



1995 SENATE BILL 200

May 16, 1995 - Introduced by Senators LEEAN, ELLIS and RUDE, by request of Governor Tommy G. Thompson. Referred to Committee on State Government Operations and Corrections.

1 **AN ACT to repeal** 71.07 (2dj) (e) 3. b., 71.28 (1dj) (e) 3. b. and 71.47 (1dj) (e) 3. b.;

2 **to renumber and amend** 71.07 (2dj) (e) 3. a., 71.28 (1dj) (e) 3. a. and 71.47 (1dj)

3 (e) 3. a.; and **to amend** 71.07 (2di) (d) 2., 71.07 (2ds) (d) 2., 71.28 (1di) (d) 2.,

4 71.28 (1ds) (d) 2., 71.28 (4) (am), 71.47 (1di) (d) 2., 71.47 (1ds) (d) 2., 71.47 (4)

5 (am) and 71.78 (4) (m) of the statutes; **relating to:** the development zones tax

6 credits.

Analysis by the Legislative Reference Bureau

Under current law, persons who claim one of the development zones income tax or franchise tax credits are required to submit certain specific information with their tax returns. Under this bill, they are required to verify that their activities substantially correspond to the information that they submitted to obtain certification for the credits.

Under current law, claimants of the additional research income tax or franchise tax credit are required to submit a statement from the department of development (DOD) that verifies certain specific information. This bill requires the same verification from DOD that applies to the development zones credits.

This bill allows employees of local units of government that have development zones access to income tax and franchise tax information to the extent that it is necessary for them to assist DOD to administer the development zones program.

For further information see the *state and local* 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:

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

2 71.07 (**2di**) (d) 2. A statement from the department of development verifying
3 ~~the purchase price of the investment and verifying that the investment fulfills the~~
4 ~~requirements under par. (a) that the claimant's activities substantially correspond~~
5 ~~to the information upon which the department of development relied to certify the~~
6 ~~claimant under s. 560.765 (3).~~

7 **SECTION 2.** 71.07 (2dj) (e) 3. a. of the statutes is renumbered 71.07 (2dj) (e) 3.
8 and amended to read:

9 71.07 (**2dj**) (e) 3. ~~If certified under s. 560.765 (3) for tax benefits before January~~
10 ~~1, 1992, a A statement from the department of development verifying the amount of~~
11 ~~qualifying wages and verifying that the employes were hired for work only in a~~
12 ~~development zone or are mobile employes whose base of operations is in a~~
13 ~~development zone that the claimant's activities substantially correspond to the~~
14 ~~information upon which the department of development relied to certify the claimant~~
15 ~~under s. 560.765 (3).~~

16 **SECTION 3.** 71.07 (2dj) (e) 3. b. of the statutes is repealed.

17 **SECTION 4.** 71.07 (2ds) (d) 2. of the statutes is amended to read:

18 71.07 (**2ds**) (d) 2. A statement from the department of development verifying
19 ~~the amount of taxes paid under subchs. III and V of ch. 77 for eligible property by the~~
20 ~~claimant that the claimant's activities substantially correspond to the information~~
21 ~~upon which the department of development relied to certify the claimant under s.~~
22 ~~560.765 (3).~~

23 **SECTION 5.** 71.28 (1di) (d) 2. of the statutes is amended to read:

24 71.28 (**1di**) (d) 2. A statement from the department of development verifying
25 ~~the purchase price of the investment and verifying that the investment fulfills the~~

1 requirements under par. (a) that the claimant's activities substantially correspond
2 to the information upon which the department of development relied to certify the
3 claimant under s. 560.765 (3).

4 **SECTION 6.** 71.28 (1dj) (e) 3. a. of the statutes is renumbered 71.28 (1dj) (e) 3.
5 and amended to read:

6 71.28 (1dj) (e) 3. ~~If certified under s. 560.765 (3) for tax benefits before January~~
7 ~~1, 1992, a~~ A statement from the department of development verifying the amount of
8 ~~qualifying wages and verifying that the employes were hired for work only in a~~
9 ~~development zone or are mobile employes whose base of operations is in a~~
10 ~~development zone~~ that the claimant's activities substantially correspond to the
11 information upon which the department of development relied to certify the claimant
12 under s. 560.765 (3).

13 **SECTION 7.** 71.28 (1dj) (e) 3. b. of the statutes is repealed.

14 **SECTION 8.** 71.28 (1ds) (d) 2. of the statutes is amended to read:

15 71.28 (1ds) (d) 2. A statement from the department of development verifying
16 ~~the amount of taxes paid under subchs. III and V of ch. 77 for eligible property by the~~
17 ~~claimant~~ that the claimant's activities substantially correspond to the information
18 upon which the department of development relied to certify the claimant under s.
19 560.765 (3).

20 **SECTION 9.** 71.28 (4) (am) of the statutes is amended to read:

21 71.28 (4) (am) *Development zone additional research credit.* 1. In addition to
22 the credit under par. (a), any corporation may credit against taxes otherwise due
23 under this chapter an amount equal to 5% of the amount obtained by subtracting
24 from the corporation's qualified research expenses, as defined in section 41 of the
25 internal revenue code, except that "qualified research expenses" include only

1 expenses incurred by the claimant in a development zone under subch. VI of ch. 560
2 and except that “qualified research expenses” do not include compensation used in
3 computing the credit under sub. (1dj) nor research expenses incurred before the
4 claimant is certified for tax benefits under s. 560.765 (3), the corporation’s base
5 amount, as defined in section 41 (c) of the internal revenue code, in a development
6 zone, except that gross receipts used in calculating the base amount means gross
7 receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2. and (d)
8 and research expenses used in calculating the base amount include research
9 expenses incurred before the claimant is certified for tax benefits under s. 560.765
10 (3), in a development zone, if the claimant submits with the claimant’s return a copy
11 of the claimant’s certification for tax benefits under s. 560.765 (3) and a statement
12 from the department of development verifying the claimant’s qualified research
13 ~~expenses for research conducted exclusively in a development zone~~ that the
14 claimant’s activities substantially correspond to the information upon which the
15 department of development relied to certify the claimant under s. 560.765 (3). The
16 rules under s. 73.03 (35) apply to the credit under this subdivision. The rules under
17 sub. (1di) (f) and (g) as they apply to the credit under that subsection apply to claims
18 under this subdivision. Section 41 (h) of the internal revenue code does not apply
19 to the credit under this subdivision.

20 **SECTION 10.** 71.47 (1di) (d) 2. of the statutes is amended to read:

21 71.47 (1di) (d) 2. A statement from the department of development verifying
22 ~~the purchase price of the investment and verifying that the investment fulfills the~~
23 ~~requirements under par. (a)~~ that the claimant’s activities substantially correspond
24 to the information upon which the department relied to certify the claimant under
25 s. 560.765 (3).

1 **SECTION 11.** 71.47 (1dj) (e) 3. a. of the statutes is renumbered 71.47 (1dj) (e) 3.
2 and amended to read:

3 71.47 **(1dj)** (e) 3. ~~If certified under s. 560.765 (3) for tax benefits before January~~
4 ~~1, 1992, a~~ A statement from the department of development verifying the amount of
5 ~~qualifying wages and verifying that the employees were hired for work only in a~~
6 ~~development zone or are mobile employees whose base of operations is in a~~
7 ~~development zone~~ that the claimant's activities substantially correspond to the
8 information upon which the department relied to certify the claimant under s.
9 560.765 (3).

10 **SECTION 12.** 71.47 (1dj) (e) 3. b. of the statutes is repealed.

11 **SECTION 13.** 71.47 (1ds) (d) 2. of the statutes is amended to read:

12 71.47 **(1ds)** (d) 2. A statement from the department of development verifying
13 ~~the amount of taxes paid under subchs. III and V of ch. 77 for eligible property by the~~
14 ~~claimant~~ that the claimant's activities substantially correspond to the information
15 upon which the department relied to certify the claimant under s. 560.765 (3).

16 **SECTION 14.** 71.47 (4) (am) of the statutes is amended to read:

17 71.47 **(4)** (am) *Development zone additional research credit.* In addition to the
18 credit under par. (a), any corporation may credit against taxes otherwise due under
19 this chapter an amount equal to 5% of the amount obtained by subtracting from the
20 corporation's qualified research expenses, as defined in section 41 of the internal
21 revenue code, except that "qualified research expenses" include only expenses
22 incurred by the claimant in a development zone under subch. VI of ch. 560 and except
23 that "qualified research expenses" do not include compensation used in computing
24 the credit under sub. (1dj) nor research expenses incurred before the claimant is
25 certified for tax benefits under s. 560.765 (3), the corporation's base amount, as

1 defined in section 41 (c) of the internal revenue code, in a development zone, except
2 that gross receipts used in calculating the base amount means gross receipts from
3 sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2. and (d) and research
4 expenses used in calculating the base amount include research expenses incurred
5 before the claimant is certified for tax benefits under s. 560.765 (3), in a development
6 zone, if the claimant submits with the claimant's return a copy of the claimant's
7 certification for tax benefits under s. 560.765 (3) and a statement from the
8 department of development verifying the claimant's qualified research expenses for
9 ~~research conducted exclusively in a development zone~~ that the claimant's activities
10 substantially correspond to the information upon which the department of
11 development relied to certify the claimant under s. 560.765 (3). The rules under s.
12 73.03 (35) apply to the credit under this paragraph. The rules under sub. (1d) (f) and
13 (g) as they apply to the credit under that subsection apply to claims under this
14 paragraph. Section 41 (h) of the internal revenue code does not apply to the credit
15 under this paragraph.

16 **SECTION 15.** 71.78 (4) (m) of the statutes is amended to read:

17 71.78 (4) (m) The secretary of development and employees of that department
18 to the extent necessary to administer the development zone program under subch.
19 VI of ch. 560 and employees of local units of government that have development zones
20 to the extent that it is necessary for them to aid the department of development to
21 perform its duties under s. 560.75 (8).

22 **SECTION 16. Initial applicability; revenue.**

23 (1) This act first applies to taxable years beginning on January 1, 1995.

24 (END)