

2011 DRAFTING REQUEST

Bill

Received: 09/29/2010

Received By: jkreye

Wanted: As time permits

Companion to LRB:

For: Administration-Budget

By/Representing: Stinebrink

May Contact:

Drafter: jkreye

Subject: Tax, Business - credits

Addl. Drafters:

Extra Copies:

Submit via email: YES

Requester's email:

Carbon copy (CC:) to: joseph.kreye@legis.wisconsin.gov

Pre Topic:

DOA:.....Stinebrink, BB0016 -

Topic:

Dairy manufacturing facility credit for dairy cooperatives

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>
/?				_____			State
/P1	jkreye 09/29/2010	jdye 09/30/2010	jfrantze 09/30/2010	_____	cduerst 09/30/2010		

FE Sent For:

<END>

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/?	jkreye	/PI 9/30 jld	9/30	9/30			

FE Sent For:

<END>

2011-13 Budget Bill Statutory Language Drafting Request

- Topic: Dairy Manufacturing Facility Credit Per Facility Issue
- Tracking Code: BB0014
- SBO team: Agriculture, Environment, and Justice
- SBO analyst: Cory Stinebrink
 - Phone: 266-1103
 - Email: Cory.Stinebrink@wisconsin.gov
- Agency acronym: COMM
- Agency number: 143
- Priority (Low, Medium, High): Medium

Intent:

Insert language in 71.07 (3p) (c) 3 that clarifies that the \$200,000 per facility limit applies only to cooperatives. Other entities will revert to being subject to the \$200,000 per entity limit.

Agency Statutory Language Draft / Statement Of Intent

Dairy Mfg Facility Credit -- Per Facility Issue.

- When the dairy cooperative language was added, language was also added which allows each dairy manufacturing entity to get tax credits up to \$200,000 for each of the entity's facilities if the entity is an S-corporation, LLC, or partnership (excluding only C corporations). Under previous law, the \$200,000 limit was an entity limit, not a facility limit.
- The department plans to insert language in 71.07 (3p) (c) 3 that clarifies that only co-ops are eligible on a per facility basis. The department believes that this was the intent of the original change.



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-0170/P1

JK:A:...

jld

DOA:.....Stinebrink, BB0016 - Dairy manufacturing facility credit for dairy cooperatives✓

FOR 2011-13 BUDGET -- NOT READY FOR INTRODUCTION

9-29-10

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AN ACT ...; relating to: the budget.✓

Analysis by the Legislative Reference Bureau

TAXATION✓

INCOME TAXATION✓

9-10
Under current law, a person may claim an income and franchise tax credit equal to ten percent of the amount the person paid in the taxable year to modernize or expand the person's dairy manufacturing operation in this state.✓ The aggregate amount of the credit that a person may claim is \$200,000.✓ Partnerships, limited liability companies, tax-option corporations, and dairy cooperatives may not claim the credit, but partners, members, and shareholders of such entities may claim the credit based on the amounts paid by the entities. Under current law, the aggregate amount of credits that a partnership, limited liability company, tax-option corporation, or dairy cooperative may compute for its partners, members, or shareholders is \$200,000 for each the entity's dairy manufacturing facilities. of

Under this bill, only a dairy cooperative may compute its aggregate credit amount as \$200,000 for each of its dairy manufacturing facilities.✓

For further information see the state fiscal estimate, which will be printed as an appendix to this bill. check Δ

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 71.07 (3p) (c) 3. of the statutes is amended to read:

2 71.07 (3p) (c) 3. Partnerships, limited liability companies, tax-option
3 corporations, and dairy cooperatives may not claim the credit under this subsection,
4 but the eligibility for, and the amount of, the credit are based on their payment of
5 expenses under par. (b), except that the aggregate amount of credits that ~~the entity~~
6 a dairy cooperative may compute shall not exceed \$200,000 for each of the ~~entity's~~
7 cooperative's dairy manufacturing facilities. A partnership, limited liability
8 company, tax-option corporation, or dairy cooperative shall compute the amount of
9 credit that each of its partners, members, or shareholders may claim and shall
10 provide that information to each of them. Partners, members of limited liability
11 companies, and shareholders of tax-option corporations may claim the credit in
12 proportion to their ownership interest. Members of a dairy cooperative may claim
13 the credit in proportion to the amount of milk that each member delivers to the dairy
14 cooperative, as determined by the dairy cooperative.

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27
ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135,
183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487; 2007 a. 11, 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401;
s. 13.92 (1) (bm) 2.

15 **SECTION 2.** 71.28 (3p) (c) 3. of the statutes is amended to read:

16 71.28 (3p) (c) 3. Partnerships, limited liability companies, tax-option
17 corporations, and dairy cooperatives may not claim the credit under this subsection,
18 but the eligibility for, and the amount of, the credit are based on their payment of
19 expenses under par. (b), except that the aggregate amount of credits that ~~the entity~~
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5 cooperative, as determined by the dairy cooperative.

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; s. 13.92 (1) (bm) 2.

6 **SECTION 3.** 71.47 (3p) (c) 3. of the statutes is amended to read:

7 71.47 (3p) (c) 3. Partnerships, limited liability companies, tax-option
8 corporations, and dairy cooperatives may not claim the credit under this subsection,
9 but the eligibility for, and the amount of, the credit are based on their payment of
10 expenses under par. (b), except that the aggregate amount of credits that the entity
11 a dairy cooperative may compute shall not exceed \$200,000 for each of the entity's
12 cooperative's dairy manufacturing facilities. A partnership, limited liability
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19 cooperative, as determined by the dairy cooperative.

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; s. 13.92 (1) (bm) 2.

20 **SECTION 9341. Initial applicability; Revenue.**

1 (1) DAIRY MANUFACTURING FACILITY INVESTMENT CREDIT. The treatment of sections
2 71.07 (3p) (c) 3., 71.28 (3p) (c) 3., and 71.47 (3p) (c) 3. of the statutes first applies to
3 taxable years beginning after December 31, 2010.

4

(END)



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-0170/P1
JK:jld:jf

DOA:.....Stinebrink, BB0016 - Dairy manufacturing facility credit for dairy cooperatives

FOR 2011-13 BUDGET -- NOT READY FOR INTRODUCTION

1 **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 equal to 10 percent of the amount the person paid in the taxable year to modernize or expand the person's dairy manufacturing operation in this state. The aggregate amount of the credit that a person may claim is \$200,000. Partnerships, limited liability companies, tax-option corporations, and dairy cooperatives may not claim the credit, but partners, members, and shareholders of such entities may claim the credit based on the amounts paid by the entities. Under current law, the aggregate amount of credits that a partnership, limited liability company, tax-option corporation, or dairy cooperative may compute for its partners, members, or shareholders is \$200,000 for each of the entity's dairy manufacturing facilities.

Under this bill, only a dairy cooperative may compute its aggregate credit amount as \$200,000 for each of its dairy manufacturing facilities.

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:

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