

2003 DRAFTING REQUEST

Bill

Received: 02/09/2004

Received By: jkreye

Wanted: Today

Identical to LRB:

For: Julie Lassa (608) 266-3123

By/Representing: jessica

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Econ. Development - misc.
Tax - miscellaneous

Extra Copies:

Submit via email: YES

Requester's email: Sen.Lassa@legis.state.wi.us

Carbon copy (CC:) to: joseph.kreye@legis.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

Technology development grants and tax exemptions for renewable energy technology

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 02/09/2004	kgilfoy 02/09/2004		_____			S&L Tax
/1			rschluet 02/09/2004	_____	lemery 02/09/2004	sbasford 02/23/2004 sbasford 02/23/2004	

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

FE Sent For:

AX
Intro.

<END>

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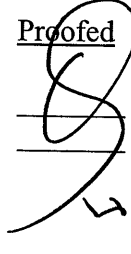
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/?	jkreye	1-2/9 Kmg					

FE Sent For:

<END>

Kreye, Joseph

From: Kelly, Jessica
Sent: Monday, February 09, 2004 8:57 AM
To: Kreye, Joseph
Subject: FW: LRB 3896/2: relating to technology development grants and tax exemptions for renewable energy technology development and use.

Joe - can you draft up a companion to LRB 3896/2 for Senator Lassa?


Thanks!

Jessica Ford Kelly
Office of Senator Julie Lassa
State Capitol, 3-South
P.O. Box 7882
Madison, WI 53707-7882
608-266-3123 (Madison)
1-800-925-7491 (Toll Free)
608-267-6797 (Facsimile)

-----Original Message-----

From: Rep.Plouff
Sent: Thursday, January 29, 2004 3:14 PM
To: *Legislative Assembly Democrats; *Legislative Assembly Republicans; *Legislative Senate Democrats; *Legislative Senate Republicans
Subject: LRB 3896/2: relating to technology development grants and tax exemptions for renewable energy technology development and use.

Co-Sponsorship Memo

To: All Legislators
From: Representative Plouff
Date: 1/29/03
Re: LRB 3896/2 relating to technology development grants and tax exemptions for renewable energy technology development and use.
Deadline: 

As part of the Wisconsin Prosperity Project, I am introducing LRB 3896/2 which earmarks \$400,000 of Development Fund money for the creation of renewable energy technology. This proposal also creates sales and use tax exemptions for the sale of renewable energy and the purchase of its technology.

Analysis by the Legislative Reference Bureau

This bill creates sales and use tax exemptions for the sale of a renewable resource and for the sale of any item of tangible personal property that uses a renewable resource. Under current law, "renewable resource" includes a resource that derives electricity from a fuel cell that uses a renewable

fuel; tidal or wave action, solar thermal electric or photovoltaic energy, wind power, geothermal technology, wood or plant material, biological waste, crops grown for use as a resource, or landfill gases.

Under current law, the Development Finance Board (board) may award technology development grants and loans, from the Wisconsin development fund, to businesses to provide capital for developing and marketing a business or to fund technical research that is intended to result in the development of a new, or the improvement of an existing, industrial product or process.

This bill requires the board to biennially award technology development grants or loans, not exceeding a total of \$400,000 in each biennium, to businesses for research, development, or commercialization activities related to renewable resource projects.

For more information on this legislation, please contact Representative [redacted] at [redacted] on [redacted] 2004 at 5 pm.



Renewable energy
Bill.pdf



4219/11

2003 BILL

in 2-9-04
Walsh, please

1 **AN ACT to create** 77.54 (30m), 77.54 (47) and 560.62 (3m) of the statutes;
 2 **relating to:** technology development grants for renewable resource projects
 3 **and creating sales tax and use tax exemptions for the sale of a renewable**
 4 **resource and for tangible personal property powered by a renewable resource.**

Analysis by the Legislative Reference Bureau

This bill creates sales and use tax exemptions for the sale of a renewable resource and for the sale of any item of tangible personal property that uses a renewable resource. Under current law, "renewable resource" includes a resource that derives electricity from a fuel cell that uses a renewable fuel, tidal or wave action, solar thermal electric or photovoltaic energy, wind power, geothermal technology, wood or plant material, biological waste, crops grown for use as a resource, or landfill gases.

Under current law, the Development Finance Board (board) may award technology development grants and loans, from the Wisconsin development fund, to businesses to provide capital for developing and marketing a business or to fund technical research that is intended to result in the development of a new, or the improvement of an existing, industrial product or process.

This bill requires the board to biennially award technology development grants or loans, not exceeding a total of \$400,000 in each biennium, to businesses for research, development, or commercialization activities related to renewable resource projects.

BILL

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state and local* 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.** 77.54 (30m) of the statutes is created to read:

2 **77.54 (30m)** The gross receipts from the sale of and the storage, use, or other
3 consumption of a renewable resource, as defined in s. 196.378 (1) (h).

4 **SECTION 2.** 77.54 (47) of the statutes is created to read:

5 **77.54 (47)** The gross receipts from the sale of and the storage, use, or other
6 consumption of any item of tangible personal property that uses a renewable
7 resource, as defined in s. 196.378 (1) (h), as a power source.

8 **SECTION 3.** 560.62 (3m) of the statutes is created to read:

9 **560.62 (3m) (a)** In this subsection, "renewable resource" has the meaning given
10 in s. 196.378 (1) (h).

11 **(b)** The board shall biennially award technology development grants or loans,
12 not exceeding a total of \$400,000 in each biennium, under sub. (1) to businesses or
13 consortiums for research, development, or commercialization activities related to
14 renewable resource projects. Any amount not awarded under this paragraph in each
15 biennium may be awarded as a grant or loan described under s. 560.61.

16 **SECTION 4. Initial applicability.**

17 **(1)** The treatment of section 560.62 (3m) of the statutes first applies to grants
18 or loans awarded on July 1, 2005.

19 **SECTION 5. Effective dates.** This act takes effect on the day after publication,
20 except as follows:

Emery, Lynn

From: Kelly, Jessica
Sent: Monday, February 23, 2004 12:19 PM
To: LRB.Legal
Subject: Draft review: LRB 03-4219/1 Topic: Technology development grants and tax exemptions for renewable energy technology

It has been requested by <Kelly, Jessica> that the following draft be jacketed for the SENATE:

Draft review: LRB 03-4219/1 Topic: Technology development grants and tax exemptions for renewable energy technology



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

1 EAST MAIN, SUITE 200
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 264-6948

STEPHEN R. MILLER
CHIEF

March 8, 2004

MEMORANDUM

To: Senator Lassa

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

Subject: Technical Memorandum to **SB-500** (LRB 03-4219/1)

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

March 4, 2004

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Dennis Collier
Department of Revenue

SUBJECT: Technical Memorandum on SB 500 Regarding Sales Tax Exemptions for Renewable Resources

We have the following technical concerns with SB 500:

1. It is not clear whether Section 1 is intended to exempt from sales and use tax generators powered by renewable resources or sales of electricity generated by the use of certain fuel cells, tidal or wave action, solar energy, wind power, and other renewable resources. In addition, the bill may exempt sales of the renewable resource itself – solar energy, wind power, and other renewable resources. This interpretation is supported by sec. 196.378 (j) which defines "resource" as "a source of energy used to generate electric power."
2. Wisconsin's electric power supply is produced using a mix of technologies, including renewable resources such as wind and hydro power. Since the bill does not require direct and exclusive use of power supplied using a renewable resource to qualify for the exemption, any item of tangible personal property that uses electricity would be exempt under Section 2.

The fact that the electricity is not generated exclusively from a renewable resource would not disqualify the tangible personal property from exemption because the bill does not require exclusive use of a renewable resource. Also, the fact that the wind does not directly power the tangible personal property would not disqualify the tangible personal property from exemption because there is no direct use requirement in the bill.

For example, if a utility generates 5% of its electricity with wind turbines, and the other 95% of its electricity from coal, the wind-generated electricity is commingled with the coal-generated electricity and sold to customers. Any item of tangible personal property (e.g., computers, televisions, and air conditioners) powered by such commingled electricity would qualify for exemption because it uses electricity generated from a renewable resource (wind power).

3. The bill does not exempt accessories, attachments, and parts for the items of tangible

personal property that would be exempt under the bill. Taxpayers may be confused in trying to distinguish the parts that use a renewable resource from those that do not. This problem may be remedied by including accessories, attachments, and parts for such tangible personal property within the exemption.

For example, if a wind turbine is being overhauled, it is not clear whether the blades themselves are items of tangible personal property that are powered by a renewable resource. Certainly the wind turbine uses a renewable resource as a power source, and the sale of an entire wind turbine would qualify for exemption, but it is not clear whether sales of parts, accessories, and attachments for it (e.g., blades, concrete for foundation, cable and wiring) would be exempt.

If you have questions regarding this technical memorandum, please contact Blair P. Kruger at (608) 266-1310 or bkruger@dor.state.wi.us.