1 (b) For taxable years beginning after December 31, 2015, for a Wisconsin
2 capital asset that is purchased after December 31, 2010, and held for at least 5 years,
3 a claimant may subtract from federal adjusted gross income the lesser of one of the
4 following amounts, to the extent that it is not subtracted under sub. (6) (b) 9. or 9m.:
5 1. The amount of the claimant's federal net capital gain as reported on Schedule
6 D of the claimant's federal income tax return for the taxable year to which the claim
7 relates, but this subdivision applies only if, in that taxable year, the claimant has a
8 qualifying gain.
9 2. The amount of the claimant's qualifying gain in the year to which the claim
10 relates.
11 **SECTION 1764.** 71.05 (26) of the statutes is created to read:
12 71.05 **(26)** INCOME TAX DEFERRAL; LONG-TERM WISCONSIN CAPITAL ASSETS. (a) In
13 this subsection:
14 1. "Claimant" means an individual; an individual partner or member of a
15 partnership, limited liability company, or limited liability partnership; or an
16 individual shareholder of a tax-option corporation.
17 2. "Financial institution" has the meaning given in s. 69.30 (1) (b).
18 3. "Long-term capital gain" means the gain realized from the sale of any capital
19 asset held more than one year that is treated as a long-term gain under the Internal
20 Revenue Code.
21 4. "Qualified Wisconsin business" means a business certified by the Wisconsin
22 Economic Development Corporation under s. 238.146.
23 (b) For taxable years beginning after December 31, 2010, a claimant may
24 subtract from federal adjusted gross income any amount of a long-term capital gain
25 if the claimant does all of the following:

1. Deposits the gain into a segregated account in a financial institution.

2. Within 180 days after the sale of the asset that generated the gain, invests all of the proceeds in the account described under subd. 1. in a qualified Wisconsin business.

3. After making the investment as described under subd. 2., notifies the department, on a form prepared by the department, that the claimant will not declare on the claimant's income tax return the gain described under subd. 1. because the claimant has reinvested the capital gain as described under subd. 2. The form shall be sent to the department along with the claimant's income tax return for the year to which the claim relates.

(c) The basis of the investment described in par. (b) 2. shall be calculated by subtracting the gain described in par. (b) 1. from the amount of the investment described in par. (b) 2.

(d) If a claimant defers the payment of income taxes on a capital gain under this subsection, the claimant may not use the gain described under par. (b) 1. to net capital gains and losses, as described under sub. (10) (c).

(e) If a claimant claims the subtraction under this subsection, the claimant may not use the gain described under par. (b) 1. to claim a subtraction under sub. (24) or (25).

SECTION 1765. 71.07 (2dd) (b) of the statutes is amended to read:

71.07 **(2dd)** (b) Except as provided in s. 73.03 (35), for any taxable year for which that person is certified under s. 560.765 (3), 2009 stats., and begins business operations in a zone under s. 560.71, 2009 stats., after July 29, 1995, or certified under s. 560.797 (4) (a), 2009 stats., for each zone for which the person is certified

1 or entitled a person may credit against taxes otherwise due under this subchapter
2 employment-related day care expenses, up to $1,200 for each qualifying individual.
3 **SECTION 1766.** 71.07 (2de) (a) (intro.) of the statutes is amended to read:
4 71.07 **(2de)** (a) (intro.) Except as provided in s. 73.03 (35), for any taxable year
5 for which a person is certified under s. 560.765 (3), 2009 stats., and begins business
6 operations in a zone under s. 560.71, 2009 stats., after July 29, 1995, or certified
7 under s. 560.797 (4) (a), 2009 stats., for each zone for which the person is certified
8 or entitled the person may claim as a credit against taxes otherwise due under this
9 subchapter an amount equal to 7.5% of the amount that the person expends to
10 remove or contain environmental pollution, as defined in s. 299.01 (4), in the zone or
11 to restore soil or groundwater that is affected by environmental pollution, as defined
12 in s. 299.01 (4), in the zone if the person fulfills all of the following requirements:
13 **SECTION 1767.** 71.07 (2de) (a) 1. of the statutes is amended to read:
14 71.07 **(2de)** (a) 1. Begins the work, other than planning and investigating, for
15 which the credit is claimed after the area that includes the site where the work is
16 done is designated a development zone under s. 560.71, 2009 stats., or an enterprise
17 development zone under s. 560.797, 2009 stats., and after the claimant is certified
18 under s. 560.765 (3), 2009 stats., or certified under s. 560.797 (4) (a), 2009 stats.
19 **SECTION 1768.** 71.07 (2di) (a) (intro.) of the statutes is amended to read:
20 71.07 **(2di)** (a) (intro.) Except as provided in pars. (dm) and (f) and s. 73.03 (35),
21 for any taxable year for which the person is entitled under s. 560.795 (3), 2009 stats.,
22 to claim tax benefits, any person may claim as a credit against taxes otherwise due
23 under this chapter 2.5% of the purchase price of depreciable, tangible personal
24 property, or 1.75% of the purchase price of depreciable, tangible personal property

that is expensed under section 179 of the internal revenue code for purposes of the taxes under this chapter, except that:

SECTION 1769. 71.07 (2di) (a) 1. of the statutes is amended to read:

71.07 **(2di)** (a) 1. The investment must be in property that is purchased after the person is entitled under s. 560.795 (3), 2009 stats., to claim tax benefits and that is used for at least 50% of its use in the conduct of the person's business operations at a location in a development zone under subch. VI of ch. 560, 2009 stats., or, if the property is mobile, the base of operations of the property for at least 50% of its use must be a location in a development zone.

SECTION 1770. 71.07 (2di) (b) 2. of the statutes is amended to read:

71.07 **(2di)** (b) 2. If the claimant is located on an Indian reservation, as defined in s. 560.86 (5), 2009 stats., and is an American Indian, as defined in s. 560.86 (1), 2009 stats., an Indian business, as defined in s. 560.86 (4), 2009 stats., or a tribal enterprise, and if the allowable amount of the credit under this subsection exceeds the taxes otherwise due under this chapter on or measured by the claimant's income, the amount of the credit not used as an offset against those taxes shall be certified to the department of administration for payment to the claimant by check, share draft or other draft. In this subdivision, "tribal enterprise" means a business that is at least 51% owned and controlled by the governing body of one or more Indian tribes, is actively managed by the governing body, or by the designee of the governing body, of one or more Indian tribes and is currently performing a useful business function.

SECTION 1771. 71.07 (2di) (b) 3. of the statutes is amended to read:

71.07 **(2di)** (b) 3. Partnerships, limited liability companies and tax-option corporations may not claim the credit under this subsection, but the eligibility for,

1 and amount of, that credit shall be determined on the basis of their economic activity,
2 not that of their shareholders, partners or members. The corporation, partnership
3 or company shall compute the amount of the credit that may be claimed by each of
4 its shareholders, partners or members and shall provide that information to each of
5 its shareholders, partners or members. Partners, members of limited liability
6 companies and shareholders of tax-option corporations may claim the credit based
7 on the partnership's, company's or corporation's activities in proportion to their
8 ownership interest and may offset it against the tax attributable to their income from
9 the partnership's, company's or corporation's business operations in the
10 development zone; except that partners, members, and shareholders in a
11 development zone under s. 560.795 (1) (e), 2009 stats., may offset the credit against
12 the amount of the tax attributable to their income from all of the partnership's,
13 company's, or corporation's business operations; and against the tax attributable to
14 their income from the partnership's, company's or corporation's directly related
15 business operations.

16 **SECTION 1772.** 71.07 (2di) (d) 1. of the statutes is amended to read:

17 71.07 **(2di)** (d) 1. A copy of a verification from the department of commerce that
18 the claimant may claim tax benefits under s. 560.795 (3), 2009 stats.

19 **SECTION 1773.** 71.07 (2di) (f) of the statutes is amended to read:

20 71.07 **(2di)** (f) If a person who is entitled under s. 560.795 (3), 2009 stats., to
21 claim tax benefits becomes ineligible for such tax benefits, that person may claim no
22 credits under this subsection for the taxable year that includes the day on which the
23 person becomes ineligible for tax benefits or succeeding taxable years and that
24 person may carry over no unused credits from previous years to offset tax under this

chapter for the taxable year that includes the day on which the person becomes ineligible for tax benefits or succeeding taxable years.

SECTION 1774. 71.07 (2di) (g) of the statutes is amended to read:

71.07 **(2di)** (g) If a person who is entitled under s. 560.795 (3), 2009 stats., to claim tax benefits ceases business operations in the development zone during any of the taxable years that that zone exists, that person may not carry over to any taxable year following the year during which operations cease any unused credits from the taxable year during which operations cease or from previous taxable years.

SECTION 1775. 71.07 (2dj) (am) (intro.) of the statutes is amended to read:

71.07 **(2dj)** (am) (intro.) Except as provided under par. (f) or s. 73.03 (35), for any taxable year for which the person is certified under s. 560.765 (3), 2009 stats., for tax benefits, any person may claim as a credit against taxes otherwise due under this chapter an amount calculated as follows:

SECTION 1776. 71.07 (2dj) (am) 4. a. of the statutes is amended to read:

71.07 **(2dj)** (am) 4. a. If certified under s. 560.765 (3), 2009 stats., for tax benefits before January 1, 1992, modify "qualified wages" as defined in section 51 (b) of the internal revenue code to exclude wages paid before the claimant is certified for tax benefits and to exclude wages that are paid to employees for work at any location that is not in a development zone under subch. VI of ch. 560, 2009 stats. For purposes of this subd. 4. a., mobile employees work at their base of operations and leased or rented employees work at the location where they perform services.

SECTION 1777. 71.07 (2dj) (am) 4. b. of the statutes is amended to read:

71.07 **(2dj)** (am) 4. b. If certified under s. 560.765 (3), 2009 stats., for tax benefits after December 31, 1991, modify "qualified wages" as defined in section 51 (b) of the internal revenue code to exclude wages paid before the claimant is certified

for tax benefits and to exclude wages that are paid to employees for work at any location that is not in a development zone under subch. VI of ch. 560, 2009 stats. For purposes of this subd. 4. b., mobile employees and leased or rented employees work at their base of operations.

SECTION 1778. 71.07 (2dj) (am) 4c. of the statutes is amended to read:

71.07 **(2dj)** (am) 4c. Modify the rule for ineligible individuals under section 51 (i) (1) of the internal revenue code to allow credit for the wages of related individuals paid by an Indian business, as defined in s. 560.86 (4), 2009 stats., or a tribal enterprise, as defined in sub. (2di) (b) 2., if the Indian business or tribal enterprise is located in a development zone designated under s. 560.71 (3) (c) 2., 2009 stats.

SECTION 1779. 71.07 (2dj) (am) 4t. of the statutes is amended to read:

71.07 **(2dj)** (am) 4t. If certified under s. 560.765 (3), 2009 stats., for tax benefits before January 1, 1992, modify section 51 (i) (3) of the internal revenue code so that for leased or rented employees, except employees of a leasing agency certified for tax benefits who perform services directly for the agency in a development zone, the minimum employment periods apply to the time that they perform services in a development zone for a single lessee or renter, not to their employment by the leasing agency.

SECTION 1780. 71.07 (2dj) (e) 1. of the statutes is amended to read:

71.07 **(2dj)** (e) 1. A copy of the claimant's certification for tax benefits under s. 560.765 (3), 2009 stats.

SECTION 1781. 71.07 (2dj) (e) 3. a. of the statutes is amended to read:

71.07 **(2dj)** (e) 3. a. If certified under s. 560.765 (3), 2009 stats., for tax benefits before January 1, 1992, a statement from the department of commerce verifying the amount of qualifying wages and verifying that the employees were hired for work

1 only in a development zone or are mobile employees whose base of operations is in
2 a development zone.

3 **SECTION 1782.** 71.07 (2dj) (e) 3. b. of the statutes is amended to read:

4 71.07 **(2dj)** (e) 3. b. If certified under s. 560.765 (3), 2009 stats., for tax benefits
5 after December 31, 1991, a statement from the department of commerce verifying the
6 amount of qualifying wages and verifying that the employees were hired for work
7 only in a development zone or are mobile employees or leased or rented employees
8 whose base of operations is in a development zone.

9 **SECTION 1783.** 71.07 (2dL) (a) of the statutes is amended to read:

10 71.07 **(2dL)** (a) Except as provided in pars. (ag), (ar), (bm) and (f) and s. 73.03
11 (35), for any taxable year for which the person is certified under s. 560.765 (3), 2009
12 stats., for tax benefits, any person may claim as a credit against taxes otherwise due
13 under this subchapter an amount equal to 2.5% of the amount expended by that
14 person to acquire, construct, rehabilitate or repair real property in a development
15 zone under subch. VI of ch. 560, 2009 stats.

16 **SECTION 1784.** 71.07 (2dL) (ag) of the statutes is amended to read:

17 71.07 **(2dL)** (ag) If the credit under par. (a) is claimed for an amount expended
18 to construct, rehabilitate, remodel or repair property, the claimant must have begun
19 the physical work of construction, rehabilitation, remodeling or repair, or any
20 demolition or destruction in preparation for the physical work, after the place where
21 the property is located was designated a development zone under s. 560.71, 2009
22 stats., and the completed project must be placed in service after the claimant is
23 certified for tax benefits under s. 560.765 (3), 2009 stats. In this paragraph, "physical
24 work" does not include preliminary activities such as planning, designing, securing

1 financing, researching, developing specifications or stabilizing the property to
2 prevent deterioration.

3 **SECTION 1785.** 71.07 (2dL) (ar) of the statutes is amended to read:

4 71.07 **(2dL)** (ar) If the credit under par. (a) is claimed for an amount expended
5 to acquire property, the property must have been acquired by the claimant after the
6 place where the property is located was designated a development zone under s.
7 560.71, 2009 stats., and the completed project must be placed in service after the
8 claimant is certified for tax benefits under s. 560.765 (3), 2009 stats., and the
9 property must not have been previously owned by the claimant or a related person
10 during the 2 years prior to the designation of the development zone under s. 560.71,
11 2009 stats. No credit is allowed for an amount expended to acquire property until
12 the property, either in its original state as acquired by the claimant or as
13 subsequently constructed, rehabilitated, remodeled or repaired, is placed in service.

14 **SECTION 1786.** 71.07 (2dL) (bm) of the statutes is amended to read:

15 71.07 **(2dL)** (bm) In calculating the credit under par. (a) a claimant shall reduce
16 the amount expended to acquire property by a percentage equal to the percentage of
17 the area of the real property not used for the purposes for which the claimant is
18 certified to claim tax benefits under s. 560.765 (3), 2009 stats., and shall reduce the
19 amount expended for other purposes by the amount expended on the part of the
20 property not used for the purposes for which the claimant is certified to claim tax
21 benefits under s. 560.765 (3), 2009 stats.

22 **SECTION 1787.** 71.07 (2dL) (c) of the statutes is amended to read:

23 71.07 **(2dL)** (c) If the claimant is located on an Indian reservation, as defined
24 in s. 560.86 (5), 2009 stats., and is an American Indian, as defined in s. 560.86 (1),
25 2009 stats., an Indian business, as defined in s. 560.86 (4), 2009 stats., or a tribal

enterprise, as defined in sub. (2di) (b) 2., and if the allowable amount of the credit under par. (a) exceeds the taxes otherwise due under this chapter on or measured by the claimant's income, the amount of the credit not used as an offset against those taxes shall be certified to the department of administration for payment to the claimant by check, share draft or other draft.

SECTION 1788. 71.07 (2dm) (a) 1. of the statutes is amended to read:

71.07 **(2dm)** (a) 1. "Certified" means entitled under s. 238.395 (3) (a) 4. or s. 560.795 (3) (a) 4., 2009 stats., to claim tax benefits or certified under s. 238.395 (5), 238.398 (5), or 238.3995 (4) or s. 560.795 (5), 2009 stats., s. 560.798 (3), 2009 stats., or s. 560.7995 (4), 2009 stats.

SECTION 1789. 71.07 (2dm) (a) 3. of the statutes is amended to read:

71.07 **(2dm)** (a) 3. "Development zone" means a development opportunity zone under s. 238.395 (1) (e) and (f) or 238.398 or s. 560.795 (1) (e) and (f), 2009 stats., or s. 560.798, 2009 stats., or an airport development zone under s. 238.3995 or s. 560.7995, 2009 stats.

SECTION 1790. 71.07 (2dm) (a) 4. of the statutes is amended to read:

71.07 **(2dm)** (a) 4. "Previously owned property" means real property that the claimant or a related person owned during the 2 years prior to the department of commerce or the Wisconsin Economic Development Corporation designating the place where the property is located as a development zone and for which the claimant may not deduct a loss from the sale of the property to, or an exchange of the property with, the related person under section 267 of the Internal Revenue Code, except that section 267 (b) of the Internal Revenue Code is modified so that if the claimant owns any part of the property, rather than 50% ownership, the claimant is subject to section 267 (a) (1) of the Internal Revenue Code for purposes of this subsection.

1 **SECTION 1791.** 71.07 (2dm) (f) 1. of the statutes is amended to read:

2 71.07 **(2dm)** (f) 1. A copy of ~~a~~ the verification ~~from the department of commerce~~
3 that the claimant may claim tax benefits under s. 238.395 (3) (a) 4. or s. 560.795 (3)
4 (a) 4., 2009 stats., or is certified under s. 238.395 (5), 238.398 (3), or 238.3995 (4) or
5 s. 560.795 (5), 2009 stats., s. 560.798 (3), 2009 stats., or s. 560.7995 (4), 2009 stats.

6 **SECTION 1792.** 71.07 (2dm) (f) 2. of the statutes is amended to read:

7 71.07 **(2dm)** (f) 2. A statement from the department of commerce or the
8 Wisconsin Economic Development Corporation verifying the purchase price of the
9 investment and verifying that the investment fulfills the requirements under par.
10 (b).

11 **SECTION 1793.** 71.07 (2dm) (i) of the statutes is amended to read:

12 71.07 **(2dm)** (i) Partnerships, limited liability companies, and tax-option
13 corporations may not claim the credit under this subsection, but the eligibility for,
14 and the amount of, that credit shall be determined on the basis of their economic
15 activity, not that of their shareholders, partners, or members. The corporation,
16 partnership, or limited liability company shall compute the amount of credit that
17 may be claimed by each of its shareholders, partners, or members and provide that
18 information to its shareholders, partners, or members. Partners, members of limited
19 liability companies, and shareholders of tax-option corporations may claim the
20 credit based on the partnership's, company's, or corporation's activities in proportion
21 to their ownership interest and may offset it against the tax attributable to their
22 income from the partnership's, company's, or corporation's business operations in the
23 development zone; except that partners, members, and shareholders in a
24 development zone under s. 238.395 (1) (e) or s. 560.795 (1) (e), 2009 stats., may offset
25 the credit against the amount of the tax attributable to their income.

1 **SECTION 1794.** 71.07 (2dm) (j) of the statutes is amended to read:

2 71.07 **(2dm)** (j) If a person who is entitled under s. 238.395 (3) (a) 4. or s. 560.795
3 (3) (a) 4., 2009 stats., to claim tax benefits becomes ineligible for such tax benefits,
4 or if a person's certification under s. 238.395 (5), 238.398 (3), or 238.3995 (4) or s.
5 560.795 (5), 2009 stats., s. 560.798 (3), 2009 stats., or s. 560.7995 (4), 2009 stats., is
6 revoked, that person may claim no credits under this subsection for the taxable year
7 that includes the day on which the person becomes ineligible for tax benefits, the
8 taxable year that includes the day on which the certification is revoked, or succeeding
9 taxable years, and that person may carry over no unused credits from previous years
10 to offset tax under this chapter for the taxable year that includes the day on which
11 the person becomes ineligible for tax benefits, the taxable year that includes the day
12 on which the certification is revoked, or succeeding taxable years.

13 **SECTION 1795.** 71.07 (2dm) (k) of the statutes is amended to read:

14 71.07 **(2dm)** (k) If a person who is entitled under s. 238.395 (3) (a) 4. or s.
15 560.795 (3) (a) 4., 2009 stats., to claim tax benefits or certified under s. 238.395 (5),
16 238.398 (3), or 238.3995 (4) or s. 560.795 (5), 2009 stats., s. 560.798 (3), 2009 stats.,
17 or s. 560.7995 (4), 2009 stats., ceases business operations in the development zone
18 during any of the taxable years that that zone exists, that person may not carry over
19 to any taxable year following the year during which operations cease any unused
20 credits from the taxable year during which operations cease or from previous taxable
21 years.

22 **SECTION 1796.** 71.07 (2dr) (a) of the statutes is amended to read:

23 71.07 **(2dr)** (a) *Credit.* Any person may credit against taxes otherwise due
24 under this chapter an amount equal to 5% of the amount obtained by subtracting
25 from the person's qualified research expenses, as defined in section 41 of the internal

1 revenue code, except that "qualified research expenses" include only expenses
2 incurred by the claimant in a development zone under subch. VI of ch. 560, 2009
3 stats., except that a taxpayer may elect the alternative computation under section
4 41 (c) (4) of the Internal Revenue Code and that election applies until the department
5 permits its revocation and except that "qualified research expenses" do not include
6 compensation used in computing the credit under sub. (2dj) nor research expenses
7 incurred before the claimant is certified for tax benefits under s. 560.765 (3), 2009
8 stats., the person's base amount, as defined in section 41 (c) of the internal revenue
9 code, in a development zone, except that gross receipts used in calculating the base
10 amount means gross receipts from sales attributable to Wisconsin under s. 71.04 (7)
11 (b) 1. and 2., (df) 1. and 2., (dh) 1., 2., and 3., (dj) 1. and (dk) 1. and research expenses
12 used in calculating the base amount include research expenses incurred before the
13 claimant is certified for tax benefits under s. 560.765 (3), 2009 stats., in a
14 development zone, if the claimant submits with the claimant's return a copy of the
15 claimant's certification for tax benefits under s. 560.765 (3) 2009 stats., and a
16 statement from the department of commerce verifying the claimant's qualified
17 research expenses for research conducted exclusively in a development zone. The
18 rules under s. 73.03 (35) apply to the credit under this paragraph. The rules under
19 sub. (2di) (f) and (g), as they apply to the credit under that subsection, apply to claims
20 under this paragraph. Section 41 (h) of the internal revenue code does not apply to
21 the credit under this paragraph.

22 **SECTION 1797.** 71.07 (2dr) (b) of the statutes is amended to read:

23 71.07 **(2dr)** (b) *Development opportunity zones.* The development zones
24 research credit under par. (a), as it applies to a person certified under s. 560.765 (3),
25 2009 stats., applies to a person that conducts economic activity in a development

1 opportunity zone under s. 560.795 (1), 2009 stats., and that is entitled to tax benefits
2 under s. 560.795 (3), 2009 stats., subject to the limits under s. 560.795 (2), 2009 stats.
3 A development opportunity zone credit under this paragraph may be calculated
4 using expenses incurred by a claimant beginning on the effective date under s.
5 560.795 (2) (a), 2009 stats., of the development opportunity zone designation of the
6 area in which the claimant conducts economic activity.

7 **SECTION 1798.** 71.07 (2ds) (a) 1. of the statutes is amended to read:

8 71.07 **(2ds)** (a) 1. "Development zone" means a zone designated under s. 560.71,
9 2009 stats.

10 **SECTION 1799.** 71.07 (2ds) (b) of the statutes is amended to read:

11 71.07 **(2ds)** (b) Except as provided in pars. (dm) and (e) and s. 73.03 (35), for
12 any taxable year for which the person is certified under s. 560.765 (3), 2009 stats.,
13 for tax benefits, any person may claim as a credit against taxes otherwise due under
14 this chapter the taxes paid under subchs. III and V of ch. 77 on their purchases, leases
15 and rentals of eligible property. Partnerships, limited liability companies and
16 tax-option corporations may not claim the credit under this subsection, but the
17 eligibility for, and the amount of, that credit shall be determined on the basis of their
18 economic activity, not that of their partners, members or shareholders. The
19 partnership, limited liability company or corporation shall compute the amount of
20 credit that may be claimed by each of its partners, members or shareholders and
21 shall provide that information to each of its partners, members or shareholders.
22 Partners, members of a limited liability company and shareholders of tax-option
23 corporations may claim the credit based on the partnership's, company's or
24 corporation's activities in proportion to their ownership interest.

25 **SECTION 1800.** 71.07 (2ds) (d) 1. of the statutes is amended to read:

71.07 **(2ds)** (d) 1. A copy of the claimant's certification for tax benefits under s. 560.765 (3), 2009 stats.

SECTION 1801. 71.07 (2dx) (a) 2. of the statutes is amended to read:

71.07 **(2dx)** (a) 2. "Development zone" means a development zone under s. 238.30 or s. 560.70, 2009 stats., a development opportunity zone under s. 238.395 or s. 560.795, 2009 stats., an enterprise development zone under s. 238.397 or s. 560.797, 2009 stats., an agricultural development zone under s. 238.398 or s. 560.798, 2009 stats., or an airport development zone under s. 238.3995 or s. 560.7995, 2009 stats.

SECTION 1802. 71.07 (2dx) (a) 5. of the statutes is amended to read:

71.07 **(2dx)** (a) 5. "Member of a targeted group" means a person who resides in an area designated by the federal government as an economic revitalization area, a person who is employed in an unsubsidized job but meets the eligibility requirements under s. 49.145 (2) and (3) for a Wisconsin Works employment position, a person who is employed in a trial job, as defined in s. 49.141 (1) (n), or in a real work, real pay project position under s. 49.147 (3m), a person who is eligible for child care assistance under s. 49.155, a person who is a vocational rehabilitation referral, an economically disadvantaged youth, an economically disadvantaged veteran, a supplemental security income recipient, a general assistance recipient, an economically disadvantaged ex-convict, a qualified summer youth employee, as defined in 26 USC 51 (d) (7), a dislocated worker, as defined in 29 USC 2801 (9), or a ~~food stamp~~ recipient of benefits under the supplemental nutrition assistance program under 7 USC 2011 to 2036, if the person has been certified in the manner under sub. (2dj) (am) 3. by a designated local agency, as defined in sub. (2dj) (am) 2.

SECTION 1803. 71.07 (2dx) (b) (intro.) of the statutes is amended to read:

71.07 **(2dx)** (b) *Credit.* (intro.) Except as provided in pars. (be) and (bg) and in s. 73.03 (35), and subject to s. 238.385 or s. 560.785, 2009 stats., for any taxable year for which the person is entitled under s. 238.395 (3) or s. 560.795 (3), 2009 stats., to claim tax benefits or certified under s. 238.365 (3), 238.397 (4), 238.398 (3), or 238.3995 (4) or s. 560.765 (3), 2009 stats., s. 560.797 (4), 2009 stats., s. 560.798 (3), 2009 stats., or s. 560.7995 (4), 2009 stats., any person may claim as a credit against the taxes otherwise due under this chapter the following amounts:

SECTION 1804. 71.07 (2dx) (b) 2. of the statutes is amended to read:

71.07 **(2dx)** (b) 2. The amount determined by multiplying the amount determined under s. 238.385 (1) (b) or s. 560.785 (1) (b), 2009 stats., by the number of full-time jobs created in a development zone and filled by a member of a targeted group and by then subtracting the subsidies paid under s. 49.147 (3) (a) or the subsidies and reimbursements paid under s. 49.147 (3m) (c) for those jobs.

SECTION 1805. 71.07 (2dx) (b) 3. of the statutes is amended to read:

71.07 **(2dx)** (b) 3. The amount determined by multiplying the amount determined under s. 238.385 (1) (c) or s. 560.785 (1) (c), 2009 stats., by the number of full-time jobs created in a development zone and not filled by a member of a targeted group and by then subtracting the subsidies paid under s. 49.147 (3) (a) or the subsidies and reimbursements paid under s. 49.147 (3m) (c) for those jobs.

SECTION 1806. 71.07 (2dx) (b) 4. of the statutes is amended to read:

71.07 **(2dx)** (b) 4. The amount determined by multiplying the amount determined under s. 238.385 (1) (bm) or s. 560.785 (1) (bm), 2009 stats., by the number of full-time jobs retained, as provided in the rules under s. 238.385 or s. 560.785, 2009 stats., excluding jobs for which a credit has been claimed under sub. (2dj), in an enterprise development zone under s. 238.397 or s. 560.797, 2009 stats.,

and for which significant capital investment was made and by then subtracting the subsidies paid under s. 49.147 (3) (a) or the subsidies and reimbursements paid under s. 49.147 (3m) (c) for those jobs.

SECTION 1807. 71.07 (2dx) (b) 5. of the statutes is amended to read:

71.07 **(2dx)** (b) 5. The amount determined by multiplying the amount determined under s. 238.385 (1) (c) or s. 560.785 (1) (c), 2009 stats., by the number of full-time jobs retained, as provided in the rules under s. 238.385 or s. 560.785, 2009 stats., excluding jobs for which a credit has been claimed under sub. (2dj), in a development zone and not filled by a member of a targeted group and by then subtracting the subsidies paid under s. 49.147 (3) (a) or the subsidies and reimbursements paid under s. 49.147 (3m) (c) for those jobs.

SECTION 1808. 71.07 (2dx) (be) of the statutes is amended to read:

71.07 **(2dx)** (be) *Offset.* A claimant in a development zone under s. 238.395 (1) (e) or s. 560.795 (1) (e), 2009 stats., may offset any credits claimed under this subsection, including any credits carried over, against the amount of the tax otherwise due under this subchapter attributable to all of the claimant's income and against the tax attributable to income from directly related business operations of the claimant.

SECTION 1809. 71.07 (2dx) (bg) of the statutes is amended to read:

71.07 **(2dx)** (bg) *Other entities.* For claimants in a development zone under s. 238.395 (1) (e) or s. 560.795 (1) (e), 2009 stats., partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and amount of, that credit shall be determined on the basis of their economic activity, not that of their shareholders, partners, or members. The corporation, partnership, or company shall compute the amount of

1 the credit that may be claimed by each of its shareholders, partners, or members and
2 shall provide that information to each of its shareholders, partners, or members.
3 Partners, members of limited liability companies, and shareholders of tax-option
4 corporations may claim the credit based on the partnership's, company's, or
5 corporation's activities in proportion to their ownership interest and may offset it
6 against the tax attributable to their income.

7 **SECTION 1810.** 71.07 (2dx) (c) of the statutes is amended to read:

8 71.07 **(2dx)** (c) *Credit precluded.* If the certification of a person for tax benefits
9 under s. 238.365 (3), 238.397 (4), 238.398 (3), or 238.3995 (4) or s. 560.765 (3), 2009
10 stats., s. 560.797 (4), 2009 stats., s. 560.798 (3), 2009 stats., or s. 560.7995 (4), 2009
11 stats., is revoked, or if the person becomes ineligible for tax benefits under s. 238.395
12 (3) or s. 560.795 (3), 2009 stats., that person may not claim credits under this
13 subsection for the taxable year that includes the day on which the certification is
14 revoked; the taxable year that includes the day on which the person becomes
15 ineligible for tax benefits; or succeeding taxable years and that person may not carry
16 over unused credits from previous years to offset tax under this chapter for the
17 taxable year that includes the day on which certification is revoked; the taxable year
18 that includes the day on which the person becomes ineligible for tax benefits; or
19 succeeding taxable years.

20 **SECTION 1811.** 71.07 (2dx) (d) of the statutes is amended to read:

21 71.07 **(2dx)** (d) *Carry-over precluded.* If a person who is entitled under s.
22 238.395 (3) or s. 560.795 (3), 2009 stats., to claim tax benefits or certified under s.
23 238.365 (3), 238.397 (4), 238.398 (3), or 238.3995 (4) or s. 560.765 (3), 2009 stats., s.
24 560.797 (4), 2009 stats., s. 560.798 (3), 2009 stats., or s. 560.7995 (4), 2009 stats., for
25 tax benefits ceases business operations in the development zone during any of the

taxable years that that zone exists, that person may not carry over to any taxable year following the year during which operations cease any unused credits from the taxable year during which operations cease or from previous taxable years.

SECTION 1812. 71.07 (2dy) (a) of the statutes is amended to read:

71.07 **(2dy)** (a) *Definition.* In this subsection, "claimant" means a person who files a claim under this subsection and is certified under s. 238.301 (2) or s. 560.701 (2), 2009 stats., and authorized to claim tax benefits under s. 238.303 or s. 560.703, 2009 stats.

SECTION 1813. 71.07 (2dy) (b) of the statutes is amended to read:

71.07 **(2dy)** (b) *Filing claims.* Subject to the limitations under this subsection and ss. 238.301 to 238.306 or ss. 560.701 to 560.706, 2009 stats., for taxable years beginning after December 31, 2008, a claimant may claim as a credit against the tax imposed under s. 71.02 or 71.08, up to the amount of the tax, the amount authorized for the claimant under s. 238.303 or s. 560.703, 2009 stats.

SECTION 1814. 71.07 (2dy) (c) 1. of the statutes is amended to read:

71.07 **(2dy)** (c) 1. No credit may be allowed under this subsection unless the claimant includes with the claimant's return a copy of the claimant's certification under s. 238.301 (2) or s. 560.701 (2), 2009 stats., and a copy of the claimant's notice of eligibility to receive tax benefits under s. 238.303 (3) or s. 560.703 (3), 2009 stats.

SECTION 1815. 71.07 (2dy) (c) 2. of the statutes is amended to read:

71.07 **(2dy)** (c) 2. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their authorization to claim tax benefits under s. 238.303 or s. 560.703, 2009 stats. A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its

partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

SECTION 1816. 71.07 (2dy) (d) 2. of the statutes is amended to read:

71.07 **(2dy)** (d) 2. If a claimant's certification is revoked under s. 238.305 or s. 560.705, 2009 stats., or if a claimant becomes ineligible for tax benefits under s. 238.302 or s. 560.702, 2009 stats., the claimant may not claim credits under this subsection for the taxable year that includes the day on which the certification is revoked; the taxable year that includes the day on which the claimant becomes ineligible for tax benefits; or succeeding taxable years and the claimant may not carry over unused credits from previous years to offset the tax imposed under s. 71.02 or 71.08 for the taxable year that includes the day on which certification is revoked; the taxable year that includes the day on which the claimant becomes ineligible for tax benefits; or succeeding taxable years.

SECTION 1817. 71.07 (3g) (a) (intro.) of the statutes is amended to read:

71.07 **(3g)** (a) (intro.) Subject to the limitations under this subsection and ss. 73.03 (35m) and 238.23 and s. 560.96, 2009 stats., a business that is certified under s. 238.23 (3) or s. 560.96 (3), 2009 stats., may claim as a credit against the taxes imposed under s. 71.02 an amount equal to the sum of the following, as established under s. 238.23 (3) (c) or s. 560.96 (3) (c), 2009 stats:

SECTION 1818. 71.07 (3g) (b) of the statutes is amended to read:

71.07 **(3g)** (b) The department of revenue shall notify the department of commerce or the Wisconsin Economic Development Corporation of all claims under this subsection.

1 **SECTION 1819.** 71.07 (3g) (e) 2. of the statutes is amended to read:

2 71.07 **(3g)** (e) 2. The investments that relate to the amount described under par.
3 (a) 2. for which a claimant makes a claim under this subsection must be retained for
4 use in the technology zone for the period during which the claimant's business is
5 certified under s. 238.23 (3) or s. 560.96 (3), 2009 stats.

6 **SECTION 1820.** 71.07 (3g) (f) 1. of the statutes is amended to read:

7 71.07 **(3g)** (f) 1. A copy of ~~a~~ the verification ~~from the department of commerce~~
8 that the claimant's business is certified under s. 238.23 (3) or s. 560.96 (3), 2009
9 stats., and that the business ~~and the department of commerce have~~ has entered into
10 an agreement under s. 238.23 (3) (d) or s. 560.96 (3) (d), 2009 stats.

11 **SECTION 1821.** 71.07 (3g) (f) 2. of the statutes is amended to read:

12 71.07 **(3g)** (f) 2. A statement from the department of commerce or the Wisconsin
13 Economic Development Corporation verifying the purchase price of the investment
14 described under par. (a) 2. and verifying that the investment fulfills the requirement
15 under par. (e) 2.

16 **SECTION 1822.** 71.07 (3p) (b) of the statutes is amended to read:

17 71.07 **(3p)** (b) *Filing claims.* Subject to the limitations provided in this
18 subsection and s. 93.535 or s. 560.207, 2009 stats., except as provided in par. (c) 5.,
19 for taxable years beginning after December 31, 2006, and before January 1, 2015, a
20 claimant may claim as a credit against the taxes imposed under s. 71.02 or 71.08, up
21 to the amount of the tax, an amount equal to 10 percent of the amount the claimant
22 paid in the taxable year for dairy manufacturing modernization or expansion related
23 to the claimant's dairy manufacturing operation.

24 **SECTION 1823.** 71.07 (3p) (c) 2m. a. of the statutes is amended to read:

71.07 **(3p)** (c) 2m. a. The maximum amount of the credits that may be claimed under this subsection and ss. 71.28 (3p) and 71.47 (3p) in fiscal year 2007-08 is $600,000, as allocated under s. 560.207, 2009 stats.

SECTION 1824. 71.07 (3p) (c) 2m. b. of the statutes is amended to read:

71.07 **(3p)** (c) 2m. b. The maximum amount of the credits that may be claimed by all claimants, other than members of dairy cooperatives, under this subsection and ss. 71.28 (3p) and 71.47 (3p) in fiscal year 2008-09, and in each fiscal year thereafter, is $700,000, as allocated under s. 93.535 or s. 560.207, 2009 stats.

SECTION 1825. 71.07 (3p) (c) 2m. bm. of the statutes is amended to read:

71.07 **(3p)** (c) 2m. bm. The maximum amount of the credits that may be claimed by members of dairy cooperatives under this subsection and ss. 71.28 (3p) and 71.47 (3p) in fiscal year 2009-10 is $600,000, as allocated under s. 560.207, 2009 stats., and the maximum amount of the credits that may be claimed by members of dairy cooperatives under this subsection and ss. 71.28 (3p) and 71.47 (3p) in fiscal year 2010-11, and in each fiscal year thereafter, is $700,000, as allocated under s. 93.535 or s. 560.207, 2009 stats.

SECTION 1826. 71.07 (3p) (c) 3. of the statutes is amended to read:

71.07 **(3p)** (c) 3. Partnerships, limited liability companies, tax-option corporations, and dairy cooperatives may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of expenses under par. (b), except that the aggregate amount of credits that ~~the entity~~ a dairy cooperative may compute shall not exceed $200,000 for each of the ~~entity's~~ cooperative's dairy manufacturing facilities. A partnership, limited liability company, tax-option corporation, or dairy cooperative shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall

provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interest. Members of a dairy cooperative may claim the credit in proportion to the amount of milk that each member delivers to the dairy cooperative, as determined by the dairy cooperative.

SECTION 1827. 71.07 (3p) (c) 6. of the statutes is amended to read:

71.07 **(3p)** (c) 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. 93.535 or s. 560.207, 2009 stats.

SECTION 1828. 71.07 (3q) (a) 1. of the statutes is amended to read:

71.07 **(3q)** (a) 1. "Claimant" means a person certified to receive tax benefits under s. 238.16 (2) or s. 560.2055 (2), 2009 stats.

SECTION 1829. 71.07 (3q) (a) 2. of the statutes is amended to read:

71.07 **(3q)** (a) 2. "Eligible employee" means, for taxable years beginning before January 1, 2011, an eligible employee under s. 560.2055 (1) (b), 2009 stats., who satisfies the wage requirements under s. 560.2055 (3) (a) or (b), 2009 stats., or, for taxable years beginning after December 31, 2010, an eligible employee under s. 238.16 (1) (b).

SECTION 1830. 71.07 (3q) (b) (intro.) of the statutes is amended to read:

71.07 **(3q)** (b) *Filing claims.* (intro.) Subject to the limitations provided in this subsection and s. 238.16 or s. 560.2055, 2009 stats., for taxable years beginning after December 31, 2009, a claimant may claim as a credit against the taxes imposed under ss. 71.02 and 71.08 any of the following.

SECTION 1831. 71.07 (3q) (b) 1. of the statutes is amended to read:

1 71.07 **(3q)** (b) 1. The amount of wages that the claimant paid to an eligible
2 employee in the taxable year, not to exceed 10 percent of such wages, as determined
3 by the Wisconsin Economic Development Corporation under s. 238.16 or the
4 department of commerce under s. 560.2055, 2009 stats.

5 **SECTION 1832.** 71.07 (3q) (b) 2. of the statutes is amended to read:

6 71.07 **(3q)** (b) 2. The amount of the costs incurred by the claimant in the taxable
7 year, as determined under s. 238.16 or s. 560.2055, 2009 stats., to undertake the
8 training activities described under s. 238.16 (3) (c) or s. 560.2055 (3) (c), 2009 stats.

9 **SECTION 1833.** 71.07 (3q) (c) 2. of the statutes is amended to read:

10 71.07 **(3q)** (c) 2. No credit may be allowed under this subsection unless the
11 claimant includes with the claimant's return a copy of the claimant's certification for
12 tax benefits under s. 238.16 (2) or s. 560.2055 (2), 2009 stats.

13 **SECTION 1834.** 71.07 (3q) (c) 3. of the statutes is amended to read:

14 71.07 **(3q)** (c) 3. The maximum amount of credits that may be awarded under
15 this subsection and ss. 71.28 (3q) and 71.47 (3q) for the period beginning on January
16 1, 2010, and ending on June 30, 2013, is $14,500,000, not including the amount of
17 any credits reallocated under s. 238.15 (3) (d) or s. 560.205 (3) (d), 2009 stats.

18 **SECTION 1835.** 71.07 (3r) (b) of the statutes is amended to read:

19 71.07 **(3r)** (b) *Filing claims.* Subject to the limitations provided in this
20 subsection and s. 238.19 or s. 560.208, 2009 stats., for taxable years beginning after
21 December 31, 2008, and before January 1, 2017, a claimant may claim as a credit
22 against the taxes imposed under s. 71.02 or 71.08, up to the amount of the tax, an
23 amount equal to 10 percent of the amount the claimant paid in the taxable year for
24 meat processing modernization or expansion related to the claimant's meat
25 processing operation.

1 **SECTION 1836.** 71.07 (3r) (c) 3. a. of the statutes is amended to read:

2 71.07 **(3r)** (c) 3. a. The maximum amount of the credits that may be allocated
3 under this subsection and ss. 71.28 (3r) and 71.47 (3r) in fiscal year 2009-10 is
4 $300,000, as allocated under s. 560.208, 2009 stats.

5 **SECTION 1837.** 71.07 (3r) (c) 3. b. of the statutes is amended to read:

6 71.07 **(3r)** (c) 3. b. The maximum amount of the credits that may be allocated
7 under this subsection and ss. 71.28 (3r) and 71.47 (3r) in fiscal year 2010-11, and in
8 each fiscal year thereafter, is $700,000, as allocated under s. 238.19 or s. 560.208,
9 2009 stats.

10 **SECTION 1838.** 71.07 (3r) (c) 6. of the statutes is amended to read:

11 71.07 **(3r)** (c) 6. No credit may be allowed under this subsection unless the
12 claimant submits with the claimant's return a copy of the claimant's credit
13 certification and allocation under s. 238.19 or s. 560.208, 2009 stats.

14 **SECTION 1839.** 71.07 (3rm) (b) of the statutes is amended to read:

15 71.07 **(3rm)** (b) *Filing claims.* Subject to the limitations provided in this
16 subsection and s. 238.21 or s. 560.209, 2009 stats., for taxable years beginning after
17 December 31, 2009, and before January 1, 2016, a claimant may claim as a credit
18 against the taxes imposed under s. 71.02 or 71.08, up to the amount of the tax, an
19 amount equal to 10 percent of the amount the claimant paid in the taxable year for
20 equipment that is used primarily to harvest or process woody biomass that is used
21 as fuel or as a component of fuel.

22 **SECTION 1840.** 71.07 (3rm) (c) 3. of the statutes is amended to read:

23 71.07 **(3rm)** (c) 3. The maximum amount of the credits that may be claimed
24 under this subsection and ss. 71.28 (3rm) and 71.47 (3rm) is $900,000, as allocated
25 under s. 238.21 or s. 560.209, 2009 stats.

1 **SECTION 1841.** 71.07 (3rn) (b) of the statutes is amended to read:

2 71.07 **(3rn)** (b) *Filing claims.* Subject to the limitations provided in this
3 subsection and s. ~~506.2056~~ 238.17 or s. 560.2056, 2009 stats., for taxable years
4 beginning after December 31, 2009, and before January 1, 2017, a claimant may
5 claim as a credit against the tax imposed under ss. 71.02 and 71.08, up to the amount
6 of the tax, an amount equal to 10 percent of the amount the claimant paid in the
7 taxable year for food processing or food warehousing modernization or expansion
8 related to the operation of the claimant's food processing plant or food warehouse.

9 **SECTION 1842.** 71.07 (3rn) (c) 3. a. of the statutes is amended to read:

10 71.07 **(3rn)** (c) 3. a. The maximum amount of the credits that may be allocated
11 under this subsection and ss. 71.28 (3rn) and 71.47 (3rn) in fiscal year 2009-10 is
12 $1,000,000, as allocated under s. 560.2056, 2009 stats.

13 **SECTION 1843.** 71.07 (3rn) (c) 3. b. of the statutes is amended to read:

14 71.07 **(3rn)** (c) 3. b. The maximum amount of the credits that may be allocated
15 under this subsection and ss. 71.28 (3rn) and 71.47 (3rn) in fiscal year 2010-11 is
16 $1,200,000, as allocated under s. 560.2056, 2009 stats.

17 **SECTION 1844.** 71.07 (3rn) (c) 3. c. of the statutes is amended to read:

18 71.07 **(3rn)** (c) 3. c. The maximum amount of the credits that may be allocated
19 under this subsection and ss. 71.28 (3rn) and 71.47 (3rn) in fiscal year 2011-12, and
20 in each year thereafter, is $700,000, as allocated under s. 238.17 or s. 560.2056, 2009
21 stats.

22 **SECTION 1845.** 71.07 (3rn) (c) 6. of the statutes is amended to read:

23 71.07 **(3rn)** (c) 6. No credit may be allowed under this subsection unless the
24 claimant submits with the claimant's return a copy of the claimant's credit
25 certification and allocation under s. 238.17 or s. 560.2056, 2009 stats.

1 **SECTION 1846.** 71.07 (3t) (b) of the statutes is amended to read:

2 71.07 **(3t)** (b) *Credit.* Subject to the limitations provided in this subsection and
3 in s. 560.28, 2009 stats., for taxable years beginning after December 31, 2007, a
4 claimant may claim as a credit, amortized over 15 taxable years starting with the
5 taxable year beginning after December 31, 2007, against the tax imposed under s.
6 71.02 and 71.08, up to the amount of the tax, an amount equal to the claimant's
7 unused credits under s. 71.07 (3s).

8 **SECTION 1847.** 71.07 (3t) (c) 1. of the statutes is amended to read:

9 71.07 **(3t)** (c) 1. No credit may be claimed under this subsection unless the
10 claimant submits with the claimant's return a copy of the claimant's certification by
11 the department of commerce under s. 560.28, 2009 stats., except that, with regard
12 to credits claimed by partners of a partnership, members of a limited liability
13 company, or shareholders of a tax-option corporation, the entity shall provide a copy
14 of its certification under s. 560.28, 2009 stats., to the partner, member, or shareholder
15 to submit with his or her return.

16 **SECTION 1848.** 71.07 (3w) (a) 2. of the statutes is amended to read:

17 71.07 **(3w)** (a) 2. "Claimant" means a person who is certified to claim tax
18 benefits under s. 238.399 (5) or s. 560.799 (5), 2009 stats., and who files a claim under
19 this subsection.

20 **SECTION 1849.** 71.07 (3w) (a) 3. of the statutes is amended to read:

21 71.07 **(3w)** (a) 3. "Full-time employee" means a full-time employee, as defined
22 in s. 238.399 (1) (am) or s. 560.799 (1) (am), 2009 stats.

23 **SECTION 1850.** 71.07 (3w) (a) 4. of the statutes is amended to read:

24 71.07 **(3w)** (a) 4. "Enterprise zone" means a zone designated under s. 238.399
25 or s. 560.799, 2009 stats.

1 **SECTION 1851.** 71.07 (3w) (a) 5d. of the statutes is amended to read:

2 71.07 **(3w)** (a) 5d. "Tier I county or municipality" means a tier I county or
3 municipality, as determined ~~by the department of commerce~~ under s. 238.399 or s.
4 560.799, 2009 stats.

5 **SECTION 1852.** 71.07 (3w) (a) 5e. of the statutes is amended to read:

6 71.07 **(3w)** (a) 5e. "Tier II county or municipality" means a tier II county or
7 municipality, as determined ~~by the department of commerce~~ under s. 238.399 or s.
8 560.799, 2009 stats.

9 **SECTION 1853.** 71.07 (3w) (b) (intro.) of the statutes is amended to read:

10 71.07 **(3w)** (b) *Filing claims; payroll.* (intro.) Subject to the limitations
11 provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., a claimant may
12 claim as a credit against the tax imposed under s. 71.02 or 71.08 an amount
13 calculated as follows:

14 **SECTION 1854.** 71.07 (3w) (b) 5. of the statutes is amended to read:

15 71.07 **(3w)** (b) 5. Multiply the amount determined under subd. 4. by the
16 percentage determined by ~~the department of commerce~~ under s. 238.399 or s.
17 560.799, 2009 stats., not to exceed 7 percent.

18 **SECTION 1855.** 71.07 (3w) (bm) 1. of the statutes is amended to read:

19 71.07 **(3w)** (bm) 1. In addition to the credits under par. (b) and subds. 2., 3., and
20 4., and subject to the limitations provided in this subsection and s. 238.399 or s.
21 560.799, 2009 stats., a claimant may claim as a credit against the tax imposed under
22 s. 71.02 or 71.08 an amount equal to a percentage, as determined ~~by the department~~
23 ~~of commerce~~ under s. 238.399 or s. 560.799, 2009 stats., not to exceed 100 percent,
24 of the amount the claimant paid in the taxable year to upgrade or improve the
25 job-related skills of any of the claimant's full-time employees, to train any of the

1 claimant's full-time employees on the use of job-related new technologies, or to
2 provide job-related training to any full-time employee whose employment with the
3 claimant represents the employee's first full-time job. This subdivision does not
4 apply to employees who do not work in an enterprise zone.

5 **SECTION 1856.** 71.07 (3w) (bm) 2. of the statutes is amended to read:

6 71.07 **(3w)** (bm) 2. In addition to the credits under par. (b) and subds. 1., 3., and
7 4., and subject to the limitations provided in this subsection and s. 238.399 or s.
8 560.799, 2009 stats., a claimant may claim as a credit against the tax imposed under
9 s. 71.02 or 71.08 an amount equal to the percentage, as determined ~~by the~~
10 ~~department of commerce~~ under s. 238.399 or s. 560.799, 2009 stats., not to exceed 7
11 percent, of the claimant's zone payroll paid in the taxable year to all of the claimant's
12 full-time employees whose annual wages are greater than $20,000 in a tier I county
13 or municipality, not including the wages paid to the employees determined under
14 par. (b) 1., or greater than $30,000 in a tier II county or municipality, not including
15 the wages paid to the employees determined under par. (b) 1., and who the claimant
16 employed in the enterprise zone in the taxable year, if the total number of such
17 employees is equal to or greater than the total number of such employees in the base
18 year. A claimant may claim a credit under this subdivision for no more than 5
19 consecutive taxable years.

20 **SECTION 1857.** 71.07 (3w) (bm) 3. of the statutes is amended to read:

21 71.07 **(3w)** (bm) 3. In addition to the credits under par. (b) and subds. 1., 2., and
22 4., and subject to the limitations provided in this subsection and s. 238.399 or s.
23 560.799, 2009 stats., for taxable years beginning after December 31, 2008, a claimant
24 may claim as a credit against the tax imposed under s. 71.02 or 71.08 up to 10 percent

of the claimant's significant capital expenditures, as determined ~~by the department of commerce~~ under s. 238.399 (5m) or s. 560.799 (5m), 2009 stats.

SECTION 1858. 71.07 (3w) (bm) 4. of the statutes is amended to read:

71.07 **(3w)** (bm) 4. In addition to the credits under par. (b) and subds. 1., 2., and 3., and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., for taxable years beginning after December 31, 2009, a claimant may claim as a credit against the tax imposed under s. 71.02 or 71.08, up to 1 percent of the amount that the claimant paid in the taxable year to purchase tangible personal property, items, property, or goods under s. 77.52 (1) (b), (c), or (d), or services from Wisconsin vendors, as determined ~~by the department of commerce~~ under s. 238.399 (5) (e) or s. 560.799 (5) (e), 2009 stats., except that the claimant may not claim the credit under this subdivision and subd. 3. for the same expenditures.

SECTION 1859. 71.07 (3w) (c) 3. of the statutes is amended to read:

71.07 **(3w)** (c) 3. No credit may be allowed under this subsection unless the claimant includes with the claimant's return a copy of the claimant's certification for tax benefits under s. 238.399 (5) or (5m) or s. 560.799 (5) or (5m), 2009 stats.

SECTION 1860. 71.07 (3w) (d) of the statutes is amended to read:

71.07 **(3w)** (d) *Administration.* Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection. Claimants shall include with their returns a copy of their certification for tax benefits, and a copy of the verification of their expenses, from the department of commerce or the Wisconsin Economic Development Corporation.

SECTION 1861. 71.07 (5b) (a) 2. of the statutes is amended to read:

71.07 **(5b)** (a) 2. "Fund manager" means an investment fund manager certified under s. 238.15 (2) or s. 560.205 (2), 2009 stats.

1 **SECTION 1862.** 71.07 (5b) (b) 1. of the statutes is amended to read:

2 71.07 **(5b)** (b) 1. For taxable years beginning after December 31, 2004, subject
3 to the limitations provided under this subsection and s. 238.15 or s. 560.205, 2009
4 stats., and except as provided in subd. 2., a claimant may claim as a credit against
5 the tax imposed under ss. 71.02 and 71.08, up to the amount of those taxes, 25 percent
6 of the claimant's investment paid to a fund manager that the fund manager invests
7 in a business certified under s. 238.15 (1) or s. 560.205 (1), 2009 stats.

8 **SECTION 1863.** 71.07 (5b) (b) 2. of the statutes is amended to read:

9 71.07 **(5b)** (b) 2. In the case of a partnership, limited liability company, or
10 tax-option corporation, the computation of the 25 percent limitation under subd. 1.
11 shall be determined at the entity level rather than the claimant level and may be
12 allocated among the claimants who make investments in the manner set forth in the
13 entity's organizational documents. The entity shall provide to the department of
14 revenue and to the department of commerce or the Wisconsin Economic
15 Development Corporation the names and tax identification numbers of the
16 claimants, the amounts of the credits allocated to the claimants, and the
17 computation of the allocations.

18 **SECTION 1864.** 71.07 (5b) (d) 3. of the statutes is amended to read:

19 71.07 **(5b)** (d) 3. For ~~calendar years beginning~~ investments made after
20 December 31, 2007, if an investment for which a claimant claims a credit under par.
21 (b) is held by the claimant for less than 3 years, the claimant shall pay to the
22 department, in the manner prescribed by the department, the amount of the credit
23 that the claimant received related to the investment.

24 **SECTION 1865.** 71.07 (5d) (a) 1. (intro.) of the statutes is amended to read:

71.07 **(5d)** (a) 1. (intro.) "Bona fide angel investment" means a purchase of an equity interest, or any other expenditure, as determined by rule under s. 238.15 or s. 560.205, 2009 stats., that is made by any of the following:

SECTION 1866. 71.07 (5d) (a) 2m. of the statutes is amended to read:

71.07 **(5d)** (a) 2m. "Person" means a partnership ~~or~~, limited liability company, or tax-option corporation that is a nonoperating entity, as determined by the department of commerce or the Wisconsin Economic Development Corporation, a natural person, or fiduciary.

SECTION 1867. 71.07 (5d) (a) 3. of the statutes is amended to read:

71.07 **(5d)** (a) 3. "Qualified new business venture" means a business that is certified under s. 238.15 (1) or s. 560.205 (1), 2009 stats.

SECTION 1868. 71.07 (5d) (b) (intro.) of the statutes is amended to read:

71.07 **(5d)** (b) *Filing claims.* (intro.) Subject to the limitations provided in this subsection and in s. 238.15 or s. 560.205, 2009 stats., a claimant may claim as a credit against the tax imposed under s. 71.02 or 71.08, up to the amount of those taxes, the following:

SECTION 1869. 71.07 (5d) (b) 1. of the statutes is amended to read:

71.07 **(5d)** (b) 1. For taxable years beginning before January 1, 2008, in each taxable year for 2 consecutive years, beginning with the taxable year as certified by the department of commerce or the Wisconsin Economic Development Corporation, an amount equal to 12.5 percent of the claimant's bona fide angel investment made directly in a qualified new business venture.

SECTION 1870. 71.07 (5d) (b) 2. of the statutes is amended to read:

71.07 **(5d)** (b) 2. For taxable years beginning after December 31, 2007, for the taxable year certified by the department of commerce or the Wisconsin Economic

Development Corporation, an amount equal to 25 percent of the claimant's bona fide angel investment made directly in a qualified new business venture.

SECTION 1871. 71.07 (5d) (c) 2. of the statutes is amended to read:

71.07 **(5d)** (c) 2. For taxable years beginning before January 1, 2008, the maximum amount of a claimant's investment that may be used as the basis for a credit under this subsection is $2,000,000 for each investment made directly in a business certified under s. 238.15 (1) or s. 560.205 (1), 2009 stats.

SECTION 1872. 71.07 (5d) (c) 3m. of the statutes is amended to read:

71.07 **(5d)** (c) 3m. Partnerships ~~and~~, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership ~~or~~, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners ~~or~~, members, or shareholders may claim and shall provide that information to each of them. Partners ~~and~~, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interest or as specially allocated in their organizational documents.

SECTION 1873. 71.07 (5d) (d) 1. of the statutes is amended to read:

71.07 **(5d)** (d) 1. For ~~calendar years beginning~~ investments made after December 31, 2007, if an investment for which a claimant claims a credit under par. (b) is held by the claimant for less than 3 years, the claimant shall pay to the department, in the manner prescribed by the department, the amount of the credit that the claimant received related to the investment.

SECTION 1874. 71.07 (5f) (a) 1. (intro.) of the statutes is amended to read:

71.07 **(5f)** (a) 1. (intro.) "Accredited production" means a film, video, broadcast advertisement, or television production, as approved by the department of commerce or the department of tourism, for which the aggregate salary and wages included in the cost of the production for the period ending 12 months after the month in which the principal filming or taping of the production begins exceeds $50,000. "Accredited production" also means an electronic game, as approved by the department of commerce or the department of tourism, for which the aggregate salary and wages included in the cost of the production for the period ending 36 months after the month in which the principal programming, filming, or taping of the production begins exceeds $100,000. "Accredited production" does not include any of the following, regardless of the production costs:

SECTION 1875. 71.07 (5f) (a) 3. of the statutes is amended to read:

71.07 **(5f)** (a) 3. "Production expenditures" means any expenditures that are incurred in this state and directly used to produce an accredited production, including expenditures for set construction and operation, wardrobes, make-up, clothing accessories, photography, sound recording, sound synchronization, sound mixing, lighting, editing, film processing, film transferring, special effects, visual effects, renting or leasing facilities or equipment, renting or leasing motor vehicles, food, lodging, and any other similar expenditure as determined by the department of commerce or the department of tourism. "Production expenditures" do not include salary, wages, or labor-related contract payments.

SECTION 1876. 71.07 (5f) (c) 6. of the statutes is amended to read:

71.07 **(5f)** (c) 6. No credit may be allowed under this subsection unless the claimant files an application with the department of commerce or the department of tourism, at the time and in the manner prescribed by the department of commerce

1 or the department of tourism, and the department of commerce or the department
2 of tourism approves the application. The claimant shall submit a fee with the
3 application in an amount equal to 2 percent of the claimant's budgeted production
4 expenditures or to $5,000, whichever is less. The claimant shall submit a copy of the
5 approved application with the claimant's return.

6 **SECTION 1877.** 71.07 (5h) (c) 4. of the statutes is amended to read:

7 71.07 **(5h)** (c) 4. No claim may be allowed under this subsection unless the
8 department of commerce or the department of tourism certifies, in writing, that the
9 credits claimed under this subsection are for expenses related to establishing or
10 operating a film production company in this state and the claimant submits a copy
11 of the certification with the claimant's return.

12 **SECTION 1878.** 71.07 (5i) (c) 1. of the statutes is amended to read:

13 71.07 **(5i)** (c) 1. The maximum amount of the credits that may be claimed under
14 this subsection and ss. 71.28 (5i) and 71.47 (5i) in a taxable year is $10,000,000, as
15 allocated under s. 238.14 or s. 560.204, 2009 stats.

16 **SECTION 1879.** 71.07 (5j) (a) 2d. of the statutes is amended to read:

17 71.07 **(5j)** (a) 2d. "Diesel replacement renewable fuel" includes biodiesel and
18 any other fuel derived from a renewable resource that meets all of the applicable
19 requirements of the American Society for Testing and Materials for that fuel and that
20 the department of commerce or the department of safety and professional services
21 designates by rule as a diesel replacement renewable fuel.

22 **SECTION 1880.** 71.07 (5j) (a) 2m. of the statutes is amended to read:

23 71.07 **(5j)** (a) 2m. "Gasoline replacement renewable fuel" includes ethanol and
24 any other fuel derived from a renewable resource that meets all of the applicable
25 requirements of the American Society for Testing and Materials for that fuel and that

1 the department of commerce or the department of safety and professional services
2 designates by rule as a gasoline replacement renewable fuel.

3 **SECTION 1881.** 71.07 (5j) (c) 3. of the statutes is amended to read:

4 71.07 **(5j)** (c) 3. The department of commerce or the department of safety and
5 professional services shall establish standards to adequately prevent, in the
6 distribution of conventional fuel to an end user, the inadvertent distribution of fuel
7 containing a higher percentage of renewable fuel than the maximum percentage
8 established by the federal environmental protection agency for use in
9 conventionally-fueled engines.

10 **SECTION 1882.** 71.07 (5r) (a) 6. a. of the statutes is amended to read:

11 71.07 **(5r)** (a) 6. a. A University of Wisconsin System institution, the University
12 of Wisconsin-Madison, a technical college system institution, or a regionally
13 accredited 4-year nonprofit college or university having its regional headquarters
14 and principal place of business in this state.

15 **SECTION 1883.** 71.07 (9e) (af) (intro.) of the statutes is amended to read:

16 71.07 **(9e)** (af) (intro.) For taxable years beginning after December 31, 1995,
17 and before January 1, 2011, any natural person may credit against the tax imposed
18 under s. 71.02 an amount equal to one of the following percentages of the federal
19 basic earned income credit for which the person is eligible for the taxable year under
20 section 32 (b) (1) (A) to (C) of the ~~internal revenue code~~ Internal Revenue Code:

21 **SECTION 1884.** 71.07 (9e) (aj) of the statutes is created to read:

22 71.07 **(9e)** (aj) For taxable years beginning after December 31, 2010, an
23 individual may credit against the tax imposed under s. 71.02 an amount equal to one
24 of the following percentages of the federal basic earned income credit for which the

1 person is eligible for the taxable year under section 32 (b) (1) (A) to (C) of the Internal
2 Revenue Code:

3 1. If the person has one qualifying child who has the same principal place of
4 abode as the person, 5 percent.

5 2. If the person has 2 qualifying children who have the same principal place of
6 abode as the person, 8 percent.

7 3. If the person has 3 or more qualifying children who have the same principal
8 place of abode as the person, 40 percent.

9 **SECTION 1885.** 71.10 (3) (title) of the statutes is amended to read:

10 71.10 **(3)** (title) CAMPAIGN ~~FUND~~ FUNDS, BEFORE 2012.

11 **SECTION 1886.** 71.10 (3) (c) of the statutes is created to read:

12 71.10 **(3)** (c) This subsection does not apply to a taxable year that begins after
13 December 31, 2011.

14 **SECTION 1887.** 71.10 (3e) of the statutes is created to read:

15 71.10 **(3e)** CAMPAIGN FUNDS, AFTER 2011. (a) *Definition.* In this subsection,
16 "department" means the department of revenue.

17 (b) *Voluntary payments.* 1. 'Designation on return.' Every individual filing an
18 income tax return who has a tax liability or is entitled to a tax refund may designate
19 on the return $3 of additional payment or $3 of a refund due that individual for the
20 Wisconsin election campaign fund and the democracy trust fund for the use of eligible
21 candidates under ss. 11.50 to 11.522. If the individuals filing a joint return have a
22 tax liability or are entitled to a tax refund, each individual may make a designation
23 of $3 under this subsection.

24 2. 'Designation added to tax owed.' If the individual owes any tax, the
25 individual shall remit in full the tax due and the amount designated on the return

1 for the Wisconsin election campaign fund and the democracy trust fund when the
2 individual files a tax return.

3 3. 'Designation deducted from refund.' Except as provided under par. (d), if the
4 individual is owed a refund for that year after crediting under ss. 71.75 (9) and 71.80
5 (3) and (3m), the department shall deduct the amount designated on the return for
6 the Wisconsin election campaign fund and the democracy trust fund from the amount
7 of the refund.

8 (c) *Errors; failure to remit correct amount.* If an individual who owes taxes fails
9 to remit an amount equal to or in excess of the total of the actual tax due, after error
10 corrections, and the amount designated on the return for the Wisconsin election
11 campaign fund and the democracy trust fund:

12 1. The department shall reduce the designation for the Wisconsin election
13 campaign fund and the democracy trust fund to reflect the amount remitted in excess
14 of the actual tax due, after error corrections, if the individual remitted an amount
15 in excess of the actual tax due, after error corrections, but less than the total of the
16 actual tax due, after error corrections, and the amount originally designated on the
17 return for the Wisconsin election campaign fund and the democracy trust fund.

18 2. The designation for the Wisconsin election campaign fund and the
19 democracy trust fund is void if the individual remitted an amount equal to or less
20 than the actual tax due, after error corrections.

21 (d) *Errors; insufficient refund.* If an individual who is owed a refund which does
22 not equal or exceed the amount designated on the return for the Wisconsin election
23 campaign fund and the democracy trust fund, after crediting under ss. 71.75 (9) and
24 71.80 (3) and (3m) and after error corrections, the department shall reduce the
25 designation for the Wisconsin election campaign fund and the democracy trust fund

1 to reflect the actual amount of the refund the individual is otherwise owed, after
2 crediting under ss. 71.75 (9) and 71.80 (3) and (3m) and after error corrections.
3 (e) *Conditions.* If an individual places any conditions on a designation for the
4 Wisconsin election campaign fund or the democracy trust fund, the designation is
5 void.
6 (f) *Void designation.* If a designation for the Wisconsin election campaign fund
7 and the democracy trust fund is void, the department shall disregard the designation
8 and determine amounts due, owed, refunded, and received without regard to the void
9 designation.
10 (g) *Tax return.* The secretary of revenue shall provide a place for the
11 designations under this subsection on the individual income tax return and, on forms
12 printed by the department, the secretary shall highlight that place on the return by
13 a symbol chosen by the government accountability board that relates to the
14 Wisconsin election campaign fund and the democracy trust fund.
15 (h) *Certification of amounts.* Annually, on or before August 15, the secretary
16 of revenue shall certify to the government accountability board, the department of
17 administration and the state treasurer all of the following:
18 1. The total amount of the administrative costs, including data processing
19 costs, incurred by the department in administering this subsection during the
20 previous fiscal year.
21 2. The total amount received from all designations for the Wisconsin election
22 campaign fund and the democracy trust fund made by taxpayers during the previous
23 fiscal year.

1 3. The net amount remaining after the administrative costs, including data
2 processing costs, under subd. 1. are subtracted from the total received under subd.
3 2.

4 (i) *Confidentiality.* The names of persons making designations under this
5 subsection shall be strictly confidential.

6 (j) *Appropriations.* From the moneys received from designations for the
7 Wisconsin election campaign fund and the democracy trust fund, an amount equal
8 to the sum of administrative expenses, including data processing costs, certified
9 under par. (h) 1. shall be deposited in the general fund and credited to the
10 appropriation under s. 20.566 (1) (hp), and two-thirds of the net amount remaining
11 certified under par. (h) 3. shall be deposited in the democracy trust fund and
12 one-third of the net amount remaining certified under par. (h) 3. shall be deposited
13 in the Wisconsin election campaign fund.

14 (k) *Amounts subject to refund.* Amounts designated for the Wisconsin election
15 campaign fund and the democracy trust fund under this subsection are not subject
16 to refund to the taxpayer unless the taxpayer submits information to the satisfaction
17 of the department, within 18 months after the date taxes are due or the date the
18 return is filed, whichever is later, that the amount designated is clearly in error. Any
19 refund granted by the department under this paragraph shall be deducted from the
20 moneys received under this subsection in the fiscal year that the refund is certified.

21 (L) *Initial applicability.* This subsection first applies to taxable years
22 beginning after December 31, 2011.

23 **SECTION 1888.** 71.10 (5f) (i) of the statutes is amended to read:

24 71.10 **(5f)** (i) *Appropriations* <u>*and payment*</u>. From the moneys received from
25 designations for the breast cancer research program, an amount equal to the sum of

administrative expenses, including data processing costs, certified under par. (h) 1. shall be deposited in the general fund and credited to the appropriation account under s. 20.566 (1) (hp), and, of the net amount remaining that is certified under par. (h) 3., an amount equal to 50 percent shall be credited to the appropriation account under s. 20.250 (2) (g) and an amount equal to 50 percent shall be ~~credited to the appropriation account under s. 20.285 (1) (gm)~~ paid to the University of Wisconsin-Madison for breast cancer research conducted by the University of Wisconsin Carbone Cancer Center.

SECTION 1889. 71.10 (5h) (i) of the statutes is amended to read:

71.10 **(5h)** (i) *Appropriations~~, disbursement of funds to the fund~~ and payment*. From the moneys received from designations for the prostate cancer research program, an amount equal to the sum of administrative expenses, including data processing costs, certified under par. (h) 1. shall be deposited in the general fund and credited to the appropriation account under s. 20.566 (1) (hp), and of the net amount remaining that is certified under par. (h) 3. an amount equal to 50 percent shall be credited to the appropriation ~~accounts~~ account under ~~ss.~~ s. 20.250 (2) (h) and ~~20.285 (1) (gn)~~ and amount equal to 50 percent shall be paid to the University of Wisconsin-Madison, for the use specified under s. 255.054 (1).

SECTION 1890. 71.22 (4) (um) of the statutes is amended to read:

71.22 **(4)** (um) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34 (1g), and 71.42 (2), "Internal Revenue Code," for taxable years that begin after December 31, 2008, means the federal Internal Revenue Code as amended to December 31, 2008, excluding sections 103, 104, and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3, 4, and 5 of P.L.

106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L. 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of P.L. 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, sections 101, 102, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301 of P.L. 109-73, sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, sections 101, 207, 209, 503, and 513 of P.L. 109-222, ~~section 844 of P.L. 109-280,~~ P.L. 109-432, P.L. 110-28, P.L. 110-140, P.L. 110-141, P.L. 110-142, P.L. 110-166, P.L. 110-172, P.L. 110-185, P.L. 110-234, sections 110, 113, and 301 of P.L. 110-245, P.L. 110-246, except section 15316 of P.L. 110-246, P.L. 110-289, P.L. 110-317, P.L. 110-343, except section 301 of division B and section 313 of division C of P.L. 110-343, and P.L. 110-351, and as amended by sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, and sections 2111, 2112, and 2113 of P.L. 111-240, and as indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of

P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a) of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 102, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-59, excluding section 11146 of P.L. 109-59, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding sections 101, 207, 209, 503, and 513 of P.L. 109-222, P.L. 109-227, P.L. 109-280, ~~excluding section 844 of P.L. 109-280,~~ P.L. 110-245, excluding sections 110, 113, and 301 of P.L. 110-245, ~~and~~ section 15316 of P.L. 110-246, section 301 of division B and section 313 of division C of P.L. 110-343, P.L. 110-458, sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, and sections 2111, 2112, and 2113 of P.L. 111-240. The Internal Revenue Code applies for Wisconsin purposes at the same time as for federal purposes. Amendments to the federal Internal Revenue Code enacted after December 31, 2008, do not apply to this paragraph with respect to taxable years beginning after December 31, 2008, except that changes to the Internal Revenue Code made by sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, and sections 2111, 2112, and 2113 of P.L. 111-240, and changes that indirectly affect the provisions applicable to this subchapter made by

sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, and sections 2111, 2112, and 2113 of P.L. 111-240, apply for Wisconsin purposes at the same time as for federal purposes.

SECTION 1891. 71.22 (4m) (sm) of the statutes is amended to read:

71.22 **(4m)** (sm) For taxable years that begin after December 31, 2008, "Internal Revenue Code," for corporations that are subject to a tax on unrelated business income under s. 71.26 (1) (a), means the federal Internal Revenue Code as amended to December 31, 2008, excluding sections 103, 104, and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3, 4, and 5 of P.L. 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L. 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of P.L. 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, sections 101, 102, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301 of P.L. 109-73, sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, sections 101, 207, 209, 503, and 513 of P.L. 109-222, ~~section 844 of P.L. 109-280,~~ P.L. 109-432, P.L. 110-28, P.L. 110-140, P.L. 110-141, P.L. 110-142, P.L. 110-166, P.L. 110-172, P.L. 110-185, P.L. 110-234, sections 110, 113, and 301 of P.L. 110-245, P.L. 110-246, except section 15316 of P.L. 110-246, P.L. 110-289, P.L. 110-317, P.L. 110-343, except section 301 of division B and section 313 of division C of P.L. 110-343, and P.L. 110-351, and as amended by sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, and sections 2111, 2112, and 2113 of P.L. 111-240, and as indirectly

affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a) of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 102, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-59, excluding section 11146 of P.L. 109-59, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding sections 101, 207, 209, 503, and 513 of P.L. 109-222, P.L. 109-227, and P.L. 109-280, ~~excluding section 844 of P.L. 109-280,~~ P.L. 110-245, excluding sections 110, 113, and 301 of P.L. 110-245, ~~and~~ section 15316 of P.L. 110-246, section 301 of division B and section 313 of division C of P.L. 110-343, P.L. 110-458, sections 1401, 1402, 1521, 1522, and 1531

of division B of P.L. 111-5, section 301 of P.L. 111-147, and sections 2111, 2112, and 2113 of P.L. 111-240,. The Internal Revenue Code applies for Wisconsin purposes at the same time as for federal purposes. Amendments to the Internal Revenue Code enacted after December 31, 2008, do not apply to this paragraph with respect to taxable years beginning after December 31, 2008, except that changes to the Internal Revenue Code made by sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, and sections 2111, 2112, and 2113 of P.L. 111-240, and changes that indirectly affect the provisions applicable to this subchapter made by sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, and sections 2111, 2112, and 2113 of P.L. 111-240, apply for Wisconsin purposes at the same time as for federal purposes.

SECTION 1892. 71.255 (2m) (d) of the statutes is amended to read:

71.255 **(2m)** (d) The department ~~shall~~ may not disregard the tax effect of an election under this subsection, or disallow the election, with respect to any controlled group member or members for any year of the election period~~, if the department determines that the election has the effect of tax avoidance~~.

SECTION 1893. 71.255 (6) (a) of the statutes is amended to read:

71.255 **(6)** (a) Except as provided in pars. (b) ~~and~~, (c), and (d), no tax credit, Wisconsin net business loss carry-forward, or other post-apportionment deduction earned by one member of the combined group, but not fully used by or allowed to that member, may be used in whole or in part by another member of the combined group or applied in whole or in part against the total income of the combined group. A member of a combined group may use a carry-forward of a credit, Wisconsin net business loss carry-forward, or other post-apportionment deduction otherwise

allowable under s. 71.26 or 71.45, that was incurred by that same member in a taxable year beginning before January 1, 2009.

SECTION 1894. 71.255 (6) (d) of the statutes is created to read:

71.255 **(6)** (d) 1. Starting with the first taxable year beginning after December 31, 2011, and for each of the 20 subsequent taxable years, and subject to the limitations provided under s. 71.26 (3) (n), for each taxable year that a corporation that is a member of a combined group has net business loss carry-forward as computed under s. 71.26 (4) or 71.45 (4) from a taxable year beginning prior to January 1, 2009, the corporation may, after using such net business loss carry-forward to offset its own income for the taxable year, use up to 5 percent of the remaining net business loss carry-forward to offset the income of all other members of the combined group on a proportionate basis, to the extent such income is attributable to the unitary business. If the full 5 percent of such net business loss carry-forward cannot be fully used to offset the income of all other members of the combined group, the remainder may be added to the portion that may offset the income of all other members of the combined group in the subsequent year.

2. Unless otherwise provided by the department by rule, if the corporation may no longer be included in the combined group, as determined under this section, the corporation's net business loss carry-forward shall be available only to that corporation.

3. The department shall promulgate rules to administer this paragraph.

SECTION 1895. 71.26 (1) (be) of the statutes, as affected by 2011 Wisconsin Act 7, is amended to read:

71.26 **(1)** (be) *Certain authorities.* Income of the University of Wisconsin Hospitals and Clinics Authority, <u>of the University of Wisconsin-Madison,</u> of the

1 Health Insurance Risk-Sharing Plan Authority, of the Wisconsin Quality Home
2 Care Authority, of the Fox River Navigational System Authority, of the Wisconsin
3 Economic Development Corporation, and of the Wisconsin Aerospace Authority.

4 **SECTION 1896.** 71.26 (1m) (L) of the statutes is created to read:

5 71.26 **(1m)** (L) Those issued under s. 231.03 (6), if the bonds or notes are issued
6 to a person who is eligible to receive bonds or notes from another issuer for the same
7 purpose for which the person is issued bonds or notes under s. 231.03 (6) and the
8 interest income received from the other bonds or notes is exempt from taxation under
9 this subchapter.

10 **SECTION 1897.** 71.26 (2) (b) 22. of the statutes is amended to read:

11 71.26 **(2)** (b) 22. For taxable years that begin after December 31, 2008, for a
12 corporation, conduit, or common law trust which qualifies as a regulated investment
13 company, real estate mortgage investment conduit, real estate investment trust, or
14 financial asset securitization investment trust under the Internal Revenue Code as
15 amended to December 31, 2008, excluding sections 103, 104, and 110 of P.L. 102-227,
16 sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, sections
17 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3, 4, and
18 5 of P.L. 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of
19 P.L. 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of
20 P.L. 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403 (a) of
21 P.L. 108-311, sections 101, 102, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910
22 of P.L. 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326,
23 1328, 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301
24 of P.L. 109-73, sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403
25 (e), (j), and (q), and 405 of P.L. 109-135, sections 101, 207, 209, 503, and 513 of P.L.

109-222, ~~section 844 of P.L. 109-280,~~ P.L. 109-432, P.L. 110-28, P.L. 110-140, P.L. 110-141, P.L. 110-142, P.L. 110-166, P.L. 110-172, P.L. 110-185, P.L. 110-234, sections 110, 113, and 301 of P.L. 110-245, P.L. 110-246, except section 15316 of P.L. 110-246, P.L. 110-289, P.L. 110-317, P.L. 110-343, except section 301 of division B and section 313 of division C of P.L. 110-343, and P.L. 110-351, and as amended by sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, and sections 2111, 2112, and 2113 of P.L. 111-240, and as indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a) of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 102, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 108-375, P.L. 108-476, P.L. 109-7, P.L. 109-58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, P.L. 109-59, excluding section 11146 of P.L.

109-59, P.L. 109-73, excluding section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, P.L. 109-151, P.L. 109-222, excluding sections 101, 207, 209, 503, and 513 of P.L. 109-222, P.L. 109-227, P.L. 109-280, ~~excluding section 844 of P.L. 109-280,~~ P.L. 110-245, excluding sections 110, 113, and 301 of P.L. 110-245, ~~and~~ section 15316 of P.L. 110-246, section 301 of division B and section 313 of division C of P.L. 110-343, P.L. 110-458, sections 1401, 1402, 1521, 1522, and 1531 of division B of P.L. 111-5, section 301 of P.L. 111-147, and sections 2111, 2112, and 2113 of P.L. 111-240, "net income" means the federal regulated investment company taxable income, federal real estate mortgage investment conduit taxable income, federal real estate investment trust or financial asset securitization investment trust taxable income of the corporation, conduit, or trust as determined under the Internal Revenue Code as amended to December 31, 2008, excluding sections 103, 104, and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, sections 1, 3, 4, and 5 of P.L. 106-519, sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L. 107-16, sections 101 and 301 (a) of P.L. 107-147, sections 106, 201, and 202 of P.L. 108-27, section 1201 of P.L. 108-173, sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, sections 101, 102, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108-357, P.L. 109-1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109-58, section 11146 of P.L. 109-59, section 301 of P.L. 109-73, sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109-135, sections 101, 207, 209, 503, and 513 of P.L. 109-222, ~~section 844 of P.L. 109-280,~~ P.L. 109-432, P.L. 110-28, P.L. 110-140, P.L. 110-141, P.L. 110-142, P.L. 110-166, P.L. 110-172, P.L. 110-185,