

2003 SENATE BILL 174

May 21, 2003 – Introduced by Senators HARSDORF, LASSA, JAUCH, ZIEN, SCHULTZ, KANAVAS, STEPP, WIRCH and ROESSLER, cosponsored by Representatives SUDER, NASS, VRUWINK, HAHN, PETTIS, ALBERS, FRISKE, SERATTI, TOWNS, McCORMICK, HINES, JENSEN, AINSWORTH, TOWNSEND, KRAWCZYK and PETROWSKI. Referred to Committee on Economic Development, Job Creation and Housing.

1 **AN ACT** *to amend* 71.07 (3g) (a) 2., 71.28 (3g) (a) 2. and 71.47 (3g) (a) 2.; and *to*
2 *repeal and recreate* 71.08 (1) (intro.) of the statutes; **relating to:** claiming the
3 technology zone tax credit.

Analysis by the Legislative Reference Bureau

Under current law, a business that is located in a technology zone and certified by the Department of Commerce to receive tax credits, may claim such credits in an amount, as adjusted by the Department of Commerce, that is equal to the sum of the property taxes, income and franchise taxes, and sales and use taxes that the business paid in the taxable year. Under current law, generally, partnerships, limited liability companies, and tax-option corporations do not pay income or franchise taxes, but, instead, pass their tax liability on to their partners, members, and shareholders who report the income received from such entities.

Under this bill, a partner of a partnership, a member of a limited liability company, and a shareholder of a tax-option corporation may claim a tax credit, related to doing business in a technology zone, that is equal in part to a proportionate share of the amount, as adjusted by the Department of Commerce, of income or franchise taxes that the partnership, limited liability company, or tax-option corporation would have paid in the previous taxable year had the entity been a corporation. The amount of such taxes is determined by multiplying the entity's reported net income for the previous taxable year by the income or franchise tax rate applicable to a corporation.

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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.** 71.07 (3g) (a) 2. of the statutes is amended to read:

2 71.07 **(3g)** (a) 2. The amount of income and franchise taxes imposed under s.
3 ss. 71.02 and 71.08 that the business paid ~~in~~ on the return for the previous taxable
4 year or, in the case of partnerships, limited liability companies, and tax-option
5 corporations, the amount of income or franchise taxes that the entity would have
6 paid in the previous taxable year had the entity been a corporation subject to the tax
7 imposed under s. 71.23 and determined by multiplying the income that the entity
8 would have reported if the entity had been a corporation by the appropriate tax rate
9 under s. 71.27 (1) or (2).

10 **SECTION 2.** 71.08 (1) (intro.) of the statutes, as affected by 2001 Wisconsin Act
11 109, is repealed and recreated to read:

12 71.08 **(1)** IMPOSITION. (intro.) If the tax imposed on a natural person, married
13 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
14 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3g), (3m), (3s),
15 (6), and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), and
16 (3g), and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), and (3g),
17 and subchs. VIII and IX and payments to other states under s. 71.07 (7), is less than
18 the tax under this section, there is imposed on that natural person, married couple
19 filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative
20 minimum tax computed as follows:

21 **SECTION 3.** 71.28 (3g) (a) 2. of the statutes is amended to read:

