

**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 to businesses for purchase and installation of solar energy 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>
/1	jkreye 04/06/1999	gilfokm 04/13/1999	martykr 04/15/1999	_____	lrb_docadmin 04/15/1999		State
	jkreye 02/21/2000	gilfokm 02/22/2000		_____			
/2			martykr 02/22/2000	_____	lrb_docadmin 02/22/2000	lrb_docadmin	State 02/22/2000

FE Sent For:

<END>

112  
3/9/00

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/1	jkreye 04/6/99	gilfokm 04/13/99 12-2-99 Kmg	martykr 04/15/99 Km/22	_____ _____ Kb 2 Km/22	lrb_docadmin 04/15/99		State
FE Sent For:							
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1?	jkreye	1-4-12-99 Kmg	Rm 4/16	cb 4/15			

FE Sent For:

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**LEGISLATIVE REFERENCE BUREAU**

**BILL REQUEST FORM**

Legal Section, 5<sup>th</sup> 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 ASHENFELDER / 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 busseries tax credit for installing certain solar 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:

## PROVIDE TAX CREDIT FOR ROOFTOP SOLAR EQUIPMENT

### Current Law

A 10-percent investment tax credit is provided to businesses for qualifying equipment that uses solar energy to generate electricity, to heat or cool or to provide hot water for use in a structure, or to provide solar process heat.

### Reasons for Change

A tax credit for rooftop solar photovoltaic systems and solar water heating systems will reduce the cost of these investments and encourage individuals and businesses to adopt these systems. Heat and electricity from these sources produce no greenhouse gasses.

### Proposal

Under this proposal, a tax credit would be available for purchasers of rooftop photovoltaic systems and solar water heating systems that are located on or adjacent to a building and are used ~~exclusively for purposes other than~~ heating swimming pools. The credit would be equal to 15 percent of qualified investment up to a maximum of \$1,000 for solar water heating systems and \$2,000 for rooftop photovoltaic systems. This credit would be nonrefundable. For businesses, this credit would be subject to the limitations of the general business credit. The depreciable basis of the qualified property would be reduced by the amount of the credit claimed. The credit would apply only to equipment placed in service in the five-year period after December 31, 1999 and before January 1, 2005 for solar water heating systems and for the seven-year period after December 31, 1999 and before January 1, 2007 for rooftop photovoltaic systems. Taxpayers would have to choose between the proposed credit and the present tax credit for each investment.



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-25357

JK:king  
RMR

1 **AN ACT** <sup>gen</sup> **relating to:** a tax credit for the purchase and installation of solar  
2 energy systems to heat water and the purchase and installation of rooftop  
3 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 credit for the purchase and installation of a rooftop photovoltaic solar energy system may not exceed \$2,000 in a taxable year. <sup>AB</sup> 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. <sup>the</sup>

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 under this subsection.

10 2. "Photovoltaic solar energy system" has the meaning given ~~in~~ s. 13.48 (2)  
11 (h) 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 <sup>that</sup> the claimant paid or incurred to  
16 purchase and install a solar energy system to heat water, if that solar energy system  
17 is installed after December 31, 1999 <sup>and</sup> before January 1, 2005. A credit claimed  
18 under this subdivision ~~shall~~ <sup>may</sup> not exceed \$1,000 in a taxable year.

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

24 (c) A claimant may not claim a credit under this subsection for any amount <sup>that</sup>  
25 claimant claimed as a credit under section 46 of the Internal Revenue Code.

1 (d) 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 (e) 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 amounts 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 (f) 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), (5d),  
17 (6) and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and  
18 (5d) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and (5d)  
19 and subchs. VIII and IX and payments to other states under s. 71.07 (7), is less than  
20 the tax under this section, there is imposed on that natural person, married couple  
21 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), solar energy system credit under s. 71.07 (5d),<sup>✓</sup> earned income tax credit  
3 under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under  
4 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 (5d)<sup>✓</sup> 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 as modified under  
12 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit  
13 computed under s. 71.28 (1) and (3) to (5) plus the amount of the credit computed  
14 under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds) ~~and~~, (1dx) and (5d)<sup>✓</sup> and not passed  
15 through by a partnership, limited liability company or tax-option corporation that  
16 has added that amount to the partnership's, limited liability company's or tax-option  
17 corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from  
18 the sale or other disposition of assets the gain from which would be wholly exempt  
19 income, as defined in sub. (3) (L), if the assets were sold or otherwise disposed of at  
20 a gain and minus deductions, as computed under the internal revenue code as  
21 modified under sub. (3), plus or minus, as appropriate, an amount equal to the  
22 difference between the federal basis and Wisconsin basis of any asset sold,  
23 exchanged, abandoned or otherwise disposed of in a taxable transaction during the  
24 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

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

1           71.28 (5d) SOLAR ENERGY SYSTEM CREDIT. (a) In this subsection:

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

3           2. "Photovoltaic solar energy system" has the meaning given ~~under~~<sup>in</sup> s. 13.48 (2)

4           (h) 1. d.

5           3. "Solar energy system" has the meaning given ~~under~~<sup>in</sup> s. 13.48 (2) (h) 1. g.

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

8           1. An amount equal to 15% of the amount <sup>that</sup> the claimant paid or incurred to  
9 purchase and install a solar energy system to heat water, if that solar energy system  
10 is installed after December 31, 1999<sup>v</sup> and before January 1, 2005. A credit claimed  
11 under this subdivision ~~shall~~<sup>may</sup> not exceed \$1,000 in a taxable year.

12           2. An amount equal to 15% of the amount <sup>that</sup> the claimant paid or incurred to  
13 purchase and install a rooftop photovoltaic solar energy system, if that rooftop  
14 photovoltaic solar energy system is installed after December 31, 1999<sup>v</sup> and before  
15 January 1, 2007. A credit claimed under this subdivision ~~shall~~<sup>may</sup> not exceed \$2,000 in  
16 a taxable year.

17           (c) A claimant may not claim a credit under this subsection for any amount <sup>that</sup>  
18 claimant claimed as a credit under section 46 of the Internal Revenue Code.

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

21           (e) Partnerships, limited liability companies and tax-option corporations may  
22 not claim the credit under this subsection, but the eligibility for, and the amount of,  
23 the credit are based on the amounts paid or incurred under par. (b). A partnership,  
24 limited liability company or tax-option corporation shall compute the amount of  
25 credit that each of its partners, members or shareholders may claim and shall

1 provide that information to each of them. Partners, members of limited liability  
2 companies and shareholders of tax-option corporations may claim the credit in  
3 proportion to their ownership interest.

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

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

7 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28  
8 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under  
9 s. 71.28 (2m), solar energy system credit under s. 71.28 (5d) and estimated tax  
10 payments under s. 71.29.

11 **SECTION 9.** 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 (5d)  
14 and passed through to shareholders.

15 **SECTION 10.** 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 (5d) 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 11.** 71.47 (5d) of the statutes is created to read:

23 71.47 (5d) SOLAR ENERGY SYSTEM CREDIT. (a) In this subsection:

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

1           2. "Photovoltaic solar energy system" has the meaning given ~~in~~<sup>in</sup> s. 13.48 (2)

2           (h) 1. d.

3           3. "Solar energy system" has the meaning given ~~in~~<sup>in</sup> s. 13.48 (2) (h) 1. g. 43

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

6           1. An amount equal to 15% of the amount <sup>that</sup> the claimant paid or incurred to  
7 purchase and install a solar energy system to heat water, if that solar energy system  
8 is installed after December 31, 1999<sup>v</sup> and before January 1, 2005. A credit claimed  
9 under this subdivision ~~shall~~<sup>may</sup> not exceed \$1,000 in a taxable year.

10           2. An amount equal to 15% of the amount <sup>that</sup> the claimant paid or incurred to  
11 purchase and install a rooftop photovoltaic solar energy system, if that rooftop  
12 photovoltaic solar energy system is installed after December 31, 1999<sup>v</sup> and before  
13 January 1, 2007. A credit claimed under this subdivision ~~shall~~<sup>may</sup> not exceed \$2,000 in  
14 a taxable year. <sup>that</sup>

15           (c) A claimant may not claim a credit under this subsection for any amount <sup>that</sup>  
16 claimant claimed as a credit under section 46 of the Internal Revenue Code.

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

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

1 companies and shareholders of tax-option corporations may claim the credit in  
2 proportion to their ownership interest.

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

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

6 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47  
7 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under  
8 s. 71.47 (2m), solar energy system credit under s. 71.47 (5d) and estimated tax  
9 payments under s. 71.48.

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

11 77.92 (4) "Net business income", with respect to a partnership, means taxable  
12 income as calculated under section 703 of the internal revenue code; plus the items  
13 of income and gain under section 702 of the internal revenue code; minus the items  
14 of loss and deduction under section 702 of the internal revenue code; plus payments  
15 treated as not made to partners under section 707 (a) of the internal revenue code;  
16 plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds),  
17 (2dx) ~~and~~, (3s) ~~and~~ (5d), but excluding income, gain, loss and deductions from  
18 farming. "Net business income", with respect to a natural person, estate or trust,  
19 means profit from a trade or business for federal income tax purposes and includes  
20 net income derived as an employee as defined in section 3121 (d) (3) of the internal  
21 revenue code.

22 **SECTION 14. Initial applicability.**

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

1 beginning on January 1 of the year after the year in which this subsection takes  
2 effect.

3 (END)

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**Kreye, Joseph**

---

**From:** Ashenfelter, Barry  
**Sent:** Monday, February 21, 2000 11:19 AM  
**To:** Kreye, Joseph  
**Subject:** LRB 2535/1

Hi Joe,  
Could you please have LRB 2535/1 (solar tax credit) jacketed for introduction.  
That one's been languishing for awhile. Sorry about that.  
Thanks.  
Barry Ashenfelter  
Sen. Burke's Office (6-8535)



1999 BILL

MM 2-22-2000

SOON

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 (5d), 71.28 (5d) and 71.47 (5d) of the statutes; **relating to:** a  
4 tax credit for the purchase and installation of solar energy systems to heat  
5 water and the purchase and installation of rooftop photovoltaic solar energy  
6 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



**BILL**

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.

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

**BILL**

1 photovoltaic solar energy system is installed after December 31, 1999, and before  
2 January 1, 2007. A credit claimed under this subdivision may not exceed \$2,000 in  
3 a taxable year.

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

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

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

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

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

19 ~~71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married~~  
20 ~~couple filing jointly, trust or estate under s. 71.02, not considering the credits under~~  
21 ~~ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (5d),~~  
22 ~~(6) and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and~~  
23 ~~(5d) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and (5d)~~  
24 ~~and subchs. VIII and IX and payments to other states under s. 71.07 (7), is less than~~  
25 ~~the tax under this section, there is imposed on that natural person, married couple~~

**BILL**

1 filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative  
2 minimum tax computed as follows:

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

4 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland  
5 preservation credit under subch. IX, homestead credit under subch. VIII, farmland  
6 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.  
7 71.07 (2fd), solar energy system credit under s. 71.07 (5d), earned income tax credit  
8 under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under  
9 subch. X.

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

11 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
12 (2dj), (2dL), (2ds), (2dx) ~~and~~, (3s) ~~and~~ (5d) and passed through to partners shall be  
13 added to the partnership's income.

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

15 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means  
16 the gross income as computed under the internal revenue code as modified under  
17 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit  
18 computed under s. 71.28 (1) and (3) to (5) plus the amount of the credit computed  
19 under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds) ~~and~~, (1dx) ~~and~~ (5d) and not passed  
20 through by a partnership, limited liability company or tax-option corporation that  
21 has added that amount to the partnership's, limited liability company's or tax-option  
22 corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from  
23 the sale or other disposition of assets the gain from which would be wholly exempt  
24 income, as defined in sub. (3) (L), if the assets were sold or otherwise disposed of at  
25 a gain and minus deductions, as computed under the internal revenue code as

*A Sec. #, viz 71.10 (4) (cp)*  
*71.10 (4) (cp) ~~and~~ solar energy system credit under s. 71.07 (5d).*

**BILL**

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

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

6 **71.28 (5d) SOLAR ENERGY SYSTEM CREDIT.** (a) In this subsection:

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

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

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

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

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

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

**BILL**

**SECTION 7**

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

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

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

12 ~~71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28~~  
 13 ~~(1fd), farmland preservation credit under subch. IX, farmland tax relief credit under~~  
 14 ~~s. 71.28 (2m), solar energy system credit under s. 71.28 (5d) and estimated tax~~  
 15 ~~payments under s. 71.29.~~

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

17 71.34 (1) (g) An addition shall be made for credits computed by a tax-option  
 18 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx) ~~and~~, (3) ~~and~~ (5d)  
 19 and passed through to shareholders.

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

21 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
 22 computed under s. 71.47 (1dd) to (1dx) and (5d) and not passed through by a  
 23 partnership, limited liability company or tax-option corporation that has added that  
 24 amount to the partnership's, limited liability company's or tax-option corporation's

9 Sec #, or; 71.30(3)(<sup>dm</sup>dm) <sup>wind</sup> solar energy system  
 10 71.30(3)(<sup>dm</sup>dm) ~~and~~ solar energy credit under s. 71.28(5<sup>d</sup>d).

**BILL**

1 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under  
2 s. 71.47 (1), (3), (4) and (5).

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

4 **71.47 (5d) SOLAR ENERGY SYSTEM CREDIT.** (a) In this subsection:

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

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

7 1. d.

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

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

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

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

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

22 (d) 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 (e) 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,

**BILL**

1 the credit are based on the amounts 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 (f) 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 12.** 71.49 (1) (f) of the statutes is amended to read:

10 71.49 (1) (f) ~~The total of farmers' drought property tax credit under s. 71.47~~  
11 ~~(1fd), farmland preservation credit under subch. IX, farmland tax relief credit under~~  
12 ~~s. 71.47 (2m), solar energy system credit under s. 71.47 (5d) and estimated tax~~  
13 ~~payments under s. 71.48.~~

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

15 77.92 (4) "Net business income", with respect to a partnership, means taxable  
16 income as calculated under section 703 of the internal revenue code; plus the items  
17 of income and gain under section 702 of the internal revenue code; minus the items  
18 of loss and deduction under section 702 of the internal revenue code; plus payments  
19 treated as not made to partners under section 707 (a) of the internal revenue code;  
20 plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds),  
21 (2dx) and (3s) and (5d); but excluding income, gain, loss and deductions from  
22 farming. "Net business income", with respect to a natural person, estate or trust,  
23 means profit from a trade or business for federal income tax purposes and includes  
24 net income derived as an employe as defined in section 3121 (d) (3) of the internal  
25 revenue code.

INSERT 8-8

**BILL****1 SECTION 14. Initial applicability.**

2 (1) SOLAR ENERGY SYSTEM CREDIT. This act first applies to taxable years  
3 beginning on January 1 of the year in which this subsection takes effect, except that  
4 if this subsection takes effect after July 31 this act first applies to taxable years  
5 beginning on January 1 of the year after the year in which this subsection takes  
6 effect.

7 (END)



sec # <sup>5d</sup>; 71.49 (1) (dm) <sup>(dm)</sup> ~~71.49 (1) (dm)~~ solar energy credit under s. 71.47 (5d).  
*(INSERT 8-8 ✓ system)*

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 (3s)~~ <sup>and (5d)</sup>; 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.

2

5d ✓

2535/2

D-N

JK: King:

This draft makes a change necessitated  
by 1999 Wisconsin Act 9 and three  
technical changes that correct errors  
related to a non-reference  
related to the  
computations of the credit. If you have  
any questions, please contact me.

JK

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

LRB-2535/2dn  
JK:kmg:km

February 22, 2000

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.

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

LRB  
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# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET  
P. O. BOX 2037  
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561  
REFERENCE SECTION: (608) 266-0341  
FAX: (608) 266-5648

STEPHEN R. MILLER  
CHIEF

April 26, 2000

## MEMORANDUM

**To:** Senator Burke

**From:** Joseph Kreye, Sr. Legislative Attorney, (608) 266-2263

**Subject:** Technical Memorandum to **1999 SB 463** (LRB 99-2535/2)

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We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

**MEMORANDUM**

April 24, 2000

**TO:** Joseph Kreye  
Legislative Reference Bureau

**FROM:** Dennis Collier *DC*  
Department of Revenue

**SUBJECT:** Technical Memorandum on SB 463: Income and Franchise Tax Credit for Purchasing Solar Energy Equipment

The analysis states that sole proprietorships, corporations and insurers may claim the credit; however, as drafted individuals also may claim the credit. The sponsor may want to clarify if the credit is intended only for businesses or if it should also be available for individuals.

The credit is for expenses paid or incurred in a taxable year. Expenses may be incurred in one year and paid in another. The sponsor may wish to clarify which year the credit should be taken.

The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language could be developed and costs allocated in the following manner:

	<u>Chapter 20</u>	<u>Amount</u>	<u>FTE</u>
one-time	s. 20.566 (1) (a)	\$144,600	
annual	s. 20.566 (1) (a)	\$ 8,000	

If you have questions regarding this technical memorandum, please contact Pamela Walgren at 266-7817. For questions regarding administrative costs, contact Jackie Wipperfurth at 266-9513.

DC:PW:ds  
t:\fsn99-00\pw\sb463.tec