



## 2011 ASSEMBLY BILL 360

November 3, 2011 - Introduced by Representatives MURSAU, SPANBAUER, T. LARSON, LEMAHIEU, BIES, BROOKS, ENDSLEY, A. OTT, RIPP and BALLWEG, cosponsored by Senator HOLPERIN. Referred to Committee on Jobs, Economy and Small Business.

1     **AN ACT to amend** 71.05 (6) (a) 15., 71.08 (1) (intro.), 71.10 (4) (i), 71.21 (4), 71.26  
2           (2) (a) 4., 71.30 (3) (f), 71.34 (1k) (g), 71.45 (2) (a) 10., 71.49 (1) (f) and 77.92 (4);  
3           and **to create** 20.835 (2) (ba), 71.07 (8s), 71.28 (8s), 71.47 (8s) and 560.2095 of  
4           the statutes; **relating to:** an income and franchise tax credit for lumber  
5           manufacturing facility investments and making an appropriation.

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### *Analysis by the Legislative Reference Bureau*

This bill creates an income and franchise tax credit in an amount equal to 10 percent of the amount that a taxpayer pays in a taxable year for lumber manufacturing modernization and expansion. If the credit amount exceeds the amount of the taxpayer's tax liability, the taxpayer will receive a refund.

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

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

6           **SECTION 1.** 20.835 (2) (ba) of the statutes is created to read:  
7           20.835 (2) (ba) *Lumber manufacturing facility investment credit.* A sum  
8           sufficient to make the payments under ss. 71.07 (8s), 71.28 (8s), and 71.47 (8s).

**ASSEMBLY BILL 360****SECTION 2**

1           **SECTION 2.** 71.05 (6) (a) 15. of the statutes is amended to read:

2           71.05 **(6)** (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
3           (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),  
4           (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (5r), (5rm), ~~and (8r), and (8s)~~  
5           and not passed through by a partnership, limited liability company, or tax-option  
6           corporation that has added that amount to the partnership's, company's, or  
7           tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

8           **SECTION 3.** 71.07 (8s) of the statutes is created to read:

9           71.07 **(8s)** LUMBER MANUFACTURING FACILITY INVESTMENT CREDIT. (a) *Definitions.*  
10          In this subsection:

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

12           2. "Lumber manufacturing modernization or expansion" means constructing,  
13           improving, or acquiring buildings or facilities, or acquiring equipment for lumber  
14           manufacturing, if used exclusively for lumber manufacturing and if acquired and  
15           placed in service in this state during taxable years that begin after December 31,  
16           2010, and before January 1, 2017.

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

19           (b) *Filing claims.* Subject to the limitations provided in this subsection and s.  
20           560.2095, for taxable years beginning after December 31, 2010, and before January  
21           1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.02  
22           or 71.08, up to the amount of the tax, an amount equal to 10 percent of the amount  
23           the claimant paid in the taxable year for lumber manufacturing modernization or  
24           expansion.

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1           (c) *Limitations.* 1. No credit may be allowed under this subsection for any  
2 amount that the claimant paid for expenses described under par. (b) that the  
3 claimant also claimed as a deduction under section 162 of the Internal Revenue Code.

4           2. The aggregate amount of credits that a claimant may claim under this  
5 subsection is \$200,000.

6           3. a. The maximum amount of the credits that may be claimed under this  
7 subsection and ss. 71.28 (8s) and 71.47 (8s) in fiscal year 2011-12 is \$700,000, as  
8 allocated under s. 560.2095.

9           b. The maximum amount of the credits that may be claimed under this  
10 subsection and ss. 71.28 (8s) and 71.47 (8s) in fiscal year 2012-13, and in each fiscal  
11 year thereafter, is \$800,000, as allocated under s. 560.2095.

12           4. Partnerships, limited liability companies, and tax-option corporations may  
13 not claim the credit under this subsection, but the eligibility for, and the amount of,  
14 the credit are based on their payment of expenses under par. (b), except that the  
15 aggregate amount of credits that the entity may compute shall not exceed \$200,000.  
16 A partnership, limited liability company, or tax-option corporation shall compute  
17 the amount of credit that each of its partners, members, or shareholders may claim  
18 and shall provide that information to each of them. Partners, members of limited  
19 liability companies, and shareholders of tax-option corporations may claim the  
20 credit in proportion to their ownership interest.

21           5. If 2 or more persons own and operate the lumber manufacturing operation,  
22 each person may claim a credit under par. (b) in proportion to his or her ownership  
23 interest, except that the aggregate amount of the credits claimed by all persons who  
24 own and operate the operation shall not exceed \$200,000.

**ASSEMBLY BILL 360****SECTION 3**

1 (d) *Administration*. 1. Section 71.28 (4) (e), (g), and (h), as it applies to the  
2 credit under s. 71.28 (4), applies to the credit under this subsection.

3 2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise  
4 due under s. 71.02 or 71.08, the amount of the claim not used to offset the tax due  
5 shall be certified by the department of revenue to the department of administration  
6 for payment by check, share draft, or other draft drawn from the appropriation  
7 account under s. 20.835 (2) (ba).

8 **SECTION 4.** 71.08 (1) (intro.) of the statutes is amended to read:

9 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married  
10 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under  
11 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3m), (3n), (3p),  
12 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (6), (6e), (8r),  
13 ~~(8s)~~, and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (2m), (3), (3n),  
14 (3t), and (3w), 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (2m), (3), (3n),  
15 (3t), and (3w), 71.57 to 71.61, and 71.613 and subch. VIII and payments to other  
16 states under s. 71.07 (7), is less than the tax under this section, there is imposed on  
17 that natural person, married couple filing jointly, trust or estate, instead of the tax  
18 under s. 71.02, an alternative minimum tax computed as follows:

19 **SECTION 5.** 71.10 (4) (i) of the statutes is amended to read:

20 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland  
21 preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and  
22 beyond under s. 71.613, homestead credit under subch. VIII, farmland tax relief  
23 credit under s. 71.07 (3m), dairy manufacturing facility investment credit under s.  
24 71.07 (3p), jobs tax credit under s. 71.07 (3q), meat processing facility investment  
25 credit under s. 71.07 (3r), woody biomass harvesting and processing credit under s.

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1 71.07 (3rm), food processing plant and food warehouse investment credit under s.  
2 71.07 (3rn), film production services credit under s. 71.07 (5f), film production  
3 company investment credit under s. 71.07 (5h), veterans and surviving spouses  
4 property tax credit under s. 71.07 (6e), enterprise zone jobs credit under s. 71.07 (3w),  
5 beginning farmer and farm asset owner tax credit under s. 71.07 (8r), lumber  
6 manufacturing facility investment credit under s. 71.07 (8s), earned income tax  
7 credit under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld  
8 under subch. X.

9 **SECTION 6.** 71.21 (4) of the statutes is amended to read:

10 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
11 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s),  
12 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), ~~and (8r)~~, and (8s) and passed  
13 through to partners shall be added to the partnership's income.

14 **SECTION 7.** 71.26 (2) (a) 4. of the statutes, as affected by 2011 Wisconsin Act 3,  
15 is amended to read:

16 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),  
17 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r),  
18 (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (8r), (8s), and  
19 (9s) and not passed through by a partnership, limited liability company, or  
20 tax-option corporation that has added that amount to the partnership's, limited  
21 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)  
22 (g).

23 **SECTION 8.** 71.28 (8s) of the statutes is created to read:

24 71.28 (8s) LUMBER MANUFACTURING FACILITY INVESTMENT CREDIT. (a) *Definitions.*

25 In this subsection:

**ASSEMBLY BILL 360****SECTION 8**

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

2           2. "Lumber manufacturing modernization or expansion" means constructing,  
3 improving, or acquiring buildings or facilities, or acquiring equipment for lumber  
4 manufacturing, if used exclusively for lumber manufacturing and if acquired and  
5 placed in service in this state during taxable years that begin after December 31,  
6 2010, and before January 1, 2017.

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

9           (b) *Filing claims.* Subject to the limitations provided in this subsection and s.  
10 560.2095, for taxable years beginning after December 31, 2010, and before January  
11 1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.23,  
12 up to the amount of the tax, an amount equal to 10 percent of the amount the  
13 claimant paid in the taxable year for lumber manufacturing modernization or  
14 expansion.

15           (c) *Limitations.* 1. No credit may be allowed under this subsection for any  
16 amount that the claimant paid for expenses described under par. (b) that the  
17 claimant also claimed as a deduction under section 162 of the Internal Revenue Code.

18           2. The aggregate amount of credits that a claimant may claim under this  
19 subsection is \$200,000.

20           3. a. The maximum amount of the credits that may be claimed under this  
21 subsection and ss. 71.07 (8s) and 71.47 (8s) in fiscal year 2011-12 is \$700,000, as  
22 allocated under s. 560.2095.

23           b. The maximum amount of the credits that may be claimed under this  
24 subsection and ss. 71.07 (8s) and 71.47 (8s) in fiscal year 2012-13, and in each fiscal  
25 year thereafter, is \$800,000, as allocated under s. 560.2095.

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1           4. Partnerships, limited liability companies, and tax-option corporations may  
2 not claim the credit under this subsection, but the eligibility for, and the amount of,  
3 the credit are based on their payment of expenses under par. (b), except that the  
4 aggregate amount of credits that the entity may compute shall not exceed \$200,000.  
5 A partnership, limited liability company, or tax-option corporation shall compute  
6 the amount of credit that each of its partners, members, or shareholders may claim  
7 and shall provide that information to each of them. Partners, members of limited  
8 liability companies, and shareholders of tax-option corporations may claim the  
9 credit in proportion to their ownership interest.

10           5. If 2 or more persons own and operate the lumber manufacturing operation,  
11 each person may claim a credit under par. (b) in proportion to his or her ownership  
12 interest, except that the aggregate amount of the credits claimed by all persons who  
13 own and operate the operation shall not exceed \$200,000.

14           (d) *Administration.* 1. Subsection (4) (e), (g), and (h), as it applies to the credit  
15 under sub. (4), applies to the credit under this subsection.

16           2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise  
17 due under s. 71.23, the amount of the claim not used to offset the tax due shall be  
18 certified by the department of revenue to the department of administration for  
19 payment by check, share draft, or other draft drawn from the appropriation account  
20 under s. 20.835 (2) (ba).

21           **SECTION 9.** 71.30 (3) (f) of the statutes is amended to read:

22           71.30 (3) (f) The total of farmland preservation credit under subch. IX,  
23 farmland tax relief credit under s. 71.28 (2m), dairy manufacturing facility  
24 investment credit under s. 71.28 (3p), jobs credit under s. 71.28 (3q), meat processing  
25 facility investment credit under s. 71.28 (3r), woody biomass harvesting and

**ASSEMBLY BILL 360****SECTION 9**

1 processing credit under s. 71.28 (3rm), food processing plant and food warehouse  
2 investment credit under s. 71.28 (3rn), enterprise zone jobs credit under s. 71.28  
3 (3w), film production services credit under s. 71.28 (5f), film production company  
4 investment credit under s. 71.28 (5h), beginning farmer and farm asset owner tax  
5 credit under s. 71.28 (8r), lumber manufacturing facility investment credit under s.  
6 71.28 (8s), and estimated tax payments under s. 71.29.

7 **SECTION 10.** 71.34 (1k) (g) of the statutes is amended to read:

8 71.34 **(1k)** (g) An addition shall be made for credits computed by a tax-option  
9 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),  
10 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j),  
11 (5k), (5r), (5rm), ~~and (8r)~~, and (8s) and passed through to shareholders.

12 **SECTION 11.** 71.45 (2) (a) 10. of the statutes, as affected by 2011 Wisconsin Act  
13 3, is amended to read:

14 71.45 **(2)** (a) 10. By adding to federal taxable income the amount of credit  
15 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),  
16 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (8r), (8s), and (9s) and not passed  
17 through by a partnership, limited liability company, or tax-option corporation that  
18 has added that amount to the partnership's, limited liability company's, or  
19 tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and the amount  
20 of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

21 **SECTION 12.** 71.47 (8s) of the statutes is created to read:

22 71.47 **(8s)** LUMBER MANUFACTURING FACILITY INVESTMENT CREDIT. (a) *Definitions.*  
23 In this subsection:

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



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1           2. “Lumber manufacturing modernization or expansion” means constructing,  
2           improving, or acquiring buildings or facilities, or acquiring equipment for lumber  
3           manufacturing, if used exclusively for lumber manufacturing and if acquired and  
4           placed in service in this state during taxable years that begin after December 31,  
5           2010, and before January 1, 2017.

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

8           (b) *Filing claims.* Subject to the limitations provided in this subsection and s.  
9           560.2095, for taxable years beginning after December 31, 2010, and before January  
10          1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.43,  
11          up to the amount of the tax, an amount equal to 10 percent of the amount the  
12          claimant paid in the taxable year for lumber manufacturing modernization or  
13          expansion.

14          (c) *Limitations.* 1. No credit may be allowed under this subsection for any  
15          amount that the claimant paid for expenses described under par. (b) that the  
16          claimant also claimed as a deduction under section 162 of the Internal Revenue Code.

17          2. The aggregate amount of credits that a claimant may claim under this  
18          subsection is \$200,000.

19          3. a. The maximum amount of the credits that may be claimed under this  
20          subsection and ss. 71.07 (8s) and 71.28 (8s) in fiscal year 2011-12 is \$700,000, as  
21          allocated under s. 560.2095.

22          b. The maximum amount of the credits that may be claimed under this  
23          subsection and ss. 71.07 (8s) and 71.28 (8s) in fiscal year 2012-13, and in each fiscal  
24          year thereafter, is \$800,000, as allocated under s. 560.2095.

**ASSEMBLY BILL 360****SECTION 12**

1           4. Partnerships, limited liability companies, and tax-option corporations may  
2 not claim the credit under this subsection, but the eligibility for, and the amount of,  
3 the credit are based on their payment of expenses under par. (b), except that the  
4 aggregate amount of credits that the entity may compute shall not exceed \$200,000.  
5 A partnership, limited liability company, or tax-option corporation shall compute  
6 the amount of credit that each of its partners, members, or shareholders may claim  
7 and shall provide that information to each of them. Partners, members of limited  
8 liability companies, and shareholders of tax-option corporations may claim the  
9 credit in proportion to their ownership interest.

10           5. If 2 or more persons own and operate the lumber manufacturing operation,  
11 each person may claim a credit under par. (b) in proportion to his or her ownership  
12 interest, except that the aggregate amount of the credits claimed by all persons who  
13 own and operate the operation shall not exceed \$200,000.

14           (d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), as it applies to the  
15 credit under s. 71.28 (4), applies to the credit under this subsection.

16           2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise  
17 due under s. 71.43, the amount of the claim not used to offset the tax due shall be  
18 certified by the department of revenue to the department of administration for  
19 payment by check, share draft, or other draft drawn from the appropriation account  
20 under s. 20.835 (2) (ba).

21           **SECTION 13.** 71.49 (1) (f) of the statutes is amended to read:

22           71.49 (1) (f) The total of farmland preservation credit under subch. IX,  
23 farmland tax relief credit under s. 71.47 (2m), dairy manufacturing facility  
24 investment credit under s. 71.47 (3p), jobs credit under s. 71.47 (3q), meat processing  
25 facility investment credit under s. 71.47 (3r), woody biomass harvesting and

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1 processing credit under s. 71.47 (3rm), food processing plant and food warehouse  
2 investment credit under s. 71.47 (3rn), enterprise zone jobs credit under s. 71.47  
3 (3w), film production services credit under s. 71.47 (5f), film production company  
4 investment credit under s. 71.47 (5h), beginning farmer and farm asset owner tax  
5 credit under s. 71.47 (8r), lumber manufacturing facility investment credit under s.  
6 71.47 (8s), and estimated tax payments under s. 71.48.

7 **SECTION 14.** 77.92 (4) of the statutes is amended to read:

8 77.92 (4) "Net business income," with respect to a partnership, means taxable  
9 income as calculated under section 703 of the Internal Revenue Code; plus the items  
10 of income and gain under section 702 of the Internal Revenue Code, including taxable  
11 state and municipal bond interest and excluding nontaxable interest income or  
12 dividend income from federal government obligations; minus the items of loss and  
13 deduction under section 702 of the Internal Revenue Code, except items that are not  
14 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
15 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),  
16 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),  
17 (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), ~~and (8r),~~  
18 and (8s); and plus or minus, as appropriate, transitional adjustments, depreciation  
19 differences, and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but  
20 excluding income, gain, loss, and deductions from farming. "Net business income,"  
21 with respect to a natural person, estate, or trust, means profit from a trade or  
22 business for federal income tax purposes and includes net income derived as an  
23 employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

24 **SECTION 15.** 560.2095 of the statutes is created to read:

