

## 1999 SENATE BILL 462

March 9, 2000 – Introduced by Senators BURKE, CLAUSING and RISSER, cosponsored by Representatives VRAKAS, BERCEAU, BOCK, BOYLE, LASSA, J. LEHMAN, MILLER, MUSSER, PLALE, PLOUFF, RICHARDS, SERATTI, TURNER and KAUFERT. Referred to Committee on Economic Development, Housing and Government Operations.

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

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### *Analysis by the Legislative Reference Bureau*

This bill creates an income tax and franchise tax credit for purchasing energy efficient equipment. Sole proprietorships, corporations and insurers may claim the credit. Partnerships, limited liability companies and tax-option corporations compute the credit but pass it on to the partners, members and shareholders in proportion to their ownership interests. A person may claim a credit in an amount equal to 10% of the costs the person paid or incurred to purchase energy efficient equipment, but not exceeding \$250 for each piece of equipment purchased, or 20% of the costs the person paid or incurred to purchase energy efficient equipment, but not exceeding \$500 for each piece of equipment purchased. If the credit claimed by a person exceeds the person's tax liability, the state will not issue a refund check, but the person may carry forward any remaining credit to subsequent taxable years.

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:***

**SENATE BILL 462****SECTION 1**

1           **SECTION 1.** 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), (2dr), (2ds), (2dx) ~~and~~, (3s) and (5dd) and not passed through by  
4 a partnership, limited liability company or tax-option corporation that has added  
5 that amount to the partnership's, company's or tax-option corporation's income  
6 under s. 71.21 (4) or 71.34 (1) (g).

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

8           71.07 **(5dd)** ENERGY EFFICIENT EQUIPMENT CREDIT. (a) In this subsection:

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

10          2. "Equipment" includes central air conditioners, furnaces, boilers,  
11 programmable thermostats, natural gas refrigeration pumps, ground source and air  
12 source heat pumps, natural gas water heaters, electric heat pump water heaters and  
13 fuel cells.

14          (b) A claimant may claim as a credit against the tax imposed under s. 71.02 any  
15 of the following:

16          1. An amount equal to 10% of the costs paid or incurred by the claimant to  
17 purchase equipment with a seasonal energy efficiency ratio of at least 12.0, but not  
18 exceeding \$250 for each piece of equipment purchased.

19          2. An amount equal to 20% of the costs paid or incurred by the claimant to  
20 purchase equipment with a seasonal energy efficiency ratio of at least 15.0., but not  
21 exceeding \$500 for each piece of equipment purchased.

22          (c) The carry-over provisions of s. 71.28 (4) (e) and (f), as they apply to the credit  
23 under s. 71.28 (4), apply to the credit under this subsection.

24          (d) Partnerships, limited liability companies and tax-option corporations may  
25 not claim the credit under this subsection, but the eligibility for, and the amount of,

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

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

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

10 71.10 (4) (cr) The energy efficient equipment credit under s. 71.07 (5dd).

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

12 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
13 (2dj), (2dL), (2ds), (2dx) ~~and~~ (3s) and (5dd) and passed through to partners shall be  
14 added to the partnership's income.

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

16 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means  
17 the gross income as computed under the ~~internal revenue code~~ Internal Revenue  
18 Code as modified under sub. (3) minus the amount of recapture under s. 71.28 (1di)  
19 plus the amount of credit computed under s. 71.28 (1) and (3) to (5) plus the amount  
20 of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds) ~~and~~ (1dx)  
21 and (5dd) and not passed through by a partnership, limited liability company or  
22 tax-option corporation that has added that amount to the partnership's, limited  
23 liability company's or tax-option corporation's income under s. 71.21 (4) or 71.34 (1)  
24 (g) plus the amount of losses from the sale or other disposition of assets the gain from  
25 which would be wholly exempt income, as defined in sub. (3) (L), if the assets were

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1 sold or otherwise disposed of at a gain and minus deductions, as computed under the  
2 ~~internal revenue code~~ Internal Revenue Code as modified under sub. (3), plus or  
3 minus, as appropriate, an amount equal to the difference between the federal basis  
4 and Wisconsin basis of any asset sold, exchanged, abandoned or otherwise disposed  
5 of in a taxable transaction during the taxable year, except as provided in par. (b) and  
6 s. 71.45 (2) and (5).

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

8 **71.28 (5dd) ENERGY EFFICIENT EQUIPMENT CREDIT.** (a) In this subsection:

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

10 2. “Equipment” includes central air conditioners, furnaces, boilers,  
11 programmable thermostats, natural gas refrigeration pumps, ground source and air  
12 source heat pumps, natural gas water heaters, electric heat pump water heaters and  
13 fuel cells.

14 (b) A claimant may claim as a credit against the tax imposed under s. 71.23 any  
15 of the following:

16 1. An amount equal to 10% of the costs paid or incurred by the claimant to  
17 purchase equipment with a seasonal energy efficiency ratio of at least 12.0, but not  
18 exceeding \$250 for each piece of equipment purchased.

19 2. An amount equal to 20% of the costs paid or incurred by the claimant to  
20 purchase equipment with a seasonal energy efficiency ratio of at least 15.0., but not  
21 exceeding \$500 for each piece of equipment purchased.

22 (c) The carry-over provisions of sub. (4) (e) and (f), as they apply to the credit  
23 under sub. (4), apply to the credit under this subsection.

24 (d) Partnerships, limited liability companies and tax-option corporations may  
25 not claim the credit under this subsection, but the eligibility for, and the amount of,

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

7 (e) Subsection (4) (g) and (h), as it applies to the credit under sub. (4), applies  
8 to the credit under this subsection.

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

10 71.30 (3) (dn) The energy efficient equipment credit under s. 71.28 (5dd).

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

12 71.34 (1) (g) An addition shall be made for credits computed by a tax-option  
13 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx) and, (3) and  
14 (5dd) and passed through to shareholders.

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

16 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
17 computed under s. 71.47 (1dd) to (1dx) and (5dd) and not passed through by a  
18 partnership, limited liability company or tax-option corporation that has added that  
19 amount to the partnership's, limited liability company's or tax-option corporation's  
20 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under  
21 s. 71.47 (1), (3), (4) and (5).

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

23 71.47 (5dd) ENERGY EFFICIENT EQUIPMENT CREDIT. (a) In this subsection:

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

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1           2. “Equipment” includes central air conditioners, furnaces, boilers,  
2 programmable thermostats, natural gas refrigeration pumps, ground source and air  
3 source heat pumps, natural gas water heaters, electric heat pump water heaters and  
4 fuel cells.

5           (b) A claimant may claim as a credit against the tax imposed under s. 71.43 any  
6 of the following:

7           1. An amount equal to 10% of the costs paid or incurred by the claimant to  
8 purchase equipment with a seasonal energy efficiency ratio of at least 12.0, but not  
9 exceeding \$250 for each piece of equipment purchased.

10           2. An amount equal to 20% of the costs paid or incurred by the claimant to  
11 purchase equipment with a seasonal energy efficiency ratio of at least 15.0., but not  
12 exceeding \$500 for each piece of equipment purchased.

13           (c) The carry-over provisions of s. 71.28 (4) (e) and (f), as they apply to the credit  
14 under s. 71.28 (4), apply to the credit under this subsection.

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

23           (e) Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),  
24 applies to the credit under this subsection.

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

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1           71.49 (1) (dn) The energy efficient equipment credit under s. 71.47 (5dd).

2           **SECTION 12.** 77.92 (4) of the statutes, as affected by 1999 Wisconsin Act 9, is  
3 amended to read:

4           77.92 (4) “Net business income”, with respect to a partnership, means taxable  
5 income as calculated under section 703 of the Internal Revenue Code; plus the items  
6 of income and gain under section 702 of the Internal Revenue Code, including taxable  
7 state and municipal bond interest and excluding nontaxable interest income or  
8 dividend income from federal government obligations; minus the items of loss and  
9 deduction under section 702 of the Internal Revenue Code, except items that are not  
10 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
11 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),  
12 (2di), (2dj), (2dL), (2dr), (2ds), (2dx) and (3s) and (5dd); and plus or minus, as  
13 appropriate, transitional adjustments, depreciation differences and basis  
14 differences under s. 71.05 (13), (15), (16), (17) and (19); but excluding income, gain,  
15 loss and deductions from farming. “Net business income”, with respect to a natural  
16 person, estate or trust, means profit from a trade or business for federal income tax  
17 purposes and includes net income derived as an employe as defined in section 3121  
18 (d) (3) of the Internal Revenue Code.

19           **SECTION 13. Initial applicability.**

20           (1) ENERGY EFFICIENT EQUIPMENT CREDIT. This act first applies to taxable years  
21 beginning on January 1 of the year in which this subsection takes effect, except that  
22 if this subsection takes effect after July 31 this act first applies to taxable years  
23 beginning on January 1 of the year following the year in which this subsection takes  
24 effect.

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(END)