

2005 ASSEMBLY BILL 419

May 12, 2005 – Introduced by Representatives DAVIS, TOWNS, SHERIDAN, HUNDERTMARK, VRAKAS, FREESE, PRIDEMORE, GRONEMUS, MONTGOMERY, MUSSER, LOTHIAN, FIELDS, FRISKE, KESTELL, HAHN, GUNDERSON, MOULTON, OWENS, PETROWSKI, VOS, NASS, LOEFFELHOLZ, BERCEAU and LAMB, cosponsored by Senators KEDZIE, KANAVAS, ROBSON, DARLING, OLSEN, STEPP and ERPENBACH. Referred to Joint Committee on Finance.

1 **AN ACT to repeal** 71.07 (2di) (b) 1., 71.07 (2dL) (c) 1., 71.28 (1di) (b) 1., 71.28 (1dL)
2 (c) 1., 71.47 (1di) (b) 1. and 71.47 (1dL) (c) 1.; **to renumber** 71.07 (2dL) (c) 2.,
3 71.28 (1dL) (c) 2. and 71.47 (1dL) (c) 2.; and **to amend** 20.835 (2) (cL), 71.07 (2di)
4 (b) 3., 71.07 (2dL) (d), 71.07 (2dL) (e), 71.07 (2dm) (hm), 71.07 (2dm) (i), 71.07
5 (2dx) (b) (intro.), 71.07 (2dx) (be), 71.28 (1di) (b) 3., 71.28 (1dL) (d), 71.28 (1dL)
6 (e), 71.28 (1dm) (hm), 71.28 (1dm) (i), 71.28 (1dx) (b) (intro.), 71.28 (1dx) (be),
7 71.47 (1di) (b) 3., 71.47 (1dL) (d), 71.47 (1dL) (e), 71.47 (1dm) (hm), 71.47 (1dm)
8 (i), 71.47 (1dx) (b) (intro.) and 71.47 (1dx) (be) of the statutes; **relating to:**
9 claiming the development zones capital investment tax credit, development
10 zones credit, development opportunity zones credit, or technology zones credit.

Analysis by the Legislative Reference Bureau

Under current law, a taxpayer may claim income and franchise tax credits based, generally, on the taxpayer's business activities in a location designated by the Department of Commerce as a development zone, opportunity zone, enterprise zone, or agricultural development zone. The taxpayer may claim the credits against the taxes imposed on the income derived from the taxpayer's business activities in the

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development zone, opportunity zone, enterprise zone, or agricultural development zone. Under this bill, generally, the taxpayer may claim the credits against the taxes imposed on all of the taxpayer's Wisconsin income.

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.** 20.835 (2) (cL) of the statutes is amended to read:

2 20.835 **(2)** (cL) *Development zones location credit.* A sum sufficient to make the
3 payments under ss. 71.07 (2dL) (c) ~~2~~, 71.28 (1dL) (c) ~~2~~, and 71.47 (1dL) (c) ~~2~~.

4 **SECTION 2.** 71.07 (2di) (b) 1. of the statutes is repealed.

5 **SECTION 3.** 71.07 (2di) (b) 3. of the statutes is amended to read:

6 71.07 **(2di)** (b) 3. Partnerships, limited liability companies and tax-option
7 corporations may not claim the credit under this subsection, but the eligibility for,
8 and amount of, that credit shall be determined on the basis of their economic activity,
9 not that of their shareholders, partners or members. The corporation, partnership
10 or company shall compute the amount of the credit that may be claimed by each of
11 its shareholders, partners or members and shall provide that information to each of
12 its shareholders, partners or members. Partners, members of limited liability
13 companies and shareholders of tax-option corporations may claim the credit based
14 on the partnership's, company's or corporation's activities in proportion to their
15 ownership interest and may offset it against the tax attributable to their income from
16 the partnership's, company's or corporation's business operations ~~in the~~
17 ~~development zone; except that partners, members, and shareholders in a~~
18 ~~development zone under s. 560.795 (1) (e) may offset the credit against the amount~~
19 ~~of the tax attributable to their income from all of the partnership's, company's, or~~

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1 ~~corporation's business operations; and against the tax attributable to their income~~
2 ~~from the partnership's, company's or corporation's directly related business~~
3 ~~operations.~~

4 **SECTION 4.** 71.07 (2dL) (c) 1. of the statutes is repealed.

5 **SECTION 5.** 71.07 (2dL) (c) 2. of the statutes is renumbered 71.07 (2dL) (c).

6 **SECTION 6.** 71.07 (2dL) (d) of the statutes is amended to read:

7 71.07 (**2dL**) (d) Except as provided in par. (c) ~~2.~~, the carry-over provisions of
8 s. 71.28 (4) (e) and (f) as they relate to the credit under s. 71.28 (4) relate to the credit
9 under this subsection and apply as if the development zone continued to exist.

10 **SECTION 7.** 71.07 (2dL) (e) of the statutes is amended to read:

11 71.07 (**2dL**) (e) Partnerships, limited liability companies and tax-option
12 corporations may not claim the credit under this subsection, but the eligibility for,
13 and the amount of, that credit shall be determined on the basis of their economic
14 activity, not that of their shareholders, partners or members. The corporation,
15 partnership or limited liability company shall compute the amount of credit that may
16 be claimed by each of its shareholders, partners or members and provide that
17 information to its shareholders, partners or members. Partners, members of limited
18 liability companies and shareholders of tax-option corporations may claim the credit
19 based on the partnership's, company's or corporation's activities in proportion to
20 their ownership interest and may offset it against the tax attributable to their
21 income from the partnership's, company's or corporation's business operations ~~in the~~
22 ~~development zone and against the tax attributable to their income from the~~
23 ~~partnership's, company's or corporation's directly related business operations.~~

24 **SECTION 8.** 71.07 (2dm) (hm) of the statutes is amended to read:

ASSEMBLY BILL 419**SECTION 8**

1 71.07 **(2dm)** (hm) ~~Credits claimed~~ A claimant may claim the credit under this
2 subsection, including any credits carried over, ~~may be offset only~~ against the amount
3 of the tax otherwise due under this subchapter ~~attributable to income from the~~
4 ~~business operations of the claimant in the development zone; except that a claimant~~
5 ~~in a development zone under s. 560.795 (1) (e) may offset credits, including any~~
6 ~~credits carried over, against the amount of the tax otherwise due under this~~
7 ~~subchapter attributable to all of the claimant's income and against the tax~~
8 ~~attributable to income from directly related business operations of the claimant.~~

9 **SECTION 9.** 71.07 (2dm) (i) of the statutes is amended to read:

10 71.07 **(2dm)** (i) Partnerships, limited liability companies, and tax-option
11 corporations may not claim the credit under this subsection, but the eligibility for,
12 and the amount of, that credit shall be determined on the basis of their economic
13 activity, not that of their shareholders, partners, or members. The corporation,
14 partnership, or limited liability company shall compute the amount of credit that
15 may be claimed by each of its shareholders, partners, or members and provide that
16 information to its shareholders, partners, or members. Partners, members of limited
17 liability companies, and shareholders of tax-option corporations may claim the
18 credit based on the partnership's, company's, or corporation's activities in proportion
19 to their ownership interest and may offset it against the tax attributable to their
20 income from the partnership's, company's, or corporation's business operations ~~in the~~
21 ~~development zone; except that partners, members, and shareholders in a~~
22 ~~development zone under s. 560.795 (1) (e) may offset the credit against the amount~~
23 ~~of the tax attributable to their income.~~

24 **SECTION 10.** 71.07 (2dx) (b) (intro.) of the statutes is amended to read:

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1 71.07 **(2dx)** (b) *Credit*. (intro.) Except as provided in pars. (be) and (bg) and
2 in s. 73.03 (35), and subject to s. 560.785, for any taxable year for which the person
3 is entitled under s. 560.795 (3) to claim tax benefits or certified under s. 560.765 (3),
4 560.797 (4) or 560.798 (3), any person may claim as a credit against the taxes imposed
5 on the person's income ~~from the person's business activities in a development zone~~
6 under this subchapter the following amounts:

7 **SECTION 11.** 71.07 (2dx) (be) of the statutes is amended to read:

8 71.07 **(2dx)** (be) *Offset*. A claimant in a development zone under s. 560.795 (1)
9 (e) may offset any credits claimed under this subsection, including any credits
10 carried over, against the amount of the tax otherwise due under this subchapter
11 attributable to all of the claimant's income ~~and against the tax attributable to income~~
12 ~~from directly related business operations of the claimant.~~

13 **SECTION 12.** 71.28 (1di) (b) 1. of the statutes is repealed.

14 **SECTION 13.** 71.28 (1di) (b) 3. of the statutes is amended to read:

15 71.28 **(1di)** (b) 3. Partnerships, limited liability companies and tax-option
16 corporations may not claim the credit under this subsection, but the eligibility for,
17 and amount of, that credit shall be determined on the basis of their economic activity,
18 not that of their shareholders, partners or members. The corporation, partnership
19 or limited liability company shall compute the amount of the credit that may be
20 claimed by each of its shareholders, partners or members and shall provide that
21 information to each of its shareholders, partners or members. Partners, members
22 of limited liability companies and shareholders of tax-option corporations may claim
23 the credit based on the partnership's, company's or corporation's activities in
24 proportion to their ownership interest and may offset it against the tax attributable
25 to their income from the partnership's, company's or corporation's business

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1 operations in the development zone; except that partners, members, and
2 shareholders in a development zone under s. 560.795 (1) (e) may offset the credit
3 against the amount of the tax attributable to their income from all of the
4 partnership's, company's, or corporation's business operations; and against the tax
5 attributable to their income from the partnership's, company's or corporation's
6 directly related business operations.

7 **SECTION 14.** 71.28 (1dL) (c) 1. of the statutes is repealed.

8 **SECTION 15.** 71.28 (1dL) (c) 2. of the statutes is renumbered 71.28 (1dL) (c).

9 **SECTION 16.** 71.28 (1dL) (d) of the statutes is amended to read:

10 71.28 **(1dL)** (d) Except as provided in par. (c) 2., the carry-over provisions of
11 sub. (4) (e) and (f) as they relate to the credit under that subsection relate to the credit
12 under this subsection and apply as if the development zone continued to exist.

13 **SECTION 17.** 71.28 (1dL) (e) of the statutes is amended to read:

14 71.28 **(1dL)** (e) Partnerships, limited liability companies and tax-option
15 corporations may not claim the credit under this subsection, but the eligibility for,
16 and the amount of, that credit shall be determined on the basis of their economic
17 activity, not that of their shareholders, partners or members. The corporation,
18 partnership or limited liability company shall compute the amount of credit that may
19 be claimed by each of its shareholders, partners or members and provide that
20 information to its shareholders, partners or members. Partners, members of limited
21 liability companies and shareholders of tax-option corporations may claim the credit
22 based on the partnership's, company's or corporation's activities in proportion to
23 their ownership interest and may offset it against the tax attributable to their
24 income from the partnership's, company's or corporation's business operations in the

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1 ~~development zone and against the tax attributable to their income from the~~
2 ~~partnership's, company's or corporation's directly related business operations.~~

3 **SECTION 18.** 71.28 (1dm) (hm) of the statutes is amended to read:

4 71.28 **(1dm)** (hm) ~~Credits claimed~~ A claimant may claim the credit under this
5 subsection, including any credits carried over, ~~may be offset only~~ against the amount
6 of the tax otherwise due under this subchapter ~~attributable to income from the~~
7 ~~business operations of the claimant in the development zone; except that a claimant~~
8 ~~in a development zone under s. 560.795 (1) (e) may offset credits, including any~~
9 ~~credits carried over, against the amount of the tax otherwise due under this~~
10 ~~subchapter attributable to all of the claimant's income and against the tax~~
11 ~~attributable to income from directly related business operations of the claimant.~~

12 **SECTION 19.** 71.28 (1dm) (i) of the statutes is amended to read:

13 71.28 **(1dm)** (i) Partnerships, limited liability companies, and tax-option
14 corporations may not claim the credit under this subsection, but the eligibility for,
15 and the amount of, that credit shall be determined on the basis of their economic
16 activity, not that of their shareholders, partners, or members. The corporation,
17 partnership, or limited liability company shall compute the amount of credit that
18 may be claimed by each of its shareholders, partners, or members and provide that
19 information to its shareholders, partners, or members. Partners, members of limited
20 liability companies, and shareholders of tax-option corporations may claim the
21 credit based on the partnership's, company's, or corporation's activities in proportion
22 to their ownership interest and may offset it against the tax attributable to their
23 income from the partnership's, company's, or corporation's business operations ~~in the~~
24 ~~development zone; except that partners, members, and shareholders in a~~

ASSEMBLY BILL 419**SECTION 19**

1 ~~development zone under s. 560.795 (1) (e) may offset the credit against the amount~~
2 ~~of the tax attributable to their income.~~

3 **SECTION 20.** 71.28 (1dx) (b) (intro.) of the statutes is amended to read:

4 71.28 **(1dx)** (b) *Credit.* (intro.) Except as provided in pars. (be) and (bg) and
5 in s. 73.03 (35), and subject to s. 560.785, for any taxable year for which the person
6 is entitled under s. 560.795 (3) to claim tax benefits or certified under s. 560.765 (3),
7 560.797 (4) or 560.798 (3), any person may claim as a credit against the taxes imposed
8 on the person's income ~~from the person's business activities in a development zone~~
9 under this subchapter the following amounts:

10 **SECTION 21.** 71.28 (1dx) (be) of the statutes is amended to read:

11 71.28 **(1dx)** (be) *Offset.* A claimant in a development zone under s. 560.795 (1)
12 (e) may offset any credits claimed under this subsection, including any credits
13 carried over, against the amount of the tax otherwise due under this subchapter
14 attributable to all of the claimant's income ~~and against the tax attributable to income~~
15 ~~from directly related business operations of the claimant.~~

16 **SECTION 22.** 71.47 (1di) (b) 1. of the statutes is repealed.

17 **SECTION 23.** 71.47 (1di) (b) 3. of the statutes is amended to read:

18 71.47 **(1di)** (b) 3. Partnerships, limited liability companies and tax-option
19 corporations may not claim the credit under this subsection, but the eligibility for,
20 and amount of, that credit shall be determined on the basis of their economic activity,
21 not that of their shareholders, partners or members. The corporation, partnership
22 or limited liability company shall compute the amount of the credit that may be
23 claimed by each of its shareholders, partners or members and shall provide that
24 information to each of its shareholders, partners or members. Partners, members
25 of limited liability companies and shareholders of tax-option corporations may claim

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1 the credit based on the partnership's, company's or corporation's activities in
2 proportion to their ownership interest and may offset it against the tax attributable
3 to their income from the partnership's, company's or corporation's business
4 operations in the development zone; ~~except that a claimant in a development zone~~
5 ~~under s. 560.795 (1) (e) may offset the credit, including any credits carried over,~~
6 ~~against the amount of the tax otherwise due under this chapter attributable to all~~
7 ~~of the claimant's income; and against the tax attributable to their income from the~~
8 ~~partnership's, company's or corporation's directly related business operations.~~

9 **SECTION 24.** 71.47 (1dL) (c) 1. of the statutes is repealed.

10 **SECTION 25.** 71.47 (1dL) (c) 2. of the statutes is renumbered 71.47 (1dL) (c).

11 **SECTION 26.** 71.47 (1dL) (d) of the statutes is amended to read:

12 71.47 **(1dL)** (d) Except as provided in par. (c) 2., the carry-over provisions of
13 sub. (4) (e) and (f) as they relate to the credit under that subsection relate to the credit
14 under this subsection and apply as if the development zone continued to exist.

15 **SECTION 27.** 71.47 (1dL) (e) of the statutes is amended to read:

16 71.47 **(1dL)** (e) Partnerships, limited liability companies and tax-option
17 corporations may not claim the credit under this subsection, but the eligibility for
18 and the amount of, that credit shall be determined on the basis of their economic
19 activity, not that of their shareholders, partners or members. The corporation,
20 partnership or limited liability company shall compute the amount of credit that may
21 be claimed by each of its shareholders, partners or members and provide that
22 information to its shareholders, partners or members. Partners, members of limited
23 liability companies and shareholders of tax-option corporations may claim the credit
24 based on the partnership's, company's or corporation's activities in proportion to
25 their ownership interest and may offset it against the tax attributable to their

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1 income from the partnership's, company's or corporation's business operations ~~in the~~
2 ~~development zone and against the tax attributable to their income from the~~
3 ~~partnership's, company's or corporation's directly related business operations.~~

4 **SECTION 28.** 71.47 (1dm) (hm) of the statutes is amended to read:

5 71.47 **(1dm)** (hm) ~~Credits claimed~~ A claimant may claim the credit under this
6 subsection, including any credits carried over, ~~may be offset only~~ against the amount
7 of the tax otherwise due under this subchapter ~~attributable to income from the~~
8 ~~business operations of the claimant in the development zone; except that a claimant~~
9 ~~in a development zone under s. 560.795 (1) (e) may offset credits, including any~~
10 ~~credits carried over, against the amount of the tax otherwise due under this~~
11 ~~subchapter attributable to all of the claimant's income; and against the tax~~
12 ~~attributable to income from directly related business operations of the claimant.~~

13 **SECTION 29.** 71.47 (1dm) (i) of the statutes is amended to read:

14 71.47 **(1dm)** (i) Partnerships, limited liability companies, and tax-option
15 corporations may not claim the credit under this subsection, but the eligibility for,
16 and the amount of, that credit shall be determined on the basis of their economic
17 activity, not that of their shareholders, partners, or members. The corporation,
18 partnership, or limited liability company shall compute the amount of credit that
19 may be claimed by each of its shareholders, partners, or members and provide that
20 information to its shareholders, partners, or members. Partners, members of limited
21 liability companies, and shareholders of tax-option corporations may claim the
22 credit based on the partnership's, company's, or corporation's activities in proportion
23 to their ownership interest and may offset it against the tax attributable to their
24 income from the partnership's, company's, or corporation's business operations ~~in the~~
25 ~~development zone; except that partners, members, and shareholders in a~~

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1 ~~development zone under s. 560.795 (1) (e) may offset the credit against the amount~~
2 ~~of the tax attributable to their income.~~

3 **SECTION 30.** 71.47 (1dx) (b) (intro.) of the statutes is amended to read:

4 71.47 **(1dx)** (b) *Credit.* (intro.) Except ~~or~~ as provided in pars. (be) and (bg) and
5 in s. 73.03 (35), and subject to s. 560.785, for any taxable year for which the person
6 is entitled under s. 560.795 (3) to claim tax benefits or certified under s. 560.765 (3),
7 560.797 (4) or 560.798 (3), any person may claim as a credit against the taxes imposed
8 on the person's income ~~from the person's business activities in a development zone~~
9 under this subchapter the following amounts:

10 **SECTION 31.** 71.47 (1dx) (be) of the statutes is amended to read:

11 71.47 **(1dx)** (be) *Offset.* A claimant in a development zone under s. 560.795 (1)
12 (e) may offset any credits claimed under this subsection, including any credits
13 carried over, against the amount of the tax otherwise due under this subchapter
14 attributable to all of the claimant's income ~~and against the tax attributable to income~~
15 ~~from directly related business operations of the claimant.~~

16 **SECTION 32. Initial applicability.**

17 (1) This act first applies to credits claimed for taxable years beginning on
18 January 1, 2005, including unused credits carried forward from prior years to
19 taxable years beginning on January 1, 2005, except that, if this subsection takes
20 effect after July 31, this act first applies to credits claimed for taxable years
21 beginning on January 1 of the year following the year in which this subsection takes
22 effect, including unused credits carried forward from prior years to taxable years
23 beginning on January 1 of the year in which this subsection takes effect.

24

(END)