



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-1666/1
JK:kjf

2017 SENATE BILL 106

March 9, 2017 - Introduced by Senator SHILLING, cosponsored by Representatives DOYLE, POPE, SARGENT, CONSIDINE, CROWLEY, BILLINGS and SINICKI. Referred to Committee on Revenue, Financial Institutions and Rural Issues.

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.21 (4) (a), 71.26 (2) (a) 4., 71.34 (1k) (g) and
2 71.45 (2) (a) 10.; and **to create** 71.07 (8b), 71.10 (4) (cs), 71.28 (8b), 71.30 (3) (cs),
3 71.47 (8b) and 71.49 (1) (cs) of the statutes; **relating to:** an income and
4 franchise tax credit for businesses that recycle mattresses.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit for a business that recycles mattresses in this state. The credit is equal to 10 percent of the amount a business pays in the taxable year for machinery and equipment used exclusively to recycle mattresses. If the amount of the credit exceeds the claimant's tax liability, the claimant does not receive a refund, but may claim the amount of the unused credit in subsequent taxable years.

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

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

5 **SECTION 1.** 71.05 (6) (a) 15. of the statutes is amended to read:
6 71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the
7 credits computed under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),

SENATE BILL 106**SECTION 1**

1 (3rm), (3rn), (3s), (3t), (3w), (3y), (4k), (4n), (5e), (5f), (5h), (5i), (5j), (5k), (5r), (5rm),
2 (6n), (8b), and (8r) and not passed through by a partnership, limited liability
3 company, or tax-option corporation that has added that amount to the partnership's,
4 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

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

6 71.07 **(8b)** MATTRESS RECYCLING CREDIT. (a) *Definitions.* In this subsection:

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

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

10 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
11 taxable years beginning after December 31, 2016, a claimant may claim as a credit
12 against the taxes imposed under s. 71.02, up to the amount of the tax, an amount
13 equal to 10 percent of the amount the claimant paid in the taxable year for machinery
14 and equipment used exclusively to recycle mattresses, if the claimant is engaged in
15 the business of recycling mattresses in this state.

16 (c) *Limitations.* Partnerships, limited liability companies, and tax-option
17 corporations may not claim the credit under this subsection, but the eligibility for,
18 and the amount of, the credit are based on their payment of amounts under par. (b).
19 A partnership, limited liability company, or tax-option corporation shall compute
20 the amount of credit that each of its partners, members, or shareholders may claim
21 and shall provide that information to each of them. Partners, members of limited
22 liability companies, and shareholders of tax-option corporations may claim the
23 credit in proportion to their ownership interests.

24 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
25 s. 71.28 (4), applies to the credit under this subsection.

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1 **SECTION 3.** 71.10 (4) (cs) of the statutes is created to read:

2 71.10 (4) (cs) Mattress recycling credit under s. 71.07 (8b).

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

4 71.21 (4) (a) The amount of the credits computed by a partnership under s.
5 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w),
6 (3y), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8b), and (8r) and
7 passed through to partners shall be added to the partnership's income.

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

9 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dm),
10 (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h),
11 (5i), (5j), (5k), (5r), (5rm), (6n), (8b), (8r), and (9s) and not passed through by a
12 partnership, limited liability company, or tax-option corporation that has added that
13 amount to the partnership's, limited liability company's, or tax-option corporation's
14 income under s. 71.21 (4) or 71.34 (1k) (g).

15 **SECTION 6.** 71.28 (8b) of the statutes is created to read:

16 71.28 (8b) MATTRESS RECYCLING CREDIT. (a) *Definitions.* In this subsection:

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

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

20 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
21 taxable years beginning after December 31, 2016, a claimant may claim as a credit
22 against the taxes imposed under s. 71.23, up to the amount of the tax, an amount
23 equal to 10 percent of the amount the claimant paid in the taxable year for machinery
24 and equipment used exclusively to recycle mattresses, if the claimant is engaged in
25 the business of recycling mattresses in this state.

SENATE BILL 106**SECTION 6**

1 (c) *Limitations.* Partnerships, limited liability companies, and tax-option
2 corporations may not claim the credit under this subsection, but the eligibility for,
3 and the amount of, the credit are based on their payment of amounts under par. (b).
4 A partnership, limited liability company, or tax-option corporation shall compute
5 the amount of credit that each of its partners, members, or shareholders may claim
6 and shall provide that information to each of them. Partners, members of limited
7 liability companies, and shareholders of tax-option corporations may claim the
8 credit in proportion to their ownership interests.

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

11 **SECTION 7.** 71.30 (3) (cs) of the statutes is created to read:

12 71.30 (3) (cs) Mattress recycling credit under s. 71.28 (8b).

13 **SECTION 8.** 71.34 (1k) (g) of the statutes is amended to read:

14 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
15 corporation under s. 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3p), (3q), (3r),
16 (3rm), (3rn), (3t), (3w), (3y), (4), (5), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n),
17 (8b), and (8r) and passed through to shareholders.

18 **SECTION 9.** 71.45 (2) (a) 10. of the statutes is amended to read:

19 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
20 computed under s. 71.47 (1dm) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
21 (3w), (3y), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), (8b), and (9s) and
22 not passed through by a partnership, limited liability company, or tax-option
23 corporation that has added that amount to the partnership's, limited liability
24 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and
25 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

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1 **SECTION 10.** 71.47 (8b) of the statutes is created to read:

2 71.47 **(8b)** MATTRESS RECYCLING CREDIT. (a) *Definitions*. In this subsection:

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

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

6 (b) *Filing claims*. Subject to the limitations provided in this subsection, for
7 taxable years beginning after December 31, 2016, a claimant may claim as a credit
8 against the taxes imposed under s. 71.43, up to the amount of the tax, an amount
9 equal to 10 percent of the amount the claimant paid in the taxable year for machinery
10 and equipment used exclusively to recycle mattresses, if the claimant is engaged in
11 the business of recycling mattresses in this state.

12 (c) *Limitations*. 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, the credit are based on their payment of amounts under par. (b).
15 A partnership, limited liability company, or tax-option corporation shall compute
16 the amount of credit that each of its partners, members, or shareholders may claim
17 and shall provide that information to each of them. Partners, members of limited
18 liability companies, and shareholders of tax-option corporations may claim the
19 credit in proportion to their ownership interests.

20 (d) *Administration*. Section 71.28 (4) (e) to (h), as it applies to the credit under
21 s. 71.28 (4), applies to the credit under this subsection.

22 **SECTION 11.** 71.49 (1) (cs) of the statutes is created to read:

23 71.49 **(1)** (cs) Mattress recycling credit under s. 71.47 (8b).

24

(END)