



2001 SENATE BILL 265

October 3, 2001 - Introduced by Senator SHIBILSKI, cosponsored by Representative UNDERHEIM. Referred to Committee on Universities, Housing, and Government Operations.

1 **AN ACT** *to amend* 71.26 (2) (a); and *to create* 71.07 (5) (a) 10., 71.07 (9t), 71.10
2 (4) (dg), 71.28 (9t), 71.30 (3) (bm), 71.47 (9t), 71.49 (1) (bm) and 73.03 (58) of the
3 statutes; **relating to:** creating a nonrefundable individual income and
4 corporate income and franchise tax credit for contributions to the artistic
5 endowment fund.

Analysis by the Legislative Reference Bureau

Under current law, the Wisconsin Artistic Endowment Foundation (foundation) may, among other things, establish arts programs with the advice of the arts board and statewide arts organizations and may distribute funds to the arts board and to the arts programs it has established.

For taxable years beginning after December 31, 2002, this bill creates an individual income and corporate income and franchise tax credit for contributions to the artistic endowment fund (fund). Contributions to the foundation are also deposited into the artistic endowment fund.

For individuals and corporations, the tax credit created in the bill may be claimed in an amount equal to 25% of the amount contributed to the fund. The credit is nonrefundable, meaning that contributions may be claimed as a credit only to the extent of the taxpayer's income or income and franchise tax liability. Each taxable year, the maximum credit that may be claimed under the bill is \$50 for an individual or a married person who files a separate income tax return, \$100 for a married couple that files a joint return, and \$500 for a corporation. The maximum credit amount

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is prorated for individuals who are part-year residents of the state. The credit may not be claimed by nonresidents of this state.

Under the bill, no new claim for a credit may be filed for a taxable year that begins after December 31 of the year in which the department of revenue (DOR) determines that the total amount of revenues received by the fund equals \$50,150,000. The bill also requires DOR to include on its tax forms a statement that a taxpayer may contribute amounts to the fund that exceed the amount for which a credit may be claimed by reducing the taxpayer's refund or increasing the taxpayer's payment for tax liability.

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 (5) (a) 10. of the statutes is created to read:

2 71.07 (5) (a) 10. Any amount claimed as a credit under sub. (9t).

3 **SECTION 2.** 71.07 (9t) of the statutes is created to read:

4 71.07 (9t) ARTISTIC ENDOWMENT CREDIT. (a) *Definition.* In this subsection,
5 "claimant" means a person who files a claim under this subsection.

6 (b) *Filing claims.* For taxable years beginning after December 31, 2002, subject
7 to the limitations provided in this subsection, a claimant may claim as a credit
8 against the tax imposed under s. 71.02, up to the amount of those taxes, an amount
9 equal to 25% of the amount contributed to the artistic endowment fund under s.
10 25.78.

11 (c) *Limitations and conditions.* 1. The maximum credit that may be claimed
12 under par. (b), in a taxable year, is one of the following amounts:

13 a. If the claimant is a single individual or a married individual who files a
14 separate income tax return, \$50.

15 b. If the claimant is married and the claimant and his or her spouse file a joint
16 income tax return, \$100.

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1 2. Nonresidents of this state are not eligible for the credit under this subsection,
2 except as provided under subd. 3.

3 3. For a claimant who is a part-year resident of this state and who is a single
4 person or a married person filing a separate return, multiply the credit for which the
5 claimant is eligible under subd. 1. by a fraction, the numerator of which is the
6 individual's Wisconsin adjusted gross income and the denominator of which is the
7 individual's federal adjusted gross income. If a claimant is married and files a joint
8 return, and if the claimant's spouse is a nonresident or if the claimant or the
9 claimant's spouse, or both, are part-year residents of this state, multiply the credit
10 for which the claimant is eligible under subd. 1. by a fraction, the numerator of which
11 is the couple's joint Wisconsin adjusted gross income and the denominator of which
12 is the couple's joint federal adjusted gross income.

13 4. No new claim may be filed under this subsection for a taxable year that
14 begins after December 31 of the year in which the department determines that the
15 total amount of revenues received by the endowment fund equals \$50,150,000.

16 5. No credit may be allowed under this subsection unless it is claimed within
17 the time period under s. 71.75 (2).

18 (d) *Administration.* Subsection (9e) (d), to the extent that it applies to the credit
19 under that subsection, applies to the credit under this subsection.

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

21 71.10 (4) (dg) The artistic endowment credit under s. 71.07 (9t).

22 **SECTION 4.** 71.26 (2) (a) of the statutes, as affected by 2001 Wisconsin Act 16,
23 is amended to read:

24 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
25 the gross income as computed under the Internal Revenue Code as modified under

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1 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
2 computed under s. 71.28 (1), (3), (4), (5), and (9t) plus the amount of the credit
3 computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), ~~and (3g)~~ (1dx),
4 and (3g) and not passed through by a partnership, limited liability company, or
5 tax-option corporation that has added that amount to the partnership's, limited
6 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1)
7 (g) plus the amount of losses from the sale or other disposition of assets the gain from
8 which would be wholly exempt income, as defined in sub. (3) (L), if the assets were
9 sold or otherwise disposed of at a gain and minus deductions, as computed under the
10 Internal Revenue Code as modified under sub. (3), plus or minus, as appropriate, an
11 amount equal to the difference between the federal basis and Wisconsin basis of any
12 asset sold, exchanged, abandoned, or otherwise disposed of in a taxable transaction
13 during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

14 **SECTION 5.** 71.28 (9t) of the statutes is created to read:

15 71.28 **(9t)** ARTISTIC ENDOWMENT CREDIT. (a) *Definition.* In this subsection,
16 "claimant" means a person who files a claim under this subsection.

17 (b) *Filing claims.* For taxable years beginning after December 31, 2002, subject
18 to the limitations provided in this subsection, a claimant may claim as a credit
19 against the tax imposed under s. 71.23, up to the amount of those taxes, an amount
20 equal to 25% of the amount contributed to the artistic endowment fund under s.
21 25.78, up to a maximum credit of \$500 in a taxable year.

22 (c) *Limitations and conditions.* 1. No new claim may be filed under this
23 subsection for a taxable year that begins after December 31 of the year in which the
24 department determines that the total amount of revenues received by the
25 endowment fund equals \$50,150,000.

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1 2. No credit may be allowed under this subsection unless it is claimed within
2 the time period under s. 71.75 (2).

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

5 **SECTION 6.** 71.30 (3) (bm) of the statutes is created to read:

6 71.30 (3) (bm) Artistic endowment credit under s. 71.28 (9t).

7 **SECTION 7.** 71.47 (9t) of the statutes is created to read:

8 71.47 (9t) ARTISTIC ENDOWMENT CREDIT. (a) *Definition*. In this subsection,
9 “claimant” means a person who files a claim under this subsection.

10 (b) *Filing claims*. For taxable years beginning after December 31, 2002, subject
11 to the limitations provided in this subsection, a claimant may claim as a credit
12 against the tax imposed under s. 71.43, up to the amount of those taxes, an amount
13 equal to 25% of the amount contributed to the artistic endowment fund under s.
14 25.78, up to a maximum credit of \$500 in a taxable year.

15 (c) *Limitations and conditions*. 1. No new claim may be filed under this
16 subsection for a taxable year that begins after December 31 of the year in which the
17 department determines that the total amount of revenues received by the
18 endowment fund equals \$50,150,000.

19 2. No credit may be allowed under this subsection unless it is claimed within
20 the time period under s. 71.75 (2).

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

23 **SECTION 8.** 71.49 (1) (bm) of the statutes is created to read:

24 71.49 (1) (bm) Artistic endowment credit under s. 71.47 (9t).

25 **SECTION 9.** 73.03 (58) of the statutes is created to read:

