



2011 ASSEMBLY BILL 359

November 3, 2011 - Introduced by Representatives MURSAU, SPANBAUER, PETRYK, PETROWSKI, A. OTT and RIPP, cosponsored by Senators HOLPERIN and TAYLOR. Referred to Committee on Jobs, Economy and Small Business.

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45
2 (2) (a) 10. and 77.92 (4); and **to create** 71.07 (5n), 71.10 (4) (cr), 71.28 (5n), 71.30
3 (3) (cr), 71.47 (5n) and 71.49 (1) (cr) of the statutes; **relating to:** an income and
4 franchise tax credit for providing broadband service.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit for amounts that a taxpayer spends for infrastructure costs to provide broadband service to any of the following:

1. Rural areas in this state.
2. Areas in this state where there is no broadband service or where the Internet access service is no more than 200 kilobits per second.
3. Areas in this state that are populated primarily by low-income persons.

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. The amount of the credits computed under s. 71.07 (2dd), (2de),
7 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),

ASSEMBLY BILL 359**SECTION 1**

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

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

6 71.07 **(5n)** BROADBAND SERVICE CREDIT. (a) *Definitions.* In this subsection:

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

8 2. "Low-income persons" means low-income persons, and very low-income
9 persons, as determined by the income limits published by the federal department of
10 housing and urban development under the National Housing Act of 1937.

11 3. "Unserved area" means an area of this state where there is no broadband
12 service or where Internet service is no more 200 kilobits per second.

13 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
14 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
15 amount of the tax, an amount equal to any of the following:

16 1. Ten percent of the amount the claimant paid in the taxable year for
17 infrastructure costs to provide broadband service to a rural area of this state or an
18 area in this state populated primarily by low-income persons, if the broadband
19 service is at least 5 megabits per second, but less than 50 megabits per second.

20 2. Twenty percent of the amount the claimant paid in the taxable year for
21 infrastructure costs to provide broadband service to a rural area of this state, an
22 unserved area, or an area in this state populated primarily by low-income persons,
23 if the broadband service is at least 50 megabits per second.

24 3. Twenty percent of the amount the claimant paid in the taxable year for
25 infrastructure costs to provide broadband service to an unserved area, if the

ASSEMBLY BILL 359

1 broadband service is at least 5 megabits per second, but less than 50 megabits per
2 second.

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

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

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

14 71.10 (4) (cr) Broadband service credit under s. 71.07 (5n).

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

16 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
17 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s),
18 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5r), (5rm), and (8r) and passed
19 through to partners shall be added to the partnership's income.

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

21 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
22 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r),
23 (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5n), (5k), (5r), (5rm), and (8r)
24 and not passed through by a partnership, limited liability company, or tax-option

ASSEMBLY BILL 359**SECTION 5**

1 corporation that has added that amount to the partnership's, limited liability
2 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

3 **SECTION 6.** 71.28 (5n) of the statutes is created to read:

4 71.28 (5n) BROADBAND SERVICE CREDIT. (a) *Definitions.* In this subsection:

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

6 2. "Low-income persons" means low-income persons, and very low-income
7 persons, as determined by the income limits published by the federal department of
8 housing and urban development under the National Housing Act of 1937.

9 3. "Unserved area" means an area of this state where broadband service is less
10 than 200 kilobits per second.

11 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
12 claimant may claim as a credit against the tax imposed under s. 71.23, up to the
13 amount of the tax, an amount equal to any of the following:

14 1. Ten percent of the amount the claimant paid in the taxable year for
15 infrastructure costs to provide broadband service to a rural area of this state or an
16 area in this state populated primarily by low-income persons, if the broadband
17 service is at least 5 megabits per second, but less than 50 megabits per second.

18 2. Twenty percent of the amount the claimant paid in the taxable year for
19 infrastructure costs to provide broadband service to a rural area of this state, an
20 unserved area, or an area in this state populated primarily by low-income persons,
21 if the broadband service is at least 50 megabits per second.

22 3. Twenty percent of the amount the claimant paid in the taxable year for
23 infrastructure costs to provide broadband service to an unserved area, if the
24 broadband service is at least 5 megabits per second, but less than 50 megabits per
25 second.

ASSEMBLY BILL 359**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) (cr) of the statutes is created to read:

12 71.30 (3) (cr) Broadband service credit under s. 71.28 (5n).

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 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
16 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j),
17 (5k), (5n), (5r), (5rm), 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 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
21 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5r), (5rm), and (8r) and not passed
22 through by a partnership, limited liability company, or tax-option corporation that
23 has added that amount to the partnership's, limited liability company's, or
24 tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and the amount
25 of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

ASSEMBLY BILL 359**SECTION 10**

1 **SECTION 10.** 71.47 (5n) of the statutes is created to read:

2 71.47 **(5n)** BROADBAND SERVICE CREDIT. (a) *Definitions.* In this subsection:

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

4 2. "Low-income persons" means low-income persons, and very low-income
5 persons, as determined by the income limits published by the federal department of
6 housing and urban development under the National Housing Act of 1937.

7 3. "Unserved area" means an area of this state where broadband service is less
8 than 200 kilobits per second.

9 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
10 claimant may claim as a credit against the tax imposed under s. 71.43, up to the
11 amount of the tax, an amount equal to any of the following:

12 1. Ten percent of the amount the claimant paid in the taxable year for
13 infrastructure costs to provide broadband service to a rural area of this state or an
14 area in this state populated primarily by low-income persons, if the broadband
15 service is at least 5 megabits per second, but less than 50 megabits per second.

16 2. Twenty percent of the amount the claimant paid in the taxable year for
17 infrastructure costs to provide broadband service to a rural area of this state, an
18 unserved area, or an area in this state populated primarily by low-income persons,
19 if the broadband service is at least 50 megabits per second.

20 3. Twenty percent of the amount the claimant paid in the taxable year for
21 infrastructure costs to provide broadband service to an unserved area, if the
22 broadband service is at least 5 megabits per second, but less than 50 megabits per
23 second.

24 (c) *Limitations.* Partnerships, limited liability companies, and tax-option
25 corporations may not claim the credit under this subsection, but the eligibility for,

ASSEMBLY BILL 359

1 and the amount of, the credit are based on their payment of amounts under par. (b).
2 A partnership, limited liability company, or tax-option corporation shall compute
3 the amount of credit that each of its partners, members, or shareholders may claim
4 and shall provide that information to each of them. Partners, members of limited
5 liability companies, and shareholders of tax-option corporations may claim the
6 credit in proportion to their ownership interests.

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

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

10 71.49 (1) (cr) Broadband service credit under s. 71.47 (5n).

11 **SECTION 12.** 77.92 (4) of the statutes is amended to read:

12 77.92 (4) "Net business income," with respect to a partnership, means taxable
13 income as calculated under section 703 of the Internal Revenue Code; plus the items
14 of income and gain under section 702 of the Internal Revenue Code, including taxable
15 state and municipal bond interest and excluding nontaxable interest income or
16 dividend income from federal government obligations; minus the items of loss and
17 deduction under section 702 of the Internal Revenue Code, except items that are not
18 deductible under s. 71.21; plus guaranteed payments to partners under section 707
19 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
20 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),
21 (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5r), (5rm), and
22 (8r); and plus or minus, as appropriate, transitional adjustments, depreciation
23 differences, and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but
24 excluding income, gain, loss, and deductions from farming. "Net business income,"
25 with respect to a natural person, estate, or trust, means profit from a trade or

ASSEMBLY BILL 359**SECTION 12**

1 business for federal income tax purposes and includes net income derived as an
2 employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

3 **SECTION 13. Initial applicability.**

4 (1) This act first applies to taxable years beginning on January 1 of the year
5 in which this subsection takes effect, except that if this subsection takes effect after
6 July 31 this act first applies to taxable years beginning on January 1 of the year
7 following the year in which this subsection takes effect.

8 (END)