

1999 DRAFTING REQUEST

Bill

Received: 03/18/1999

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Brian Burke (608) 266-8535

By/Representing: Barry

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Alt. Drafters:

Subject: Tax Credits - miscellaneous

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

tax credit for purchase and installation of energy efficient building equipment

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 07/06/1999	wjackson 07/08/1999		_____			State
/P1	jkreye 02/21/2000	wjackson 02/21/2000	martykr 07/09/1999	_____	lrb_docadmin 07/09/1999		State
/1			jfrantze 02/22/2000	_____	lrb_docadmin 02/22/2000	lrb_docadmin 03/07/2000	
			kfollet 02/22/2000	_____			

FE Sent For:

✓ 1 "
3/9/00

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/?	jkreye 07/6/99	wjackson 07/8/99		_____			State
/P1		/1 WLj 2/21	martykr 07/9/99	_____	lrb_docadmin 07/9/99		
FE Sent For:			6/22	6/19/99			
				2/22			
				<END>			

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1?	jkreye	/pl wlj 7/8	lm 7/8	jkreye			

FE Sent For:

<END>

LEGISLATIVE REFERENCE BUREAU

BILL REQUEST FORM

Legal Section, 5th Floor, 100 N. Hamilton St.
(608) 266-3561

Use of this form is optional. It is often helpful to talk directly with the LRB attorney who will draft the bill.
Use this form only for **BILL** drafts. Attach more pages if necessary.

Date of request: 3-18-99	Legislator or agency requesting this draft: SEN. BURKE
Name/phone number of person submitting request: BARRY ASHENFELTER / 6-8535	
Persons to contact for questions about this draft (names and phone numbers please): SAME AS ABOVE	
Describe the problem, including any helpful examples. How do you want to solve the problem? We want to provide a tax credit for the purchase of energy efficient building equipment. - See attached memo.	
If you know of any statute sections that might be affected, please list them or provide a marked (not re-typed) copy.	

Please attach a copy of any correspondence or material that may help us. You may also attach a marked (not re-typed) copy of any LRB draft, or provide its number (e.g., 1997 LRB-2345/1 or 1995 AB-67):

Requests are confidential unless stated otherwise.

May we tell others that we are working on this for you? YES NO

If yes, anyone who asks? YES NO

Any legislator? YES NO ONLY the following persons:

Do you consider this urgent? YES NO If yes, please indicate why:

Is this request of higher priority than other pending request(s) you have made?

YES NO If yes, please sign your name here:

TAX CREDIT FOR PURCHASE OF ENERGY EFFICIENT BUILDING EQUIPMENT

SUMMARY

A tax credit of 10 percent of the purchase price is proposed, or up to \$250 per unit for the purchase of high energy-efficient new building equipment. There would be a 20 percent tax credit up to a maximum of \$500 for the purchase of specific advanced technologies such as fuel cells, electric heat pump water heaters, equipment with an SEER of greater than 15.0 and natural gas heat pumps.

IMPACT ON WISCONSIN

Wisconsin has a long history of promoting high efficiency central air conditioners and high efficiency natural gas water heaters. There is a demonstration program for electric heat pumps sponsored by the Energy Center of Wisconsin. There is much interest in fuel cells as emergency back up generation and generation in remote or off the grid sites. Natural gas powered refrigeration and heat pumps have begun to find niche uses.

Past experience with Wisconsin's solar tax credits has illustrated the strong promotional effects they have in introducing new equipment to the market place. This was demonstrated in the effectiveness in promoting the installation of solar collectors in Wisconsin in the late 1970's and early 1980's.

Wisconsin should support this legislation and consider enacting its own tax credit for advanced natural gas water heaters. These have a large potential market in Wisconsin where nearly 60% of the households have natural gas water heaters.

This promotional effort for transforming the market to high efficiency products builds on the Energy Star equipment program. The tax credit would apply to equipment about 10% more efficient than the Energy Star qualifying level and to advanced equipment such as heat pump electric water heaters and natural gas heat pumps.

COMPARISON TO U.S.

Wisconsin would benefit more than the country as a whole because of our head start in promoting Energy Star appliances and equipment. The Wisconsin experience with tax credits for solar collectors indicate the use of tax credits has a strong positive promotional impact in Wisconsin.

OTHER COMMENTS

The wording in the tax credit proposal should be made clear that the tax credit applies to the installed cost, not just the equipment purchase price.

RECOMMENDATION

Wisconsin should support this legislation and consider enacting its own customized version of the tax credit for equipment appropriate for Wisconsin such as ground source heat pumps and advanced natural gas water heaters.

1) credit for high energy-efficient new building
equipment

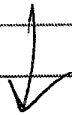
what equipment?

what does "new" modify? ex) equipment
for new buildings or new
equipment

2) how to distinguish this category from
subsequent category?

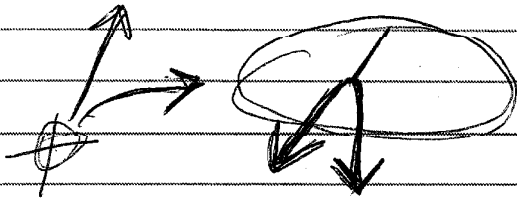
3) What is the Energy Star equipment program?

4) Who can I talk to about this equipment?



Keith Reopelle Env Decade
251-7020

I spoke with KR on 4-1 - he will get back to
me early part of next week with definitions



new building equipment or; 71.07 (5dnd)
from internet: (271.28 + 71.47)

SEER = seasonal energy efficiency ratio

high-efficiency units have a SEER of at least 12.0;
maximum available is ~ 17.0

"Energy stars" ^{includes} = energy efficient computers, printers & monitors
that power down when not in use

▷ made in conjunction with EPA partnership agreements

equipment includes geothermal heat pumps;
air-source heat pumps; central AC;
furnaces; programmable thermostats; boilers

what is the "qualifying level" for the energy star program?



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-25347

JK:...

WJ

in 7-6-99

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

D-N

gen

1 AN ACT ...; relating to: an income and franchise tax credit for purchasing energy
2 efficient equipment.

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 for a new building, 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.

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

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

1 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
2 (2di), (2dj), (2dL), (2dr), (2ds), (2dx) ^{Scored comma} and ~~(3s)~~ and (5dd) and not passed through by
3 a partnership, limited liability company or tax-option corporation that has added
4 that amount to the partnership's, company's or tax-option corporation's income
5 under s. 71.21 (4) or 71.34 (1) (g).

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

7 71.07 (5dd) ENERGY EFFICIENT EQUIPMENT. (a) In this subsection:

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

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

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

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

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

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

23 (d) Partnerships, limited liability companies and tax-option corporations may
24 not claim the credit under this subsection, but the eligibility for, and the amount of,
25 the credit are based on the costs paid or incurred under par. (b). A partnership,

1 limited liability company or tax-option corporation shall compute the amount of
2 credit that each of its partners, members or shareholders may claim and shall
3 provide that information to each of them. Partners, members of limited liability
4 companies and shareholders of tax-option corporations may claim the credit in
5 proportion to their ownership interest.

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

8 **SECTION 3.** 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), (2fd), (3m), (3s), (5dd),
12 (6) and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and
13 (5dd)[↓] and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and
14 (5dd)[↓] and subchs. VIII and IX and payments to other states under s. 71.07 (7), is less
15 than the tax under this section, there is imposed on that natural person, married
16 couple filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative
17 minimum tax computed as follows:

18 **SECTION 4.** 71.10 (4) (i)[↓] of the statutes is amended to read:

19 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
20 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
21 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
22 71.07 (2fd), earned income tax credit under s. 71.07 (9e), energy efficient equipment
23 under s. 71.07 (5dd)[↓], estimated tax payments under s. 71.09, and taxes withheld
24 under subch. X.

25 **SECTION 5.** 71.21 (4)[↓] of the statutes is amended to read:

1 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
2 (2dj), (2dL), (2ds), (2dx) ~~and, (3s) and (5dd)~~ and passed through to partners shall be
3 added to the partnership's income.

4 **SECTION 6.** 71.26 (2) (a) of the statutes is amended to read:

5 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
6 the gross income as computed under the ~~internal revenue code~~ Internal Revenue Code
7 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
8 computed under s. 71.28 (1) and (3) to (5) plus the amount of the credit computed
9 under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds) ~~and, (1dx) and (5dd)~~ and not
10 passed through by a partnership, limited liability company or tax-option corporation
11 that has added that amount to the partnership's, limited liability company's or
12 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount
13 of losses from the sale or other disposition of assets the gain from which would be
14 wholly exempt income, as defined in sub. (3) (L), if the assets were sold or otherwise
15 disposed of at a gain and minus deductions, as computed under the ~~internal revenue~~
16 Internal Revenue Code
17 ~~code~~ as modified under sub. (3), plus or minus, as appropriate, an amount equal to
18 the difference between the federal basis and Wisconsin basis of any asset sold,
19 exchanged, abandoned or otherwise disposed of in a taxable transaction during the
20 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

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

21 71.28 (5dd) ENERGY EFFICIENT EQUIPMENT. (a) In this subsection:

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

23 2. "Equipment" includes central air conditioners, furnaces, boilers,
24 programmable thermostats, natural gas refrigeration pumps, ground source and air

1 source heat pumps, natural gas water heaters, electric heat pump water heaters and
2 fuel cells.

3 (b) A claimant may claim as a credit against the tax imposed under s. 71.23[✓] any
4 of the following:

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

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

11 (c) The carry-over provisions of sub. (4) (e)[✓] and (f)[✓], as they apply to the credit
12 under sub. (4),[✓] apply to the credit under this subsection.

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

21 (e) Subsection (4) (g)[✓] and (h)[✓], as it applies to the credit under sub. (4),[✓] applies
22 to the credit under this subsection.[✓]

23 **SECTION 8.** 71.30 (3) (f) of the statutes is amended to read:

24 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28
25 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under

1 s. 71.28 (2m), energy efficient equipment under s. 71.28 (5dd) and estimated tax
2 payments under s. 71.29.

3 **SECTION 9.** 71.34 (1) (g) of the statutes is amended to read:

4 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
5 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx) and, (3) and
6 (5dd) and passed through to shareholders.

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

8 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
9 computed under s. 71.47 (1dd) to (1dx) and (5dd) and not passed through by a
10 partnership, limited liability company or tax-option corporation that has added that
11 amount to the partnership's, limited liability company's or tax-option corporation's
12 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under
13 s. 71.47 (1), (3), (4) and (5).

14 **SECTION 11.** 71.47 (5dd) of the statutes is created to read:

15 71.47 (5dd) ENERGY EFFICIENT EQUIPMENT. (a) In this subsection:

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

17 2. "Equipment" includes central air conditioners, furnaces, boilers,
18 programmable thermostats, natural gas refrigeration pumps, ground source and air
19 source heat pumps, natural gas water heaters, electric heat pump water heaters and
20 fuel cells.

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

23 1. An amount equal to 10% of the costs paid or incurred by the claimant to
24 purchase equipment with a seasonal energy efficiency ratio of at least 12.0 for use
25 in a new building, but not exceeding \$250 for each piece of equipment purchased.

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

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

6 (d) Partnerships, limited liability companies and tax-option corporations may
7 not claim the credit under this subsection, but the eligibility for, and the amount of,
8 the credit are based on the costs paid or incurred under par. (b). A partnership,
9 limited liability company or tax-option corporation shall compute the amount of
10 credit that each of its partners, members or shareholders may claim and shall
11 provide that information to each of them. Partners, members of limited liability
12 companies and shareholders of tax-option corporations may claim the credit in
13 proportion to their ownership interest.

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

16 **SECTION 12.** 71.49 (1) (f) of the statutes is amended to read:

17 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
18 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
19 s. 71.47 (2m), energy efficient equipment under s. 71.47 (5dd) and estimated tax
20 payments under s. 71.48.

21 **SECTION 13.** 77.92 (4) of the statutes is amended to read:

22 77.92 (4) "Net business income", with respect to a partnership, means taxable
23 income as calculated under section 703 of the ~~internal revenue code~~, plus the items
24 of income and gain under section 702 of the ~~internal revenue code~~, minus the items
25 of loss and deduction under section 702 of the ~~internal revenue code~~, plus payments

Internal Revenue Code
= = =

SECTION 13

Internal Revenue Code

① treated as not made to partners under section 707 (a) of the ~~internal revenue code~~,
 2 plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds),
 3 (2dx) ~~and~~, (3s) and (5dd); but excluding income, gain, loss and deductions from
 4 farming. "Net business income", with respect to a natural person, estate or trust,
 5 means profit from a trade or business for federal income tax purposes and includes
 6 net income derived as an employe as defined in section 3121 (d) (3) of the ~~internal~~
 7 ~~revenue code~~. Internal Revenue Code

SECTION 14. Initial applicability.

9 (1) ENERGY EFFICIENT EQUIPMENT. This act first applies to taxable years
 10 beginning on January 1 of the year in which this subsection takes effect, except that
 11 if this subsection takes effect after July 31 this act first applies to taxable years
 12 beginning on January 1 of the year following the year in which this subsection takes
 13 effect.

(END)

14

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2534/dn

JK:f:....

wlj

Senator Burke:

1. Please review this draft carefully to ensure that it is consistent with your intent. As Barry suggested, I spoke with Keith Roepelle at the Wisconsin Environmental Decade on April 1 regarding the type of equipment that should qualify for a credit under this bill. At that time, Mr. Roepelle said he would get back to me regarding the specific equipment that the credit should include. As of today's date, however, Mr. Roepelle has not contacted me. Therefore, I drafted the bill based on the limited information that I received with the request.

2. The drafting instructions indicate that the 10% credit may be claimed for "new building equipment". The bill, therefore, provides that the 10% credit may be claimed for equipment that is purchased for a "new building". Does that comply with your intent? If so, I suggest that the bill specify how old a building must be before it is no longer considered "new".

3. The bill provides that the 20% credit may be claimed regardless of whether or not the equipment is purchased for a new building. Is that O.K.?

4. The definition of "equipment" includes the equipment listed in the drafting instructions, plus equipment that is listed as energy efficient equipment by the environmental protection agency's energy star program. Because I am not familiar with the equipment listed or with the energy star program, please review carefully the definition of "equipment" created in the bill to ensure that it is consistent with your intent. If you have any questions, please do not hesitate to contact me.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: Joseph.Kreye@legis.state.wi.us

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2534/P1dn
JK:wlj:km

July 8, 1999

Senator Burke:

1. Please review this draft carefully to ensure that it is consistent with your intent. As Barry suggested, I spoke with Keith Roepelle at the Wisconsin Environmental Decade on April 1 regarding the type of equipment that should qualify for a credit under this bill. At that time, Mr. Roepelle said he would get back to me regarding the specific equipment that the credit should include. As of today's date, however, Mr. Roepelle has not contacted me. Therefore, I drafted the bill based on the limited information that I received with the request.

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3. The bill provides that the 20% credit may be claimed regardless of whether or not the equipment is purchased for a new building. Is that O.K.?

4. The definition of "equipment" includes the equipment listed in the drafting instructions, plus equipment that is listed as energy efficient equipment by the Environmental Protection Agency's Energy Star program. Because I am not familiar with the equipment listed or with the Energy Star program, please review carefully the definition of "equipment" created in the bill to ensure that it is consistent with your intent. If you have any questions, please do not hesitate to contact me.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: Joseph.Kreye@legis.state.wi.us

Kreye, Joseph

From: Ashenfelter, Barry
Sent: Monday, February 21, 2000 11:22 AM
To: Kreye, Joseph
Subject: LRB 2534/P1

Hi again,

We would like some changes made to LRB 2534/P1.

Per your drafter's note:

Paragraph #2: No, it doesn't meet our intent. Rather, it should apply to new equipment for any building.

Paragraphs #3 & #4 are OK as is.

Thanks for your help with this bill.

Barry Ashenfelter

Sen. Burke's Office (6-8535)

To: JK

From: WLJ

Re: LRB-2534

- What did you intend to amend in s. 77.92 (4)?



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-2534/P1

JK:wlj:km

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

m 2-22-2000

500N

D-N

re gen

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), 71.30 (3) (f), 71.34 (1) (g), 71.45 (2) (a) 10., 71.49 (1) (f) and 77.92 (4); and
3 to create 71.07 (5dd), 71.28 (5dd) and 71.47 (5dd) of the statutes; relating to:
4 an income and franchise tax credit for purchasing energy efficient equipment.

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 ~~with new buildings~~, 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.

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

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 (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 ~~for use~~

18 ~~in a new building,~~ but not 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.

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

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

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

13 **SECTION 3.** 71.08 (1) (intro.) of the statutes is amended to read:

14 ~~71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
15 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
16 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (5dd),
17 (6) and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and, (3) and
18 (5dd) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and, (3) and
19 (5dd) and subchs. VIII and IX and payments to other states under s. 71.07 (7), is less
20 than the tax under this section, there is imposed on that natural person, married
21 couple filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative
22 minimum tax computed as follows:~~

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

24 ~~71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
25 preservation credit under subch. IX, homestead credit under subch. VIII, farmland~~

1 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
 2 71.07 (2fd), ~~earned income tax credit under s. 71.07 (9e),~~ energy efficient equipment
 3 under s. 71.07 (5dd), estimated tax payments under s. 71.09, and taxes withheld
 4 under subch. X.

5 **SECTION 5.** 71.21 (4) of the statutes is amended to read:

6 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
 7 (2dj), (2dL), (2ds), (2dx) ~~and, (3s) and (5dd)~~ and passed through to partners shall be
 8 added to the partnership's income.

9 **SECTION 6.** 71.26 (2) (a) of the statutes is amended to read:

10 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
 11 the gross income as computed under the ~~internal revenue code~~ Internal Revenue
 12 Code as modified under sub. (3) minus the amount of recapture under s. 71.28 (1di)
 13 plus the amount of credit computed under s. 71.28 (1) and (3) to (5) plus the amount
 14 of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds) ~~and, (1dx)~~
 15 and (5dd) and not passed through by a partnership, limited liability company or
 16 tax-option corporation that has added that amount to the partnership's, limited
 17 liability company's or tax-option corporation's income under s. 71.21 (4) or 71.34 (1)
 18 (g) plus the amount of losses from the sale or other disposition of assets the gain from
 19 which would be wholly exempt income, as defined in sub. (3) (L), if the assets were
 20 sold or otherwise disposed of at a gain and minus deductions, as computed under the
 21 ~~internal revenue code~~ Internal Revenue Code as modified under sub. (3), plus or
 22 minus, as appropriate, an amount equal to the difference between the federal basis
 23 and Wisconsin basis of any asset sold, exchanged, abandoned or otherwise disposed
 24 of in a taxable transaction during the taxable year, except as provided in par. (b) and
 25 s. 71.45 (2) and (5).

See * (cr); 71.10 (4) (cr):

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

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

2 **71.28 (5dd) ENERGY EFFICIENT EQUIPMENT** (a) In this subsection:

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

4 2. "Equipment" includes central air conditioners, furnaces, boilers,
5 programmable thermostats, natural gas refrigeration pumps, ground source and air
6 source heat pumps, natural gas water heaters, electric heat pump water heaters and
7 fuel cells.

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

10 1. An amount equal to 10% of the costs paid or incurred by the claimant to
11 purchase equipment with a seasonal energy efficiency ratio of at least 12.0 ~~that are~~

12 ~~in a new building,~~ but not exceeding \$250 for each piece of equipment purchased.

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

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

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

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

3 ~~SECTION 8. 71.30 (3) (f) of the statutes is amended to read:~~

4 ~~71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28~~
5 ~~(1fd), farmland preservation credit under subch. IX, farmland tax relief credit under~~
6 ~~s. 71.28 (2m), energy efficient equipment under s. 71.28 (5dd) and estimated tax~~
7 ~~payments under s. 71.29.~~

8 SECTION 9. 71.34 (1) (g) of the statutes is amended to read:

9 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
10 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx) and, (3) and
11 (5dd) and passed through to shareholders.

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

13 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
14 computed under s. 71.47 (1dd) to (1dx) and (5dd) and not passed through by a
15 partnership, limited liability company or tax-option corporation that has added that
16 amount to the partnership's, limited liability company's or tax-option corporation's
17 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under
18 s. 71.47 (1), (3), (4) and (5).

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19 SECTION 11. 71.47 (5dd) of the statutes is created to read:

20 71.47 (5dd) ENERGY EFFICIENT EQUIPMENT (a) In this subsection:

- 21 1. "Claimant" means a person who files a claim under this subsection.
- 22 2. "Equipment" includes central air conditioners, furnaces, boilers,
- 23 programmable thermostats, natural gas refrigeration pumps, ground source and air
- 24 source heat pumps, natural gas water heaters, electric heat pump water heaters and
- 25 fuel cells.

Sec #. w; 71.30(3)(dn);
71.30(3)(dn) the energy efficient equipment credit under s. 71.28 (5dd).

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

3 1. An amount equal to 10% of the costs paid or incurred by the claimant to
4 purchase equipment with a seasonal energy efficiency ratio of at least 12.0 ~~for use~~
5 ~~in a new building~~, but not exceeding \$250 for each piece of equipment purchased.

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

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

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

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

21 ~~SECTION 12. 71.49 (1) (f) of the statutes is amended to read:~~

22 ~~71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47~~
23 ~~(1fd), farmland preservation credit under subch. IX, farmland tax relief credit under~~
24 ~~s. 71.47 (2m), energy efficient equipment under s. 71.47 (5dd) and estimated tax~~
25 ~~payments under s. 71.48.~~

1 SECTION 13. 77.92 (4) of the statutes is amended to read:

2 77.92 (4) "Net business income", with respect to a partnership, means taxable
 3 income as calculated under section 703 of the ~~internal revenue code~~ Internal
 4 Revenue Code; plus the items of income and gain under section 702 of the ~~internal~~
 5 ~~revenue code~~ Internal Revenue Code; minus the items of loss and deduction under
 6 section 702 of the ~~internal revenue code~~ Internal Revenue Code; plus payments
 7 treated as not made to partners under section 707 (a) of the ~~internal revenue code~~
 8 Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de), (2di),
 9 (2dj), (2dL), (2dr), (2ds), (2dx) ~~and~~, (3s) ~~and~~ (5dd); but excluding income, gain, loss
 10 and deductions from farming. "Net business income", with respect to a natural
 11 person, estate or trust, means profit from a trade or business for federal income tax
 12 purposes and includes net income derived as an employe as defined in section 3121
 13 (d) (3) of the ~~internal revenue code~~ Internal Revenue Code.

14 SECTION 14. Initial applicability.

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15 (1) ENERGY EFFICIENT EQUIPMENT. This act first applies to taxable years
 16 beginning on January 1 of the year in which this subsection takes effect, except that
 17 if this subsection takes effect after July 31 this act first applies to taxable years
 18 beginning on January 1 of the year following the year in which this subsection takes
 19 effect.

20 (END)

INSERT 8-14

(INSERT 8-14)

Sec #. ~~cr~~; 71.49(1)(dM);
71.49(1)(dM) ^{the energy efficient equipment credit under} s. 71.47(5dd).
Section #. 77.92 (4) of the statutes, as affected by 1999 Wisconsin Act 9, is amended to read:

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

History: 1989 a. 335; 1991 a. 39, 269; 1993 a. 16, 112, 490; 1995 a. 27, 209; 1997 a. 27; 1999 a. 9.

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JK

D-N

Please review this draft carefully to ensure that it is consistent with your intent. In addition to the recommended changes, this draft makes a change necessitated by 1999 Wisconsin Act 9 related to a cross-reference and three technical changes that correct errors related to the computation of the credit. If you have any questions, please contact me.

JK

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2534/1dn
JK:wlj:jf

February 22, 2000

Please review this draft carefully to ensure that it is consistent with your intent. In addition to the recommended changes, this draft makes a change necessitated by 1999 Wisconsin Act 9 related to a cross-reference and three technical changes that correct errors related to the computation of the credit. If you have any questions, please contact me.

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