



State of Wisconsin

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STEPHEN R. MILLER
CHIEF

December 13, 2011

MEMORANDUM

To: Senator Harsdorf

From: Joseph T. Kreye, Sr. Legislative Attorney, (608) 266-2263

Subject: Technical Memorandum to **2011 SB 260** (LRB-3056/1) by **DOR**

We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

November 2, 2011

TO: Joseph Kreye
Legislative Reference Bureau

FROM: John Koskinen
Michael Oakleaf
Department of Revenue

SUBJECT: Technical Memorandum on SB 260 (LRB 3056/1) -- Claiming the Dairy Cooperative Manufacturing Facility Investment Credit

The Department has the following technical concerns with the above-referenced bill:

- The dairy cooperative must compute the credit for the year in which the expenses were paid and report the credit to the members. The member must then include the credit in income for the year in which the credit is computed (sec. 71.05(6)(a)15). Under this bill, the member would still be required to include the amount of credit in income for the year computed. The member would pay tax on the income of the credit in one year, but then would wait a year to use the credit to offset taxes in the following year. Is this the author's intent?
- A member of a dairy cooperative may claim the credit for taxable years beginning after December 31, 2008, and before January 1, 2017. If a cooperative computed the credit for 2016, the election to claim the credit in 2017 could not apply as the credit can only be claimed for taxable years beginning in 2016.
- Rather than claiming the credit in the following year as allowed under the bill, thus delaying the receipt of the benefit of the credit to the member for up to a year, the member could extend the due date and file the return any time within the six-month period following the April 15 deadline.

If you have any questions regarding this technical memorandum, please contact Michael Oakleaf at 261-5173 or via email at Michael.oakleaf@revenue.wi.gov.

cc: Sen. Harsdorf