

1999 SENATE BILL 463

March 9, 2000 – Introduced by Senators BURKE, CLAUSING, DARLING, GEORGE and RISSER, cosponsored by Representatives VRAKAS, BERCEAU, BLACK, BOCK, BOYLE, LASSA, J. LEHMAN, MILLER, MUSSER, PLOUFF, RICHARDS, 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 (5d), 71.10 (4) (cp), 71.28 (5d), 71.30
 3 (3) (dm), 71.47 (5d) and 71.49 (1) (dm) of the statutes; **relating to:** a tax credit
 4 for the purchase and installation of solar energy systems to heat water and the
 5 purchase and installation of rooftop photovoltaic solar energy systems.

Analysis by the Legislative Reference Bureau

This bill creates an income tax and franchise tax credit for corporations that purchase and install a solar energy system to heat water or that purchase and install a rooftop photovoltaic solar energy system. 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. The credit is an amount equal to 15% of the amount paid or incurred by a corporation to purchase and install a solar energy system to heat water or to purchase and install a rooftop photovoltaic solar energy system.

The amount of the credit for the purchase and installation of a solar energy system to heat water may not exceed \$1,000 in a taxable year, and the amount of the credit for the purchase and installation of a rooftop photovoltaic solar energy system may not exceed \$2,000 in a taxable year. If the credit claimed by a corporation exceeds the corporation's tax liability, the state will not issue a refund check, but the corporation may carry forward any remaining credit to subsequent taxable years.

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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 (5d) and not passed through by a
4 partnership, limited liability company or tax-option corporation that has added that
5 amount to the partnership's, company's or tax-option corporation's income under s.
6 71.21 (4) or 71.34 (1) (g).

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

8 71.07 **(5d)** SOLAR ENERGY SYSTEM CREDIT. (a) In this subsection:

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

10 2. "Photovoltaic solar energy system" has the meaning given in s. 13.48 (2) (h)
11 1. d.

12 3. "Solar energy system" has the meaning given in s. 13.48 (2) (h) 1. g.

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 15% of the amount that the claimant paid or incurred
16 to purchase and install a solar energy system to heat water, if that solar energy
17 system is installed after December 31, 1999, and before January 1, 2005. A credit
18 claimed under this subdivision may not exceed \$1,000 in a taxable year.

19 2. An amount equal to 15% of the amount that the claimant paid or incurred
20 to purchase and install a rooftop photovoltaic solar energy system, if that rooftop
21 photovoltaic solar energy system is installed after December 31, 1999, and before

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1 January 1, 2007. A credit claimed under this subdivision may not exceed \$2,000 in
2 a taxable year.

3 (c) A claimant may not claim a credit under this subsection for any amount that
4 the claimant claimed as a credit under section 46 of the Internal Revenue Code.

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

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

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

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

18 71.10 (4) (cp) Solar energy system credit under s. 71.07 (5d).

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

20 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
21 (2dj), (2dL), (2ds), (2dx) and, (3s) and (5d) and passed through to partners shall be
22 added to the partnership's income.

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

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

15 71.28 (5d) SOLAR ENERGY SYSTEM CREDIT. (a) In this subsection:

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

17 2. "Photovoltaic solar energy system" has the meaning given in s. 13.48 (2) (h)

18 1. d.

19 3. "Solar energy system" has the meaning given in s. 13.48 (2) (h) 1. g.

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

22 1. An amount equal to 15% of the amount that the claimant paid or incurred
23 to purchase and install a solar energy system to heat water, if that solar energy
24 system is installed after December 31, 1999, and before January 1, 2005. A credit
25 claimed under this subdivision may not exceed \$1,000 in a taxable year.

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1 2. An amount equal to 15% of the amount that the claimant paid or incurred
2 to purchase and install a rooftop photovoltaic solar energy system, if that rooftop
3 photovoltaic solar energy system is installed after December 31, 1999, and before
4 January 1, 2007. A credit claimed under this subdivision may not exceed \$2,000 in
5 a taxable year.

6 (c) A claimant may not claim a credit under this subsection for any amount that
7 the claimant claimed as a credit under section 46 of the Internal Revenue Code.

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

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

18 (f) Subsection (4) (g) and (h), as it applies to the credit under sub. (4), applies
19 to the credit under this subsection.

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

21 71.30 **(3)** (dm) Solar energy system credit under s. 71.28 (5d).

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

23 71.34 **(1)** (g) An addition shall be made for credits computed by a tax-option
24 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx) ~~and~~ (3) and (5d)
25 and passed through to shareholders.

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

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

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

9 71.47 **(5d)** SOLAR ENERGY SYSTEM CREDIT. (a) In this subsection:

- 10 1. "Claimant" means a person who files a claim under this subsection.
11 2. "Photovoltaic solar energy system" has the meaning given in s. 13.48 (2) (h)
12 1. d.
13 3. "Solar energy system" has the meaning given in s. 13.48 (2) (h) 1. g.

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

16 1. An amount equal to 15% of the amount that the claimant paid or incurred
17 to purchase and install a solar energy system to heat water, if that solar energy
18 system is installed after December 31, 1999, and before January 1, 2005. A credit
19 claimed under this subdivision may not exceed \$1,000 in a taxable year.

20 2. An amount equal to 15% of the amount that the claimant paid or incurred
21 to purchase and install a rooftop photovoltaic solar energy system, if that rooftop
22 photovoltaic solar energy system is installed after December 31, 1999, and before
23 January 1, 2007. A credit claimed under this subdivision may not exceed \$2,000 in
24 a taxable year.

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1 (c) A claimant may not claim a credit under this subsection for any amount that
2 the claimant claimed as a credit under section 46 of the Internal Revenue Code.

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

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

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

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

16 71.49 (1) (dm) Solar energy system credit under s. 71.47 (5d).

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

19 77.92 (4) “Net business income”, with respect to a partnership, means taxable
20 income as calculated under section 703 of the Internal Revenue Code; plus the items
21 of income and gain under section 702 of the Internal Revenue Code, including taxable
22 state and municipal bond interest and excluding nontaxable interest income or
23 dividend income from federal government obligations; minus the items of loss and
24 deduction under section 702 of the Internal Revenue Code, except items that are not
25 deductible under s. 71.21; plus guaranteed payments to partners under section 707

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1 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
2 (2di), (2dj), (2dL), (2dr), (2ds), (2dx) ~~and~~ (3s) and (5d); and plus or minus, as
3 appropriate, transitional adjustments, depreciation differences and basis
4 differences under s. 71.05 (13), (15), (16), (17) and (19); but excluding income, gain,
5 loss and deductions from farming. “Net business income”, with respect to a natural
6 person, estate or trust, means profit from a trade or business for federal income tax
7 purposes and includes net income derived as an employe as defined in section 3121
8 (d) (3) of the Internal Revenue Code.

9 **SECTION 13. Initial applicability.**

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

15 (END)