

2003 ASSEMBLY BILL 508

September 11, 2003 – Introduced by Representatives WIECKERT, F. LASEE, NISCHKE, ZIEGELBAUER, HINES, AINSWORTH, GRONEMUS, SERATTI, BIES, GUNDERSON, VAN ROY, MCCORMICK, MONTGOMERY, GARD and KRAWCZYK, cosponsored by Senators WELCH, LASSA, REYNOLDS, LEIBHAM, STEPP, ROESSLER, DARLING, ELLIS, HANSEN and BRESKE. Referred to Committee on Economic Development.

1 **AN ACT to amend** 71.07 (3s) (c) 1., 71.28 (3) (c) 1. and 71.47 (3) (c) 1. of the
2 statutes; **relating to:** the income and franchise tax credit for sales tax and use
3 tax paid on fuel and electricity consumed in manufacturing.

Analysis by the Legislative Reference Bureau

Under current law, a manufacturer may claim an income or franchise tax credit in an amount that is equal to the sales tax and the use tax that the manufacturer paid on fuel and electricity used for manufacturing tangible property in this state. If the credit claimed by a manufacturer exceeds the manufacturer's tax liability in the taxable year, the manufacturer may carry forward any remaining credit to the following 15 taxable years. Under this bill, if the credit claimed by a manufacturer exceeds the manufacturer's tax liability in the taxable year, the manufacturer may carry forward any remaining credit to the following 20 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:

4 **SECTION 1.** 71.07 (3s) (c) 1. of the statutes is amended to read:
5 71.07 (**3s**) (c) 1. The credit under par. (b), including any credits carried over,
6 may be offset only against the amount of the tax imposed upon or measured by the

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1 business operations of the claimant in which the fuel and electricity are consumed.
2 If the credit computed is not entirely offset against taxes otherwise due, the unused
3 balance shall be carried forward and credited against taxes otherwise due for the
4 following ~~15~~ 20 taxable years to the extent not offset by taxes otherwise due in all
5 intervening years between the year in which the expense was incurred and the year
6 in which the carry-forward credit is claimed.

7 **SECTION 2.** 71.28 (3) (c) 1. of the statutes is amended to read:

8 71.28 (3) (c) 1. If the credit computed under par. (b) is not entirely offset against
9 Wisconsin income or franchise taxes otherwise due, the unused balance shall be
10 carried forward and credited against Wisconsin income or franchise taxes otherwise
11 due for the following ~~15~~ 20 taxable years to the extent not offset by these taxes
12 otherwise due in all intervening years between the year in which the expense was
13 incurred and the year in which the carry-forward credit is claimed.

14 **SECTION 3.** 71.47 (3) (c) 1. of the statutes is amended to read:

15 71.47 (3) (c) 1. If the credit computed under par. (b) is not entirely offset against
16 Wisconsin income or franchise taxes otherwise due, the unused balance shall be
17 carried forward and credited against Wisconsin income or franchise taxes otherwise
18 due for the following ~~15~~ 20 taxable years to the extent not offset by these taxes
19 otherwise due in all intervening years between the year in which the expense was
20 incurred and the year in which the carry-forward credit is claimed.

21 **SECTION 4. Initial applicability.**

22 (1) This act first applies, for corporations and insurance companies, to credits
23 computed for taxable years beginning on January 1, 1988, and, for individuals,

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1 tax-option corporations, partnerships, and limited liability companies, to credits
2 computed for taxable years beginning on January 1, 1998.

3 (END)