - credits

Extra Copies:

Submit via email: NO

Pre Topic:

DOA:.....Miner, BB0260 -

Topic:

Meat processing facility tax credit

Instructions:

See attached

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>
/P1	jkreye	P1 12/12 jld	12/12 ph	12/12 PH jrc			

FE Sent For:

<END>

2009-11 Budget Bill Statutory Language Drafting Request

- Topic: Meat Processing Facility Tax Credit
- Tracking Code: BB0260
- SBO team: Agriculture, Environment and Justice
- SBO analyst: Andrew Miner AM
 - Phone: 266-1103
 - Email: andrew.miner@wisconsin.gov
- Agency acronym: DATCP
- Agency number: 115
- Priority (Low, Medium, High): High

Intent: Establish a tax credit for meat processing facilities as outlined in the provisions of 2007 AB 732 as amended (attached). See attached issue paper for background information on this and the dairy cooperative tax credit (separate request).

Note: This request may be included either in the 2009-11 budget bill or a FY2009 budget adjustment bill.

Department of Agriculture, Trade and Consumer Protection

2009-11 Biennial Budget Issue Paper
**Grow Wisconsin's Agriculture Innovation –
Meat Processing Facility and Dairy Cooperative
Investment Tax Credits**

I. Request

Create a Meat Processing Facility Investment Tax Credit program and a Dairy Cooperative Investment Tax Credit program. The provisions of these tax credits would be the same as those in AB 763 (relating to Dairy Cooperatives) and AB 732 (relating to Meat Processing Facilities) which were introduced but did not pass during the 2007 legislative session. The costs of the provisions are limited to \$300,000 GPR in 2009-10 for the Meat Processing Facility Investment Tax Credit and \$600,000 GPR in 2009-10 for the Dairy Cooperative Investment Tax Credit. Costs would be funded through creation of sum sufficient appropriations through the Department of Revenue.

II. Background

Meat Processing Facilities: The meat industry has a \$12.3 billion economic impact in Wisconsin and supports over 88,000 jobs directly and indirectly. While Wisconsin is first and foremost the dairy state, the livestock industry is growing in importance. This measure will encourage meat processing facilities to invest in the infrastructure needed to maintain food safety and to expand operations to include new products, increased interstate shipment and the increased demands of

Dairy Cooperatives: In 2007 the legislature approved investment tax credits for dairy processing facilities. Under current law, a person may claim a credit against the person's income or franchise tax liability that is equal to 10% of the amount that the person paid in the taxable year for dairy manufacturing modernization or expansion related to the claimant's dairy manufacturing operation. If the amount of the credit exceeds the amount of the person's tax liability, the person receives a refund.

Under current law, dairy cooperatives are, generally not subject to state income or franchise taxes and, therefore, are not eligible to claim the credit for dairy manufacturing modernization or expansion. This provision will allow the members of the cooperative to claim a tax credit for a share of the expansion or modernization expenses incurred by the cooperative.

III. Analysis –

Meat Processing Facilities: This bill provides an income and franchise tax credit for 10% of the amount that a person pays in the taxable year for meat processing modernization or expansion related to the person's meat processing operation. A claimant may claim an aggregate amount of \$200,000 for all fiscal years.

Under the proposal, Commerce will certify meat processing businesses to claim tax benefits and allocate to each business the amount of tax credits it may claim. Commerce would notify the Department of Revenue of all persons that it certifies and of the amount of tax credits it allocates to each person.

This proposal does not limit the number of businesses that the department may designate, but it does limit the amount of tax credits that the department may allocate to businesses to \$300,000 in 2009-10 and \$700,000 each fiscal year thereafter. Each taxpayer may claim not more than \$200,000 over the life of the program, which expires for taxable years beginning before January 1, 2017.

Dairy Cooperatives: This provision would allow members of a dairy cooperative to claim the credit for the dairy manufacturing modernization or expansion expenses paid by the cooperative beginning in tax year 2009 through tax year 2016. The dairy cooperative determines the amount of the credit that each member may claim, based on the amount of milk each member delivers to the cooperative.

It does not limit the number of businesses that the department may designate, but it does limit the amount of tax credits that the department may allocate to businesses to \$600,000 in 2009-10 and \$700,000 each fiscal year thereafter. The maximum amount that can be claimed in aggregate for each dairy cooperative's facility for all tax years is \$200,000.

IV. Funding

The cost of these provisions would be funded through sum sufficient appropriations created in the Department of Revenue.

Meat Processing Facilities – Up to \$300,000 GPR in 2009-10 and \$700,000 GPR in fiscal years 2010-11 through 2016-17.

Dairy Cooperatives – Up to \$600,000 GPR in 2009-10 and \$700,000 GPR in fiscal years 2010-11 through 2016-17.

July 10, 2008

V. Benefits

- Increased investment in meat processing facilities and dairy cooperatives;
- Modernized or expanded facilities and equipment, resulting in higher or more efficient milk/meat production and/or sales
- Potential increase in jobs to serve expanded or modernized plants.

VI. Statutory Authority – see provision in AB 763 and AB 732.

1116/P1

DOA - Budget BB0260....

stays

2007 ASSEMBLY BILL 732

January 25, 2008 - Introduced by Representatives A. OTT, STEINBRINK, PETROWSKI, BALLWEG, HUBLER, MURSAU, HAHN, JORGENSEN, KERKMAN, MUSSER, ALBERS, GUNDERSON, TOWNSEND, GRONEMUS and M. WILLIAMS, cosponsored by Senators VINEHOUT, KAPANKE, SCHULTZ, HARSDOFF, LEHMAN, OLSEN and ROESSLER. Referred to Committee on Agriculture.

X

do not pass

1 AN ACT to amend 71.08 (1) (intro.), 71.10 (4) (i), 71.30 (3) (f) and 71.49 (1) (f); and
2 to create 20.835 (2) (bd), 71.07 (3r), 71.28 (3r), 71.47 (3r) and 560.208 of the
3 statutes; relating to: ~~a meat processing facility investment income and~~
4 ~~franchise tax credit, granting rule making authority, and making an~~
5 ~~appropriation.~~ Me budget ✓

TAXATION ← head
INCOME TAXATION
subhead

Analysis by the Legislative Reference Bureau

Under current law, a person may claim an income and franchise tax credit for 10 percent of the amount that the person paid in the taxable year for dairy manufacturing modernization and expansion related to the person's dairy manufacturing operation. This bill provides an income and franchise tax credit for 10 percent of the amount that a person pays in the taxable year for meat processing modernization or expansion related to the person's meat processing operation.

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:

6 SECTION 1. 20.835 (2) (bd) of the statutes is created to read:

OVER

ASSEMBLY BILL 732

note: bud

INVEST
2-2

20.835 (2) (bd) *Meat processing facility investment credit.* A sum sufficient to make the payments under ss. 71.07 (3r), 71.28 (3r), and 71.47 (3r).

SECTION 2. 71.07 (3r) of the statutes is created to read:

71.07 (3r) MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means a person who files a claim under this subsection.

2. "Meat processing" means processing livestock into meat products or processing meat products for sale commercially.

3. "Meat processing modernization or expansion" means constructing, improving, or acquiring buildings or facilities, or acquiring equipment, for meat processing, including the following, if used exclusively for meat processing and if acquired and placed in service in this state during taxable years that begin after December 31, 2008, and before January 1, 2017:

a. Building construction, including livestock handling, product intake, storage, and warehouse facilities.

b. Building additions.

c. Upgrades to utilities, including water, electric, heat, refrigeration, freezing, and waste facilities.

d. Livestock intake and storage equipment.

e. Processing and manufacturing equipment, including cutting equipment, mixers, grinders, sausage stuffers, meat smokers, curing equipment, cooking equipment, pipes, motors, pumps, and valves.

f. Packaging and handling equipment, including sealing, bagging, boxing, labeling, conveying, and product movement equipment.

g. Warehouse equipment, including storage and curing racks.

ASSEMBLY BILL 732

1 h. Waste treatment and waste management equipment, including tanks,
2 blowers, separators, dryers, digesters, and equipment that uses waste to produce
3 energy, fuel, or industrial products. ✓

4 i. Computer software and hardware used for managing the claimant's meat
5 processing operation, ✓ including software and hardware related to logistics,
6 inventory management, production plant controls, and temperature monitoring
7 controls.

8 4. "Used exclusively" ✓ means used to the exclusion of all other uses except for
9 use not exceeding 5 ✓ percent of total use.

10 (b) *Filing claims.* ✓ Subject to the limitations provided in this subsection ✓ and s.
11 560.208, ✓ for taxable years beginning after December 31, 2008, ✓ and before January
12 1, 2017, ✓ a claimant may claim as a credit against the taxes imposed under s. ✓ 71.02
13 or 71.08, up to the amount of the tax, an amount equal to 10 ✓ percent of the amount
14 the claimant paid in the taxable year for meat processing modernization or
15 expansion related to the claimant's meat processing operation. ✓

16 (c) *Limitations.* ✓ 1. No credit may be allowed under this subsection ✓ for any
17 amount that the claimant paid for expenses described under par. ✓ (b) that the
18 claimant also claimed as a deduction under section 162 of the Internal Revenue Code. ✓

19 2. The aggregate amount of credits that a claimant may claim under this
20 subsection ✓ is \$200,000. ✓

21 3. a. The maximum amount of the credits that may be claimed under this
22 subsection ✓ and ss. 71.28 (3r) ✓ and 71.47 (3r) ✓ in fiscal year 2009-10 ✓ is \$300,000, ✓ as
23 allocated under s. 560.208. ✓

OVER
↓

1 b. The maximum amount of the credits that may be claimed under this
2 subsection and ss. 71.28 (3r) and 71.47 (3r) in fiscal year 2010-11, and in each fiscal
3 year thereafter, is \$700,000, as allocated under s. 560.208.

4 4. Partnerships, limited liability companies, and tax-option corporations may
5 not claim the credit under this subsection, but the eligibility for, and the amount of,
6 the credit are based on their payment of expenses under par. (b), except that the
7 aggregate amount of credits that the entity may compute shall not exceed \$200,000.
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 interest.

13 5. If 2 or more persons own and operate the meat processing operation, each
14 person may claim a credit under par. (b) in proportion to his or her ownership
15 interest, except that the aggregate amount of the credits claimed by all persons who
16 own and operate the meat processing operation shall not exceed \$200,000.

17 (d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), as it applies to the
18 credit under s. 71.28 (4), applies to the credit under this subsection.

19 2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise
20 due under s. 71.02 or 71.08, the amount of the claim not used to offset the tax due
21 shall be certified by the department of revenue to the department of administration
22 for payment by check, share draft, or other draft drawn from the appropriation
23 account under s. 20.835 (2) (bd).

24 **SECTION 3.** 71.08 (1) (intro.) of the statutes, as affected by 2007 Wisconsin Act
25 20, is amended to read:

✓
4-16

ASSEMBLY BILL 732

1 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
 2 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
 3 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3n), (3p),
 4 (3r), (3s), (3t), (3w), (5b), (5d), (5e), (6), (6e), and (9e), 71.28 (1dd), (1de), (1di), (1dj),
 5 (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), (3t), and (3w), and 71.47 (1dd), (1de), (1di),
 6 (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), (3t), and (3w), and subchs. VIII and IX
 7 and payments to other states under s. 71.07 (7), is less than the tax under this
 8 section, there is imposed on that natural person, married couple filing jointly, trust
 9 or estate, instead of the tax under s. 71.02, an alternative minimum tax computed
 10 as follows:

11 SECTION 4. 71.10 (4) (i) of the statutes, as affected by 2007 Wisconsin Act 20,
 12 is amended to read:

13 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
 14 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
 15 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
 16 71.07 (2fd), dairy manufacturing facility investment credit under s. 71.07 (3p), meat
 17 processing facility investment credit under s. 71.07 (3r), film production services
 18 credit under s. 71.07 (5f) (b) 2., veterans and surviving spouses property tax credit
 19 under s. 71.07 (6e), enterprise zone jobs credit under s. 71.07 (3w), earned income tax
 20 credit under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld
 21 under subch. X.

22 SECTION 5. 71.28 (3r) of the statutes is created to read:

23 71.28 (3r) MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions*. In this
 24 subsection:

25 1. "Claimant" means a person who files a claim under this subsection.

INSENT
5-21

Over

ASSEMBLY BILL 732

SECTION 5

- 1 2. "Meat processing" means processing livestock into meat products or
2 processing meat products for sale commercially.
- 3 3. "Meat processing modernization or expansion" means constructing,
4 improving, or acquiring buildings or facilities, or acquiring equipment, for meat
5 processing, including the following, if used exclusively for meat processing and if
6 acquired and placed in service in this state during taxable years that begin after
7 December 31, 2008, and before January 1, 2017:
- 8 a. Building construction, including livestock handling, product intake, storage,
9 and warehouse facilities.
- 10 b. Building additions.
- 11 c. Upgrades to utilities, including water, electric, heat, refrigeration, freezing,
12 and waste facilities.
- 13 d. Livestock intake and storage equipment.
- 14 e. Processing and manufacturing equipment, including cutting equipment,
15 mixers, grinders, sausage stuffers, meat smokers, curing equipment, cooking
16 equipment, pipes, motors, pumps, and valves.
- 17 f. Packaging and handling equipment, including sealing, bagging, boxing,
18 labeling, conveying, and product movement equipment.
- 19 g. Warehouse equipment, including storage and curing racks.
- 20 h. Waste treatment and waste management equipment, including tanks,
21 blowers, separators, dryers, digesters, and equipment that uses waste to produce
22 energy, fuel, or industrial products.
- 23 i. Computer software and hardware used for managing the claimant's meat
24 processing operation, including software and hardware related to logistics,

ASSEMBLY BILL 732

1 inventory management, production plant controls, and temperature monitoring
2 controls.

3 4. "Used exclusively" means used to the exclusion of all other uses except for
4 use not exceeding 5 percent of total use.

5 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
6 560.208, for taxable years beginning after December 31, 2008, and before January
7 1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.23,
8 up to the amount of the tax, an amount equal to 10 percent of the amount the
9 claimant paid in the taxable year for meat processing modernization or expansion
10 related to the claimant's meat processing operation.

11 (c) *Limitations.* 1. No credit may be allowed under this subsection for any
12 amount that the claimant paid for expenses described under par. (b) that the
13 claimant also claimed as a deduction under section 162 of the Internal Revenue Code.

14 2. The aggregate amount of credits that a claimant may claim under this
15 subsection is \$200,000.

16 3. a. The maximum amount of the credits that may be claimed under this
17 subsection and ss. 71.07 (3r) and 71.47 (3r) in fiscal year 2009-10 is \$300,000, as
18 allocated under s. 560.208.

19 b. The maximum amount of the credits that may be claimed under this
20 subsection and ss. 71.07 (3r) and 71.47 (3r) in fiscal year 2010-11, and in each fiscal
21 year thereafter, is \$700,000, as allocated under s. 560.208.

22 4. Partnerships, limited liability companies, and tax-option corporations may
23 not claim the credit under this subsection, but the eligibility for, and the amount of,
24 the credit are based on their payment of expenses under par. (b), except that the
25 aggregate amount of credits that the entity may compute shall not exceed \$200,000.

OVER
↓

1 A partnership, limited liability company, or tax-option corporation shall compute
2 the amount of credit that each of its partners, members, or shareholders may claim
3 and shall provide that information to each of them. Partners, members of limited
4 liability companies, and shareholders of tax-option corporations may claim the
5 credit in proportion to their ownership interest.

6 5. If 2 or more persons own and operate the meat processing operation, each
7 person may claim a credit under par. (b) in proportion to his or her ownership
8 interest, except that the aggregate amount of the credits claimed by all persons who
9 own and operate the meat processing operation shall not exceed \$200,000.

10 (d) Administration. 1. Subsection (4) (e), (g), and (h), as it applies to the credit
11 under sub. (4), applies to the credit under this subsection.

12 2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise
13 due under s. 71.23, the amount of the claim not used to offset the tax due shall be
14 certified by the department of revenue to the department of administration for
15 payment by check, share draft, or other draft drawn from the appropriation account
16 under s. 20.835 (2) (bd).

17 SECTION 6. 71.30 (3) (f) of the statutes, as affected by 2007 Wisconsin Act 20,

18 is amended to read:

19 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28
20 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
21 s. 71.28 (2m), dairy manufacturing facility investment credit under s. 71.28 (3p),
22 meat processing facility investment credit under s. 71.28 (3r), enterprise zone jobs
23 credit under s. 71.28 (3w), film production services credit under s. 71.28 (5f) (b) 2.,
24 and estimated tax payments under s. 71.29.

25 SECTION 7. 71.47 (3r) of the statutes is created to read:

INSERT
8-24

ASSEMBLY BILL 732

1 71.47 (3r) MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions.* In this
2 subsection:

3 1. "Claimant" means a person who files a claim under this subsection.

4 2. "Meat processing" means processing livestock into meat products or
5 processing meat products for sale commercially.

6 3. "Meat processing modernization or expansion" means constructing,
7 improving, or acquiring buildings or facilities, or acquiring equipment, for meat
8 processing, including the following, if used exclusively for meat processing and if
9 acquired and placed in service in this state during taxable years that begin after
10 December 31, 2008, and before January 1, 2017:

11 a. Building construction, including livestock handling, product intake, storage,
12 and warehouse facilities.

13 b. Building additions.

14 c. Upgrades to utilities, including water, electric, heat, refrigeration, freezing,
15 and waste facilities.

16 d. Livestock intake and storage equipment.

17 e. Processing and manufacturing equipment, including cutting equipment,
18 mixers, grinders, sausage stuffers, meat smokers, curing equipment, cooking
19 equipment, pipes, motors, pumps, and valves.

20 f. Packaging and handling equipment, including sealing, bagging, boxing,
21 labeling, conveying, and product movement equipment.

22 g. Warehouse equipment, including storage and curing racks.

23 h. Waste treatment and waste management equipment, including tanks,
24 blowers, separators, dryers, digesters, and equipment that uses waste to produce
25 energy, fuel, or industrial products.

OVER
↓

1 i. Computer software and hardware used for managing the claimant's meat
2 processing operation, including software and hardware related to logistics,
3 inventory management, production plant controls, and temperature monitoring
4 controls.✓

5 4. "Used exclusively" means used to the exclusion of all other uses except for
6 use not exceeding 5 percent of total use.✓

7 (b) *Filing claims.*✓ Subject to the limitations provided in this subsection✓ and s.
8 560.208,✓ for taxable years beginning after December 31, 2008,✓ and before January
9 1, 2017,✓ a claimant may claim as a credit against the taxes imposed under s. 71.43,
10 up to the amount of the tax, an amount equal to 10 percent of the amount the
11 claimant paid in the taxable year for meat processing modernization or expansion
12 related to the claimant's meat processing operation.

13 (c) *Limitations.* 1. No credit may be allowed under this subsection✓ for any
14 amount that the claimant paid for expenses described under par. (b)✓ that the
15 claimant also claimed as a deduction under section 162 of the Internal Revenue Code.✓

16 2. The aggregate amount of credits that a claimant may claim under this
17 subsection is \$200,000.✓

18 3. a. The maximum amount of the credits that may be claimed under this
19 subsection and ss. 71.07 (3r)✓ and 71.28 (3r)✓ in fiscal year 2009-10 is \$300,000,✓ as
20 allocated under s. 560.208.✓

21 b. The maximum amount of the credits that may be claimed under this
22 subsection and ss. 71.07 (3r)✓ and 71.28 (3r)✓ in fiscal year 2010-11,✓ and in each fiscal
23 year thereafter, is \$700,000,✓ as allocated under s. 560.208.✓

24 4. Partnerships, limited liability companies, and tax-option✓ corporations may
25 not claim the credit under this subsection,✓ but the eligibility for, and the amount of,

ASSEMBLY BILL 732

1 the credit are based on their payment of expenses under par. (b),[✓] except that the
 2 aggregate amount of credits that the entity may compute shall not exceed \$200,000.[✓]
 3 A partnership, limited liability company, or tax-option corporation[✓] shall compute
 4 the amount of credit that each of its partners, members, or shareholders[✓] may claim
 5 and shall provide that information to each of them.[✓] Partners, members of limited
 6 liability companies, and shareholders of tax-option corporations may claim the
 7 credit in proportion to their ownership interest.

8 5. If 2 or more persons own and operate the meat processing operation, each
 9 person may claim a credit under par. (b)[✓] in proportion to his or her ownership
 10 interest, except that the aggregate amount of the credits claimed by all persons who
 11 own and operate the meat processing operation shall not exceed \$200,000.[✓]

INDENT
11-11

12 (d) *Administration.*[✓] 1. Section 71.28 (4) (e), (g), and (h)[✓], as it applies to the
 13 credit under s. 71.28 (4),[✓] applies to the credit under this subsection.[✓]

14 2. If the allowable amount of the claim under par. (b)[✓] exceeds the tax otherwise
 15 due under s. 71.43,[✓] the amount of the claim not used to offset the tax due shall be
 16 certified by the[✓] department of revenue to the department of administration[✓] for
 17 payment by check, share draft, or other draft drawn from the appropriation account
 18 under s. 20.835 (2) (bd).[✓]

19 **SECTION 8.** 71.49 (1) (f) of the statutes, as affected by 2007 Wisconsin Act 20,
 20 is amended to read:

21 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
 22 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
 23 s. 71.47 (2m), dairy manufacturing facility investment credit under s. 71.47 (3p),
 24 meat processing facility investment credit under s. 71.47 (3r), enterprise zone jobs

OVER
↓

ASSEMBLY BILL 732

SECTION 8

(INSERT)
12-2 ✓

1 credit under s. 71.47 (3w), film production services credit under s. 71.47 (5f) (b) 2.,
2 and estimated tax payments under s. 71.48.

3 SECTION 9. 560.208 of the statutes is created to read:

4 **560.208 Meat processing facility investment credit.** (1) The department
5 of commerce shall implement a program to certify taxpayers as eligible for the meat
6 processing facility investment credit under ss. 71.07 (3r), 71.28 (3r), and 71.47 (3r).

7 (2) If the department of commerce certifies a taxpayer under sub. (1), the
8 department of commerce shall determine the amount of credits to allocate to that
9 taxpayer. The total amount of meat processing facility investment credits allocated
10 to taxpayers in fiscal year 2009-10 may not exceed \$300,000 and the total amount
11 of meat processing facility investment credits allocated to taxpayers in fiscal year
12 2010-11, and in each fiscal year thereafter, may not exceed \$700,000.

13 (3) The department of commerce shall inform the department of revenue of
14 every taxpayer certified under sub. (1) and the amount of credits allocated to the
15 taxpayer.

16 (4) The department of commerce, in consultation with the department of
17 revenue, shall promulgate rules to administer this section.

18 (END)

LPS -
INSERTS
OUT OF ORDER

Insert 2 - 2

1 SECTION 1. 71.05 (6) (a) 15. ^X of the statutes is amended to read:

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

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226.

Insert 5 - 21

8 SECTION 2. 71.08 (1) (intro.) ^X of the statutes is amended to read:

9 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
10 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
11 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3n), (3p),
12 (3r), (3s), (3t), (3w), (5b), (5d), (5e), (5f), (6), (6e), and (9e), 71.28 (1dd), (1de), (1di),
13 (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), (3t), and (3w), and 71.47 (1dd), (1de),
14 (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), (3t), and (3w), and subchs. VIII
15 and IX and payments to other states under s. 71.07 (7), is less than the tax under this
16 section, there is imposed on that natural person, married couple filing jointly, trust
17 or estate, instead of the tax under s. 71.02, an alternative minimum tax computed
18 as follows:

NOTE: NOTE: Sub. (1) (intro.) is shown as affected by 2 acts of the 2007 Wisconsin legislature and as merged by the legislative reference bureau under s. 13.92 (2) (i). NOTE:

History: 1987 a. 312, 411; 1989 a. 31; 1991 a. 39; 1995 a. 27, 209; 1997 a. 27, 237; 1999 a. 9; 2001 a. 109; 2003 a. 99, 135, 255, 326; 2005 a. 25, 177, 361, 479, 483; 2007 a. 20, 97; s. 13.92 (2) (i).

19 SECTION 3. 71.10 (4) (i) of the statutes is amended to read:

1 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
 2 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
 3 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
 4 71.07 (2fd), dairy manufacturing facility investment credit under s. 71.07 (3p), meat
 5 processing facility investment credit under s. 71.07 (3r),[✓] film production services
 6 credit under s. 71.07 (5f) (b) 2., veterans and surviving spouses property tax credit
 7 under s. 71.07 (6e), enterprise zone jobs credit under s. 71.07 (3w), earned income tax
 8 credit under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld
 9 under subch. X.

History: 1987 a. 312; 1987 a. 411 ss. 94, 97, 176 to 179; 1987 a. 422 s. 4; 1989 a. 31, 56, 359; 1991 a. 39; 1993 a. 16, 184; 1995 a. 27, 209, 418, 453; 1997 a. 27, 63, 237, 248; 1999 a. 9, 167; 2001 a. 16, 109; 2003 a. 33, 99, 135, 176, 255, 321; 2005 a. 25, 49, 71, 74, 177, 178, 323, 361, 460, 479, 483; 2007 a. 1, 20, 96, 97.

10 **SECTION 4.** 71.21 (4) of the statutes is amended to read:

11 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
 12 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3h), (3n), (3p), (3r),[✓](3s), (3t), (3w), (5e), (5f), (5g),
 13 (5h), (5i), (5j), and (5k) and passed through to partners shall be added to the
 14 partnership's income.

History: 1987 a. 312, 411; 1989 a. 31; 1993 a. 112; 1995 a. 27, 400; 1997 a. 27; 2001 a. 16; 2003 a. 99, 135, 255, 326; 2005 a. 74, 361, 479, 483; 2007 a. 20, 96.

15 **SECTION 5.** 71.26 (2) (a) 4. of the statutes is amended to read:

16 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
 17 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3g), (3h), (3n), (3p), (3r),[✓](3t), (3w), (5e),
 18 (5f), (5g), (5h), (5i), (5j), and (5k) and not passed through by a partnership, limited
 19 liability company, or tax-option corporation that has added that amount to the
 20 partnership's, limited liability company's, or tax-option corporation's income under
 21 s. 71.21 (4) or 71.34 (1k) (g).

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; 2001 a. 16, 38, 106, 109; 2003 a. 33, 85, 99, 135, 255, 326; 2005 a. 25, 74, 335, 361, 362, 479, 483; 2007 a. 20, 96, 97, 151, 226.

Insert 8 - 24

22 **SECTION 6.** 71.30 (3) (f) of the statutes is amended to read:



1 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28
 2 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
 3 s. 71.28 (2m), dairy manufacturing facility investment credit under s. 71.28 (3p),
 4 meat processing facility investment credit under s. ~~71.07~~^{71.28}(3r), enterprise zone jobs
 5 credit under s. 71.28 (3w), film production services credit under s. 71.28 (5f) (b) 2.,
 6 and estimated tax payments under s. 71.29.

History: 1987 a. 312; 1987 a. 411 ss. 144, 145, 182 to 185; 1989 a. 31, 56; 1991 a. 39; 1995 a. 27, 209; 1997 a. 27; 1999 a. 9; 2001 a. 16; 2003 a. 33, 99, 135, 255; 2005 a. 25, 74, 361, 479, 483; 2007 a. 20, 226.

7 **SECTION 7.** 71.34 (1k) (g) of the statutes is amended to read:

8 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
 9 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
 10 (3h), (3n), (3p), (3r), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), and (5k) and passed
 11 through to shareholders.

History: 1987 a. 312; 1987 a. 411 ss. 18, 23, 146; 1989 a. 31, 336; 1991 a. 49, 269; 1993 a. 16, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 16, 109; 2003 a. 33, 99, 135, 255, 326; 2005 a. 25, 49, 74, 361, 479, 483; 2007 a. 20, 96, 226.

12 **SECTION 8.** 71.45 (2) (a) 10. of the statutes is amended to read:

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

History: 1987 a. 312; 1989 a. 31, 336, 359; 1991 a. 37, 39, 269; 1993 a. 16, 112, 263, 437; 1995 a. 27, 56, 371, 380; 1997 a. 27, 37, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 109; 2003 a. 37, 85, 99, 135, 255, 326; 2005 a. 74, 297, 335, 361, 479, 483; 2007 a. 20, 96, 226.

Insert 12 - 2

19 **SECTION 9.** 71.49 (1) (f) of the statutes is amended to read:

20 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
 21 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
 22 s. 71.47 (2m), dairy manufacturing facility investment credit under s. 71.47 (3p),



1 meat processing facility investment credit under s. 71.07 (3r)⁴ ✓, enterprise zone jobs
 2 credit under s. 71.47 (3w), film production services credit under s. 71.47 (5f) (b) 2.,
 3 and estimated tax payments under s. 71.48.

4 **History:** 1987 a. 312, 411; 1989 a. 31, 56; 1991 a. 39; 1995 a. 27, 409; 1997 a. 27; 2001 a. 16; 2003 a. 99, 135, 255; 2005 a. 74, 361, 479, 483; 2007 a. 20.

4 **SECTION 10. 77.92 (4) of the statutes is amended to read:**

5 77.92 (4) "Net business income," with respect to a partnership, means taxable
 6 income as calculated under section 703 of the Internal Revenue Code; plus the items
 7 of income and gain under section 702 of the Internal Revenue Code, including taxable
 8 state and municipal bond interest and excluding nontaxable interest income or
 9 dividend income from federal government obligations; minus the items of loss and
 10 deduction under section 702 of the Internal Revenue Code, except items that are not
 11 deductible under s. 71.21; plus guaranteed payments to partners under section 707
 12 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
 13 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3h), (~~3s~~), (3n), (3p) ✓, (3r), (3s), (3t),
 14 (3w), (5e), (5f), (5g), (5h), (5i), (5j), and (5k); and plus or minus, as appropriate,
 15 transitional adjustments, depreciation differences, and basis differences under s.
 16 71.05 (13), (15), (16), (17), and (19); but excluding income, gain, loss, and deductions
 17 from farming. "Net business income," with respect to a natural person, estate, or
 18 trust, means profit from a trade or business for federal income tax purposes and
 19 includes net income derived as an employee as defined in section 3121 (d) (3) of the
 20 Internal Revenue Code.

History: 1989 a. 335; 1991 a. 39, 269; 1993 a. 16, 112, 490; 1995 a. 27, 209; 1997 a. 27; 1999 a. 9; 2001 a. 16; 2003 a. 99, 135, 255, 326; 2005 a. 74, 361, 479, 483; 2007 a. 20, 96.

**ASSEMBLY AMENDMENT 1,
TO 2007 ASSEMBLY BILL 732**

February 12, 2008 - Offered by COMMITTEE ON AGRICULTURE.

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 2, line 2: after that line insert:

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

5 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
6 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3h), (3n), (3p), (3r), (3s), (3t), (3w),
7 (5e), (5f), (5h), (5i), (5j), and (5k) and not passed through by a partnership, limited
8 liability company, or tax-option corporation that has added that amount to the
9 partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or
10 71.34 (1) (g).".

11 **2.** Page 4, line 16: after that line insert:

OVER
↓

(INSERT
4-16)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

6. No credit may be allowed under this subsection unless the claimant submits with the claimant's return a copy of the claimant's credit certification and allocation under s. 560.208.

3. Page 5, line 21: after that line insert:

~~"SECTION 4m. 71.21 (4) of the statutes, as affected by 2007 Wisconsin Act 20, is amended to read:
71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3h), (3n), (3p), (3r), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), and (5k) and passed through to partners shall be added to the partnership's income."~~

4. Page 8, line 9: after that line insert:

6. No credit may be allowed under this subsection unless the claimant submits with the claimant's return a copy of the claimant's credit certification and allocation under s. 560.208.

(INSERT
8-9)

5. Page 8, line 24: after that line insert:

~~"SECTION 6d. 71.34 (1) (g) of the statutes, as affected by 2007 Wisconsin Act 20, is amended to read:
71.34 (1) (g) An addition shall be made for credits computed by a tax-option corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g), (3h), (3n), (3p), (3r), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), and (5k) and passed through to shareholders.
SECTION 6h. 71.45 (2) (a) 10. of the statutes, as affected by 2007 Wisconsin Act 20, is amended to read:~~

9

1
2
3
4
5
6
7
8
9
10
11

~~71.45 (2) (a) 10. By adding to federal taxable income the amount of credit computed under s. 71.47 (1dd) to (1dx), (3h), (3n), (3p), (3r), (3w), (5e), (5f), (5g), (5h), (5i), (5j), and (5k) 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) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5)."~~

~~6. Page 11, line 11. after that line insert.~~

6. No credit may be allowed under this subsection unless the claimant submits with the claimant's return a copy of the claimant's credit certification and allocation under s. 560.208.

(END)

INSERT
11-11

2009-11 LRB Draft Review

Date: January 20, 2009

LRB Number: 1116/P1

Reviewed by: Michael Oakleaf

Brief Description of LRB Draft:

The draft creates a refundable credit equal to 10% of the amount a claimant pays in the taxable year for modernization or expansion of a meat processing facility. The credit is limited to \$200,000 per claimant for all tax years, and is limited to \$300,000 for all claimants in FY 10 and \$700,000 for all claimants in fiscal years 2011 through 2018. Claimants are certified by the Department of Commerce. The Department of Commerce also allocates the credit to claimants.

Comments on Draft:

With the changes outlined below, the draft will accomplish its goal of creating a credit for modernization or expansion of meat processing facilities.

Changes Needed & Why:

It would be difficult for the Department to restrict the dollar amount of claims in a fiscal year. Administration of the credit will be easier if the word "claimed" is changed to "allocated" in s. 71.07 (3r)(c)(3)a and b (page 4 lines 3 and 6), 71.28 (3r)(c)(3)a and b (page 8 lines 10 and 13), and 71.47 (3r)(c)(3)a and b (page 12 lines 3 and 6).

This would bring the statutory language into conformity with how the Department of Commerce currently administers the similar Dairy Manufacturing Facility Credit, where Commerce allocates credits up to the limit for the fiscal year.



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1116/P1
JK:jld:ph

Handwritten initials and signature

DOA:.....Miner, BB0260 - Meat processing facility tax credit

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

in 1-21-09

lx

don't gen
AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, a person may claim an income and franchise tax credit for 10 percent of the amount that the person paid in the taxable year for dairy manufacturing modernization and expansion related to the person's dairy manufacturing operation. This bill provides an income and franchise tax credit for 10 percent of the amount that a person pays in the taxable year for meat processing modernization or expansion related to the person's meat processing operation.

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:

- 2 **SECTION 1.** 20.835 (2) (bd) of the statutes is created to read:
- 3 20.835 (2) (bd) *Meat processing facility investment credit.* A sum sufficient to
- 4 make the payments under ss. 71.07 (3r), 71.28 (3r), and 71.47 (3r).

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

1 **SECTION 2.** 71.05 (6) (a) 15. of the statutes is amended to read:

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

8 **SECTION 3.** 71.07 (3r) of the statutes is created to read:

9 71.07 **(3r)** MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions.* In this
10 subsection:

11 1. "Claimant" means a person who files a claim under this subsection.

12 2. "Meat processing" means processing livestock into meat products or
13 processing meat products for sale commercially.

14 3. "Meat processing modernization or expansion" means constructing,
15 improving, or acquiring buildings or facilities, or acquiring equipment, for meat
16 processing, including the following, if used exclusively for meat processing and if
17 acquired and placed in service in this state during taxable years that begin after
18 December 31, 2008, and before January 1, 2017:

19 a. Building construction, including livestock handling, product intake, storage,
20 and warehouse facilities.

21 b. Building additions.

22 c. Upgrades to utilities, including water, electric, heat, refrigeration, freezing,
23 and waste facilities.

1 d. Livestock intake and storage equipment.

2 e. Processing and manufacturing equipment, including cutting equipment,
3 mixers, grinders, sausage stuffers, meat smokers, curing equipment, cooking
4 equipment, pipes, motors, pumps, and valves.

5 f. Packaging and handling equipment, including sealing, bagging, boxing,
6 labeling, conveying, and product movement equipment.

7 g. Warehouse equipment, including storage and curing racks.

8 h. Waste treatment and waste management equipment, including tanks,
9 blowers, separators, dryers, digesters, and equipment that uses waste to produce
10 energy, fuel, or industrial products.

11 i. Computer software and hardware used for managing the claimant's meat
12 processing operation, including software and hardware related to logistics,
13 inventory management, production plant controls, and temperature monitoring
14 controls.

15 4. "Used exclusively" means used to the exclusion of all other uses except for
16 use not exceeding 5 percent of total use.

17 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
18 560.208, for taxable years beginning after December 31, 2008, and before January
19 1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.02
20 or 71.08, up to the amount of the tax, an amount equal to 10 percent of the amount
21 the claimant paid in the taxable year for meat processing modernization or
22 expansion related to the claimant's meat processing operation.

23 (c) *Limitations.* 1. No credit may be allowed under this subsection for any
24 amount that the claimant paid for expenses described under par. (b) that the
25 claimant also claimed as a deduction under section 162 of the Internal Revenue Code.

1 2. The aggregate amount of credits that a claimant may claim under this
2 subsection is \$200,000.

3 3. a. The maximum amount of the credits that may be [✓]claimed under this
4 subsection and ss. 71.28 (3r) and 71.47 (3r) in fiscal year 2009-10 is \$300,000, as
5 allocated under s. 560.208.

6 b. The maximum amount of the credits that may be [✓]claimed under this
7 subsection and ss. 71.28 (3r) and 71.47 (3r) in fiscal year 2010-11, and in each fiscal
8 year thereafter, is \$700,000, as allocated under s. 560.208.

9 4. Partnerships, limited liability companies, and tax-option corporations may
10 not claim the credit under this subsection, but the eligibility for, and the amount of,
11 the credit are based on their payment of expenses under par. (b), except that the
12 aggregate amount of credits that the entity may compute shall not exceed \$200,000.
13 A partnership, limited liability company, or tax-option corporation shall compute
14 the amount of credit that each of its partners, members, or shareholders may claim
15 and shall provide that information to each of them. Partners, members of limited
16 liability companies, and shareholders of tax-option corporations may claim the
17 credit in proportion to their ownership interest.

18 5. If 2 or more persons own and operate the meat processing operation, each
19 person may claim a credit under par. (b) in proportion to his or her ownership
20 interest, except that the aggregate amount of the credits claimed by all persons who
21 own and operate the meat processing operation shall not exceed \$200,000.

22 6. No credit may be allowed under this subsection unless the claimant submits
23 with the claimant's return a copy of the claimant's credit certification and allocation
24 under s. 560.208.

1 (d) *Administration*. 1. Section 71.28 (4) (e), (g), and (h), as it applies to the
2 credit under s. 71.28 (4), applies to the credit under this subsection.

3 2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise
4 due under s. 71.02 or 71.08, the amount of the claim not used to offset the tax due
5 shall be certified by the department of revenue to the department of administration
6 for payment by check, share draft, or other draft drawn from the appropriation
7 account under s. 20.835 (2) (bd).

8 **SECTION 4.** 71.08 (1) (intro.) of the statutes is amended to read:

9 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
10 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
11 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3n), (3p),
12 (3r), (3s), (3t), (3w), (5b), (5d), (5e), (5f), (6), (6e), and (9e), 71.28 (1dd), (1de), (1di),
13 (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), (3t), and (3w), and 71.47 (1dd), (1de),
14 (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), (3t), and (3w), and subchs. VIII
15 and IX and payments to other states under s. 71.07 (7), is less than the tax under this
16 section, there is imposed on that natural person, married couple filing jointly, trust
17 or estate, instead of the tax under s. 71.02, an alternative minimum tax computed
18 as follows:

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

20 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
21 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
22 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
23 71.07 (2fd), dairy manufacturing facility investment credit under s. 71.07 (3p), meat
24 processing facility investment credit under s. 71.07 (3r), film production services
25 credit under s. 71.07 (5f) (b) 2., veterans and surviving spouses property tax credit

1 under s. 71.07 (6e), enterprise zone jobs credit under s. 71.07 (3w), earned income tax
2 credit under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld
3 under subch. X.

4 **SECTION 6.** 71.21 (4) of the statutes is amended to read:

5 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
6 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3h), (3n), (3p), (3r), (3s), (3t), (3w), (5e), (5f), (5g),
7 (5h), (5i), (5j), and (5k) and passed through to partners shall be added to the
8 partnership's income.

9 **SECTION 7.** 71.26 (2) (a) 4. of the statutes is amended to read:

10 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
11 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3g), (3h), (3n), (3p), (3r), (3t), (3w), (5e),
12 (5f), (5g), (5h), (5i), (5j), and (5k) and not passed through by a partnership, limited
13 liability company, or tax-option corporation that has added that amount to the
14 partnership's, limited liability company's, or tax-option corporation's income under
15 s. 71.21 (4) or 71.34 (1k) (g).

16 **SECTION 8.** 71.28 (3r) of the statutes is created to read:

17 71.28 (3r) MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions.* In this
18 subsection:

19 1. "Claimant" means a person who files a claim under this subsection.

20 2. "Meat processing" means processing livestock into meat products or
21 processing meat products for sale commercially.

22 3. "Meat processing modernization or expansion" means constructing,
23 improving, or acquiring buildings or facilities, or acquiring equipment, for meat
24 processing, including the following, if used exclusively for meat processing and if

1 acquired and placed in service in this state during taxable years that begin after
2 December 31, 2008, and before January 1, 2017:

3 a. Building construction, including livestock handling, product intake, storage,
4 and warehouse facilities.

5 b. Building additions.

6 c. Upgrades to utilities, including water, electric, heat, refrigeration, freezing,
7 and waste facilities.

8 d. Livestock intake and storage equipment.

9 e. Processing and manufacturing equipment, including cutting equipment,
10 mixers, grinders, sausage stuffers, meat smokers, curing equipment, cooking
11 equipment, pipes, motors, pumps, and valves.

12 f. Packaging and handling equipment, including sealing, bagging, boxing,
13 labeling, conveying, and product movement equipment.

14 g. Warehouse equipment, including storage and curing racks.

15 h. Waste treatment and waste management equipment, including tanks,
16 blowers, separators, dryers, digesters, and equipment that uses waste to produce
17 energy, fuel, or industrial products.

18 i. Computer software and hardware used for managing the claimant's meat
19 processing operation, including software and hardware related to logistics,
20 inventory management, production plant controls, and temperature monitoring
21 controls.

22 4. "Used exclusively" means used to the exclusion of all other uses except for
23 use not exceeding 5 percent of total use.

24 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
25 560.208, for taxable years beginning after December 31, 2008, and before January

1 1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.23,
2 up to the amount of the tax, an amount equal to 10 percent of the amount the
3 claimant paid in the taxable year for meat processing modernization or expansion
4 related to the claimant's meat processing operation.

5 (c) *Limitations.* 1. No credit may be allowed under this subsection for any
6 amount that the claimant paid for expenses described under par. (b) that the
7 claimant also claimed as a deduction under section 162 of the Internal Revenue Code.

8 2. The aggregate amount of credits that a claimant may claim under this
9 subsection is \$200,000.

10 3. a. The maximum amount of the credits that may be claimed under this
11 subsection and ss. 71.07 (3r) and 71.47 (3r) in fiscal year 2009-10 is \$300,000, as
12 allocated under s. 560.208.

13 b. The maximum amount of the credits that may be claimed under this
14 subsection and ss. 71.07 (3r) and 71.47 (3r) in fiscal year 2010-11, and in each fiscal
15 year thereafter, is \$700,000, as allocated under s. 560.208.

16 4. Partnerships, limited liability companies, and tax-option corporations may
17 not claim the credit under this subsection, but the eligibility for, and the amount of,
18 the credit are based on their payment of expenses under par. (b), except that the
19 aggregate amount of credits that the entity may compute shall not exceed \$200,000.
20 A partnership, limited liability company, or tax-option corporation shall compute
21 the amount of credit that each of its partners, members, or shareholders may claim
22 and shall provide that information to each of them. Partners, members of limited
23 liability companies, and shareholders of tax-option corporations may claim the
24 credit in proportion to their ownership interest.

1 5. If 2 or more persons own and operate the meat processing operation, each
2 person may claim a credit under par. (b) in proportion to his or her ownership
3 interest, except that the aggregate amount of the credits claimed by all persons who
4 own and operate the meat processing operation shall not exceed \$200,000.

5 6. No credit may be allowed under this subsection unless the claimant submits
6 with the claimant's return a copy of the claimant's credit certification and allocation
7 under s. 560.208.

8 (d) *Administration.* 1. Subsection (4) (e), (g), and (h), as it applies to the credit
9 under sub. (4), applies to the credit under this subsection.

10 2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise
11 due under s. 71.23, the amount of the claim not used to offset the tax due shall be
12 certified by the department of revenue to the department of administration for
13 payment by check, share draft, or other draft drawn from the appropriation account
14 under s. 20.835 (2) (bd).

15 **SECTION 9.** 71.30 (3) (f) of the statutes is amended to read:

16 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28
17 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
18 s. 71.28 (2m), dairy manufacturing facility investment credit under s. 71.28 (3p),
19 meat processing facility investment credit under s. 71.28 (3r), enterprise zone jobs
20 credit under s. 71.28 (3w), film production services credit under s. 71.28 (5f) (b) 2.,
21 and estimated tax payments under s. 71.29.

22 **SECTION 10.** 71.34 (1k) (g) of the statutes is amended to read:

23 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
24 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),

1 (3h), (3n), (3p), (3r), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), and (5k) and passed
2 through to shareholders.

3 **SECTION 11.** 71.45 (2) (a) 10. of the statutes is amended to read:

4 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
5 computed under s. 71.47 (1dd) to (1dx), (3h), (3n), (3p), (3r), (3w), (5e), (5f), (5g), (5h),
6 (5i), (5j), and (5k) and not passed through by a partnership, limited liability company,
7 or tax-option corporation that has added that amount to the partnership's, limited
8 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)
9 (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

10 **SECTION 12.** 71.47 (3r) of the statutes is created to read:

11 71.47 (3r) MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions.* In this
12 subsection:

13 1. "Claimant" means a person who files a claim under this subsection.

14 2. "Meat processing" means processing livestock into meat products or
15 processing meat products for sale commercially.

16 3. "Meat processing modernization or expansion" means constructing,
17 improving, or acquiring buildings or facilities, or acquiring equipment, for meat
18 processing, including the following, if used exclusively for meat processing and if
19 acquired and placed in service in this state during taxable years that begin after
20 December 31, 2008, and before January 1, 2017:

21 a. Building construction, including livestock handling, product intake, storage,
22 and warehouse facilities.

23 b. Building additions.

24 c. Upgrades to utilities, including water, electric, heat, refrigeration, freezing,
25 and waste facilities.

1 d. Livestock intake and storage equipment.

2 e. Processing and manufacturing equipment, including cutting equipment,
3 mixers, grinders, sausage stuffers, meat smokers, curing equipment, cooking
4 equipment, pipes, motors, pumps, and valves.

5 f. Packaging and handling equipment, including sealing, bagging, boxing,
6 labeling, conveying, and product movement equipment.

7 g. Warehouse equipment, including storage and curing racks.

8 h. Waste treatment and waste management equipment, including tanks,
9 blowers, separators, dryers, digesters, and equipment that uses waste to produce
10 energy, fuel, or industrial products.

11 i. Computer software and hardware used for managing the claimant's meat
12 processing operation, including software and hardware related to logistics,
13 inventory management, production plant controls, and temperature monitoring
14 controls.

15 4. "Used exclusively" means used to the exclusion of all other uses except for
16 use not exceeding 5 percent of total use.

17 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
18 560.208, for taxable years beginning after December 31, 2008, and before January
19 1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.43,
20 up to the amount of the tax, an amount equal to 10 percent of the amount the
21 claimant paid in the taxable year for meat processing modernization or expansion
22 related to the claimant's meat processing operation.

23 (c) *Limitations.* 1. No credit may be allowed under this subsection for any
24 amount that the claimant paid for expenses described under par. (b) that the
25 claimant also claimed as a deduction under section 162 of the Internal Revenue Code.

1 2. The aggregate amount of credits that a claimant may claim under this
2 subsection is \$200,000.

3 3. a. The maximum amount of the credits that may be claimed under this
4 subsection and ss. 71.07 (3r) and 71.28 (3r) in fiscal year 2009-10 is \$300,000, as
5 allocated under s. 560.208.

6 b. The maximum amount of the credits that may be claimed under this
7 subsection and ss. 71.07 (3r) and 71.28 (3r) in fiscal year 2010-11, and in each fiscal
8 year thereafter, is \$700,000, as allocated under s. 560.208.

9 4. Partnerships, limited liability companies, and tax-option corporations may
10 not claim the credit under this subsection, but the eligibility for, and the amount of,
11 the credit are based on their payment of expenses under par. (b), except that the
12 aggregate amount of credits that the entity may compute shall not exceed \$200,000.
13 A partnership, limited liability company, or tax-option corporation shall compute
14 the amount of credit that each of its partners, members, or shareholders may claim
15 and shall provide that information to each of them. Partners, members of limited
16 liability companies, and shareholders of tax-option corporations may claim the
17 credit in proportion to their ownership interest.

18 5. If 2 or more persons own and operate the meat processing operation, each
19 person may claim a credit under par. (b) in proportion to his or her ownership
20 interest, except that the aggregate amount of the credits claimed by all persons who
21 own and operate the meat processing operation shall not exceed \$200,000.

22 6. No credit may be allowed under this subsection unless the claimant submits
23 with the claimant's return a copy of the claimant's credit certification and allocation
24 under s. 560.208.

1 (d) *Administration*. 1. Section 71.28 (4) (e), (g), and (h), as it applies to the
2 credit under s. 71.28 (4), applies to the credit under this subsection.

3 2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise
4 due under s. 71.43, the amount of the claim not used to offset the tax due shall be
5 certified by the department of revenue to the department of administration for
6 payment by check, share draft, or other draft drawn from the appropriation account
7 under s. 20.835 (2) (bd).

8 **SECTION 13.** 71.49 (1) (f) of the statutes is amended to read:

9 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
10 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
11 s. 71.47 (2m), dairy manufacturing facility investment credit under s. 71.47 (3p),
12 meat processing facility investment credit under s. 71.47 (3r), enterprise zone jobs
13 credit under s. 71.47 (3w), film production services credit under s. 71.47 (5f) (b) 2.,
14 and estimated tax payments under s. 71.48.

15 **SECTION 14.** 77.92 (4) of the statutes is amended to read:

16 77.92 (4) "Net business income," with respect to a partnership, means taxable
17 income as calculated under section 703 of the Internal Revenue Code; plus the items
18 of income and gain under section 702 of the Internal Revenue Code, including taxable
19 state and municipal bond interest and excluding nontaxable interest income or
20 dividend income from federal government obligations; minus the items of loss and
21 deduction under section 702 of the Internal Revenue Code, except items that are not
22 deductible under s. 71.21; plus guaranteed payments to partners under section 707
23 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
24 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3h), ~~(3s)~~, (3n), (3p), (3r), (3s), (3t),
25 (3w), (5e), (5f), (5g), (5h), (5i), (5j), and (5k); and plus or minus, as appropriate,

1 transitional adjustments, depreciation differences, and basis differences under s.
2 71.05 (13), (15), (16), (17), and (19); but excluding income, gain, loss, and deductions
3 from farming. "Net business income," with respect to a natural person, estate, or
4 trust, means profit from a trade or business for federal income tax purposes and
5 includes net income derived as an employee as defined in section 3121 (d) (3) of the
6 Internal Revenue Code.

7 **SECTION 15.** 560.208 of the statutes is created to read:

8 **560.208 Meat processing facility investment credit.** (1) The department
9 of commerce shall implement a program to certify taxpayers as eligible for the meat
10 processing facility investment credit under ss. 71.07 (3r), 71.28 (3r), and 71.47 (3r).

11 (2) If the department of commerce certifies a taxpayer under sub. (1), the
12 department of commerce shall determine the amount of credits to allocate to that
13 taxpayer. The total amount of meat processing facility investment credits allocated
14 to taxpayers in fiscal year 2009-10 may not exceed \$300,000 and the total amount
15 of meat processing facility investment credits allocated to taxpayers in fiscal year
16 2010-11, and in each fiscal year thereafter, may not exceed \$700,000.

17 (3) The department of commerce shall inform the department of revenue of
18 every taxpayer certified under sub. (1) and the amount of credits allocated to the
19 taxpayer.

20 (4) The department of commerce, in consultation with the department of
21 revenue, shall promulgate rules to administer this section.

22 (END)