

State of Wisconsin



2003 Assembly Bill 283

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2003 WISCONSIN ACT 135

AN ACT *to amend* 71.05 (6) (a) 15., 71.08 (1) (intro.), 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2) (a) 10. and 77.92 (4); and *to create* 71.07 (3n), 71.10 (4) (gbm), 71.28 (3n), 71.30 (3) (bm), 71.47 (3n) and 71.49 (1) (bm) of the statutes; **relating to:** an income and franchise tax credit for expenses related to operating a dairy farm.

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

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

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

SECTION 2. 71.07 (3n) of the statutes is created to read:

71.07 (3n) DAIRY INVESTMENT CREDIT. (a) In this subsection:

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

1m. "Dairy animals" includes heifers raised as replacement dairy animals.

1p. "Dairy farm" includes a facility used to raise heifers as replacement dairy animals.

2. "Dairy farm modernization or expansion" means the construction, the improvement, or the acquisition of buildings or facilities, or the acquisition of equipment, for dairy animal housing, confinement, animal feeding,

milk production, or waste management, including the following, if used exclusively related to dairy animals:

- a. Freestall barns.
- b. Fences.
- c. Watering facilities.
- d. Feed storage and handling equipment.
- e. Milking parlors.
- f. Robotic equipment.
- g. Scales.
- h. Milk storage and cooling facilities.
- i. Bulk tanks.
- j. Manure pumping and storage facilities.
- k. Digesters.
- L. Equipment used to produce energy.

(b) Subject to the limitations provided in this subsection, for taxable years that begin after December 31, 2003, and before January 1, 2010, a claimant may claim as a credit against the tax imposed under ss. 71.02 and 71.08 an amount equal to 10% of the amount the claimant paid in the taxable year for dairy farm modernization or expansion related to the operation of the claimant's dairy farm.

(c) No credit may be allowed under this subsection for any amount that the claimant paid for expenses described under par. (b) that the claimant also claimed as

* Section 991.11, WISCONSIN STATUTES 2001-02 : Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated" by the secretary of state [the date of publication may not be more than 10 working days after the date of enactment].

a deduction under section 162 of the Internal Revenue Code.

(d) The aggregate amount of credits that a claimant may claim under this subsection is \$50,000.

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

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

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

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

SECTION 4. 71.10 (4) (gbm) of the statutes is created to read:

71.10 (4) (gbm) Dairy investment credit under s. 71.07 (3n).

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

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

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

71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means the gross income as computed under the Internal Revenue Code as modified under sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit computed under s. 71.28 (1), (3), (4), and (5), plus the amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), and (3g), and (3n) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, limited liability company's, or tax-option

corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from the sale or other disposition of assets the gain from which would be wholly exempt income, as defined in sub. (3) (L), if the assets were sold or otherwise disposed of at a gain and minus deductions, as computed under the Internal Revenue Code as modified under sub. (3), plus or minus, as appropriate, an amount equal to the difference between the federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or otherwise disposed of in a taxable transaction during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

SECTION 7. 71.28 (3n) of the statutes is created to read:

71.28 (3n) DAIRY INVESTMENT CREDIT. (a) In this subsection:

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

1m. "Dairy animals" includes heifers raised as replacement dairy animals.

1p. "Dairy farm" includes a facility used to raise heifers as replacement dairy animals.

2. "Dairy farm modernization or expansion" means the construction, the improvement, or the acquisition of buildings or facilities, or acquiring equipment, for dairy animal housing, confinement, animal feeding, milk production, or waste management, including the following, if used exclusively related to dairy animals:

- a. Freestall barns.
- b. Fences.
- c. Watering facilities.
- d. Feed storage and handling equipment.
- e. Milking parlors.
- f. Robotic equipment.
- g. Scales.
- h. Milk storage and cooling facilities.
- i. Bulk tanks.
- j. Manure pumping and storage facilities.
- k. Digesters.
- L. Equipment used to produce energy.

(b) Subject to the limitations provided in this subsection, for taxable years that begin after December 31, 2003, and before January 1, 2010, a claimant may claim as a credit against the tax imposed under s. 71.23 an amount equal to 10% of the amount the claimant paid in the taxable year for dairy farm modernization or expansion related to the operation of the claimant's dairy farm.

(c) No credit may be allowed under this subsection for any amount that the claimant paid for expenses described under par. (b) that the claimant also claimed as a deduction under section 162 of the Internal Revenue Code.

(d) The aggregate amount of credits that a claimant may claim under this subsection is \$50,000.

(e) Partnerships, limited liability companies, and tax-option corporations may not claim the credit under

this subsection, but the eligibility for, and the amount of, the credit are based on their payment of expenses under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interest.

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

SECTION 8. 71.30 (3) (bm) of the statutes is created to read:

71.30 (3) (bm) Dairy investment credit under s. 71.28 (3n).

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

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

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

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

SECTION 11. 71.47 (3n) of the statutes is created to read:

71.47 (3n) DAIRY INVESTMENT CREDIT. (a) In this subsection:

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

1m. "Dairy animals" includes heifers raised as replacement dairy animals.

1p. "Dairy farm" includes a facility used to raise heifers as replacement dairy animals.

2. "Dairy farm modernization or expansion" means the construction, the improvement, or the acquisition of buildings or facilities, or the acquisition of equipment, for dairy animal housing, confinement, animal feeding, milk production, or waste management, including the following, if used exclusively related to dairy animals:

- a. Freestall barns.
- b. Fences.
- c. Watering facilities.
- d. Feed storage and handling equipment.
- e. Milking parlors.
- f. Robotic equipment.
- g. Scales.
- h. Milk storage and cooling facilities.

i. Bulk tanks.

j. Manure pumping and storage facilities.

k. Digesters.

L. Equipment used to produce energy.

(b) Subject to the limitations provided in this subsection, for taxable years that begin after December 31, 2003, and before January 1, 2010, a claimant may claim as a credit against the tax imposed under s. 71.43 an amount equal to 10% of the amount the claimant paid in the taxable year for dairy farm modernization or expansion related to the operation of the claimant's dairy farm.

(c) No credit may be allowed under this subsection for any amount that the claimant paid for expenses described under par. (b) that the claimant also claimed as a deduction under section 162 of the Internal Revenue Code.

(d) The aggregate amount of credits that a claimant may claim under this subsection is \$50,000.

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

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

SECTION 12. 71.49 (1) (bm) of the statutes is created to read:

71.49 (1) (bm) Dairy investment credit under 71.47 (3n).

SECTION 13. 77.92 (4) of the statutes 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), (2dm), (2dr), (2ds), (2dx), and (3g), (3n), 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 employee as defined in section [3121](#) (d) (3) of the Internal Revenue Code.
