

SENATE BILL 103 (LRB -0346)

An Act to renumber and amend 71.28 (4) (a), 71.28 (5) (a), 71.47 (4) (a) and 71.47 (5) (a); to amend 71.28 (4) (am) 1. and 71.47 (4) (am); and to create 71.28 (4) (ab), 71.28 (4) (ad) 2., 71.28 (5) (ab), 71.28 (5) (ad) 2., 71.47 (4) (ab), 71.47 (4) (ad) 2., 71.47 (5) (ab) and 71.47 (5) (ad) 2. of the statutes; relating to: the income and franchise tax credit for research and research facilities.
(FE)

2005

03-01.	S.	Introduced by Senators Kanavas, Darling, Stepp, Leibham, A. Lasee and Roessler ; cosponsored by Representatives McCormick, Pettis, Sheridan, Musser, Vos, F. Lasee, Krawczyk, Van Roy, Gunderson, Albers, Hundertmark, Honadel, Townsend and Vrakas .	
03-08.	S.	Read first time and referred to committee on Job Creation, Economic Development and Consumer Affairs	110
03-23.	S.	Pursuant to Senate Rule 46(2)(c) withdrawn from the committee on Job Creation, Economic Development and Consumer Affairs and rereferred to the joint committee on Finance	136
03-30.	S.	Pursuant to Senate Rule 46(2)(c), withdrawn from the joint committee on Finance and rereferred to the committee on Job Creation, Economic Development and Consumer Affairs	140
03-30.	S.	Fiscal estimate received.	
04-13.	S.	Senate substitute amendment 1 offered by Senator Kanavas (LRB s0084)	175
04-18.	S.	Senate amendment 1 to Senate substitute amendment 1 offered by Senator Kanavas (LRB a0473)	177
04-19.	S.	Public hearing held.	
05-13.	S.	Senate substitute amendment 2 offered by Senator Kanavas (LRB s0100)	223
05-20.	S.	Executive action taken.	
05-27.	S.	Report adoption of Senate Substitute Amendment 2 recommended by committee on Job Creation, Economic Development and Consumer Affairs, Ayes 4, Noes 1	234
05-27.	S.	Report passage as amended recommended by committee on Job Creation, Economic Development and Consumer Affairs, Ayes 4, Noes 1	234
05-27.	S.	Available for scheduling.	
06-09.	S.	Pursuant to Senate Rule 46 (2)(c), withdrawn from committee on Senate Organization and rereferred to joint committee on Finance	250
11-30.	S.	Executive action taken.	
12-05.	S.	Report introduction and adoption of Senate Amendment 1 to Senate Substitute Amendment 2 recommended by joint committee on Finance, Ayes 14, Noes 0 (LRB a1193)	473
12-05.	S.	Report adoption of Senate Substitute Amendment 2 recommended by joint committee on Finance, Ayes 11, Noes 3	473
12-05.	S.	Report passage as amended recommended by joint committee on Finance, Ayes 11, Noes 3	473
12-05.	S.	Available for scheduling.	

2006

03-01.	S.	Placed on calendar 3-2-2006 by committee on Senate Organization.	
03-02.	S.	Read a second time	655
03-02.	S.	Senate amendment 1 to Senate substitute amendment 2 laid on table	655
03-02.	S.	Senate amendment 2 to Senate substitute amendment 2 offered by Senator Leibham (LRB a2604)	655
03-02.	S.	Senate amendment 2 to Senate substitute amendment 2 adopted	655
03-02.	S.	Senate amendment 3 to Senate substitute amendment 2 offered by Senator S. Fitzgerald (LRB a2611)	655
03-02.	S.	Senate amendment 3 to Senate substitute amendment 2 adopted	655
03-02.	S.	Senate substitute amendment 2 adopted	655
03-02.	S.	Ordered to a third reading	655
03-02.	S.	Rules suspended	655
03-02.	S.	Read a third time and passed , Ayes 21, Noes 11	656
03-02.	S.	Ordered immediately messaged	670
03-02.	A.	Received from Senate	880
03-02.	A.	Read first time and referred to committee on Rules	880
03-02.	A.	Placed on calendar 3-7-2006 by committee on Rules.	
03-02.	A.	Made a special order of business at 11:36 A.M. on 3-7-2006 pursuant to Assembly Resolution 50	899
03-07.	A.	Read a second time	932
03-07.	A.	Assembly amendment 1 offered by Representative Huebsch (LRB a2756)	932
03-07.	A.	Assembly amendment 1 adopted	932
03-07.	A.	Ordered to a third reading	932
03-07.	A.	Rules suspended	932
03-07.	A.	Read a third time and concurred in as amended, Ayes 75, Noes 19	932
03-07.	A.	Ordered immediately messaged	932

9MB

03-08.	S.	Received from Assembly amended and concurred in as amended, Assembly amendment 1 adopted	720
03-08.	S.	Available for scheduling.	
03-08.	S.	Placed on calendar 3-9-2006 by committee on Senate Organization.	
03-09.	S.	Assembly amendment 1 nonconcurred in	737
03-09.	S.	Ordered immediately messaged	734
03-14.	A.	Received from Senate nonconcurred in Assembly amendment 1	972
03-14.	A.	Referred to committee on Rules	973
04-25.	A.	Assembly adheres to its position on Assembly amendment 1, Ayes 57, Noes 36	1050
04-25.	A.	Ordered immediately messaged	1051
04-26.	S.	Received from Assembly: Assembly adheres to its position on Assembly amendment 1.	
04-26.	S.	Available for scheduling.	
04-26.	S.	Placed on calendar 4-27-2006 by committee on Senate Organization.	
04-27.	S.	Senate recedes from its position on Assembly amendment 1, Ayes 18, Noes 14.	
04-27.	S.	Senate amendment 1 to Assembly amendment 1 offered by Senator Kanavas (LRB a2937).	
04-27.	S.	Senate amendment 1 to Assembly amendment 1 adopted .	
04-27.	S.	Assembly amendment 1 concurred in as amended.	
04-27.	S.	Ordered immediately messaged.	
04-27.	A.	Received from Senate.	
04-27.	A.	Senate amendment 1 to Assembly amendment 1 concurred in .	
04-27.	A.	Ordered immediately messaged.	
04-28.	S.	Received from Assembly concurred in.	

2005
ENROLLED BILL

05en SB- 103

ADOPTED DOCUMENTS:

Orig Engr

5 SubAmdt 2

05 S 0100 / 3

Amendments to above (if none, write "NONE"):

SA2 - a 2604/1

SA3 - a 2611/1

AA1 - a 2756/1

SA1 to AA1 - a 2937/1

Corrections - show date (if none, write "NONE"):

None

Topic

Rel

5-3-06

Date

J. C. Miller

Enrolling Drafter

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**SENATE SUBSTITUTE AMENDMENT 2,
TO 2005 SENATE BILL 103**

May 13, 2005 - Offered by Senator KANAVAS.

1 **AN ACT to renumber and amend** 71.28 (4) (a), 71.28 (5) (a), 71.47 (4) (a) and
2 71.47 (5) (a); **to amend** 71.28 (4) (am) 1. and 71.47 (4) (am); and **to create** 71.28
3 (4) (ab), 71.28 (4) (ad) 2., 71.28 (4) (af), 71.28 (5) (ab), 71.28 (5) (ad) 2., 71.47 (4)
4 (ab), 71.47 (4) (ad) 2., 71.47 (4) (af), 71.47 (5) (ab) and 71.47 (5) (ad) 2. of the
5 statutes; **relating to:** the income and franchise tax credit for research and
6 research facilities.

Analysis by the Legislative Reference Bureau

Under current law, a corporation may claim an income and franchise tax credit in an amount equal to 5 percent of its qualified research expenses, as defined by the Internal Revenue Code for research conducted in this state. In addition, a corporation may claim an income and franchise tax credit equal to 5 percent of the amount it paid in the taxable year to construct and equip new facilities or expand existing facilities used in this state for qualified research, as defined by the Internal Revenue Code. Under this substitute amendment, a corporation may claim an income and franchise tax credit in an amount equal to 10 percent of its qualified research expenses related to engine and vehicle design for research conducted in this state and 10 percent of the amount it paid in the taxable year to construct and equip

new facilities or expand existing facilities used in this state for qualified research related to designing internal combustion engines, including expenses related to designing vehicles that are powered by such engines.

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.** 71.28 (4) (a) of the statutes is renumbered 71.28 (4) (ad) 1. and
2 amended to read:

3 71.28 (4) (ad) *Credit*. 1. ~~Any~~ Except as provided in subd. 2. any corporation
4 may credit against taxes otherwise due under this chapter an amount equal to 5%
5 5 percent of the amount obtained by subtracting from the corporation's qualified
6 research expenses, as defined in section 41 of the ~~internal revenue code~~ Internal
7 Revenue Code, except that "qualified research expenses" includes only expenses
8 incurred by the claimant, incurred for research conducted in this state for the taxable
9 year, except that a taxpayer may elect the alternative computation under section 41
10 (c) (4) of the Internal Revenue Code and that election applies until the department
11 permits its revocation, except as provided in par. (af), and except that "qualified
12 research expenses" does not include compensation used in computing the credit
13 under subs. (1dj) and (1dx), the corporation's base amount, as defined in section 41
14 (c) of the ~~internal revenue code~~ Internal Revenue Code, except that gross receipts
15 used in calculating the base amount means gross receipts from sales attributable to
16 Wisconsin under s. 71.25 (9) (b) 1. and 2. and (d). Section 41 (h) of the ~~internal~~
17 ~~revenue code~~ Internal Revenue Code does not apply to the credit under this
18 paragraph.

19 **SECTION 2.** 71.28 (4) (ab) of the statutes is created to read:

INSERT SA 2-1

1 71.28 (4) (ab) *Definitions.* In this subsection:

2 1. “Frame” includes:

3 a. Every part of a motorcycle, except the tires.

4 b. In the case of a truck, the control system and the fuel and drive train,
5 excluding any comfort features located in the cab or the tires.

6 c. In the case of a generator, the control modules, fuel train, fuel scrubbing
7 process, fuel mixers, generator, heat exchangers, exhaust train, and similar
8 components.

9 2. “Internal combustion engine” includes substitute products such as fuel cell,
10 electric, and hybrid drives.

11 3. “Vehicle” means any vehicle or frame, including parts, accessories, and
12 component technologies, in which or on which an engine is mounted for use in mobile
13 or stationary applications. “Vehicle” includes any truck, tractor, motorcycle,
14 snowmobile, all-terrain vehicle, boat, personal watercraft, generator, construction
15 equipment, lawn and garden maintenance equipment, automobile, van, sports
16 utility vehicle, motor home, bus, or aircraft.

17 **SECTION 3.** 71.28 (4) (ad) 2. of the statutes is created to read:

18 71.28 (4) (ad) 2. For taxable years beginning after ~~December 31, 2006~~, any
19 corporation may credit against taxes otherwise due under this chapter an amount
20 equal to 10 percent of the amount obtained by subtracting from the corporation’s
21 qualified research expenses, as defined in section 41 of the Internal Revenue Code,
22 except that “qualified research expenses” includes only expenses incurred by the
23 claimant for research related to designing internal combustion engines for vehicles,
24 including expenses related to designing vehicles that are powered by such engines
25 and improving production processes for such engines and vehicles, incurred for

INS.
SAI-AA1

1 research conducted in this state for the taxable year, except that a taxpayer may elect
 2 the alternative computation under section 41 (c) (4) of the Internal Revenue Code
 3 and that election applies until the department permits its revocation, except as
 4 provided in par. (af), and except that "qualified research expenses" does not include
 5 compensation used in computing the credit under subs. (1dj) and (1dx), the
 6 corporation's base amount, as defined in section 41 (c) of the Internal Revenue Code,
 7 except that gross receipts used in calculating the base amount means gross receipts
 8 from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2. and (d). Section
 9 41 (h) of the Internal Revenue Code does not apply to the credit under this paragraph.

INS.
SA2-2

10 SECTION 4. 71.28 (4) (af) of the statutes is created to read:

11 71.28 (4) (af) *Computation.* If in any taxable year a corporation claims a credit
 12 ~~under both par. (ad) 1. and 2., the corporation may use a different computation~~
 13 ~~method under par. (ad) 2. than it uses under par. (ad) 1. and may choose to change~~
 14 the computation method once for each credit without the department's approval.

INS.
SA2-3

15 SECTION 5. 71.28 (4) (am) 1. of the statutes is amended to read:

16 71.28 (4) (am) 1. In addition to the credit under par. (a) (ad), any corporation
 17 may credit against taxes otherwise due under this chapter an amount equal to 5%
 18 5 percent of the amount obtained by subtracting from the corporation's qualified
 19 research expenses, as defined in section 41 of the ~~internal revenue code~~ Internal
 20 Revenue Code, except that "qualified research expenses" include only expenses
 21 incurred by the claimant in a development zone under subch. VI of ch. 560, except
 22 that a taxpayer may elect the alternative computation under section 41 (c) (4) of the
 23 Internal Revenue Code and that election applies until the department permits its
 24 revocation and except that "qualified research expenses" do not include
 25 compensation used in computing the credit under sub. (1dj) nor research expenses

1 incurred before the claimant is certified for tax benefits under s. 560.765 (3), the
2 corporation's base amount, as defined in section 41 (c) of the ~~internal revenue code~~
3 Internal Revenue Code, in a development zone, except that gross receipts used in
4 calculating the base amount means gross receipts from sales attributable to
5 Wisconsin under s. 71.25 (9) (b) 1. and 2. and (d) and research expenses used in
6 calculating the base amount include research expenses incurred before the claimant
7 is certified for tax benefits under s. 560.765 (3), in a development zone, if the claimant
8 submits with the claimant's return a copy of the claimant's certification for tax
9 benefits under s. 560.765 (3) and a statement from the department of commerce
10 verifying the claimant's qualified research expenses for research conducted
11 exclusively in a development zone. The rules under s. 73.03 (35) apply to the credit
12 under this subdivision. The rules under sub. (1d) (f) and (g) as they apply to the
13 credit under that subsection apply to claims under this subdivision. Section 41 (h)
14 of the ~~internal revenue code~~ Internal Revenue Code does not apply to the credit under
15 this subdivision.

16 SECTION 6. 71.28 (5) (a) of the statutes is renumbered 71.28 (5) (ad) 1. and
17 amended to read:

18 71.28 (5) (ad) *Credit*. 1. ~~For~~ Except as provided in subd. 2. for taxable year
19 1986 and subsequent years, any corporation may credit against taxes otherwise due
20 under this chapter an amount equal to ~~5%~~ 5 percent of the amount paid or incurred
21 by that corporation during the taxable year to construct and equip new facilities or
22 expand existing facilities used in this state for qualified research, as defined in
23 section 41 of the ~~internal revenue code~~ Internal Revenue Code. Eligible amounts
24 include only amounts paid or incurred for tangible, depreciable property but do not
25 include amounts paid or incurred for replacement property.

INS.
SA2-4

1 **SECTION 7.** 71.28 (5) (ab) of the statutes is created to read:

2 71.28 (5) (ab) *Definitions.* In this subsection:

3 1. “Frame” includes:

4 a. Every part of a motorcycle, except the tires.

5 b. In the case of a truck, the control system and the fuel and drive train,
6 excluding any comfort features located in the cab or the tires.

7 c. In the case of a generator, the control modules, fuel train, fuel scrubbing
8 process, fuel mixers, generator, heat exchangers, exhaust train, and similar
9 components.

10 2. “Internal combustion engine” includes substitute products such as fuel cell,
11 electric, and hybrid drives.

12 3. “Vehicle” means any vehicle or frame, including parts, accessories, and
13 component technologies, in which or on which an engine is mounted for use in mobile
14 or stationary applications. “Vehicle” includes any truck, tractor, motorcycle,
15 snowmobile, all-terrain vehicle, boat, personal watercraft, generator, construction
16 equipment, lawn and garden maintenance equipment, automobile, van, sports
17 utility vehicle, motor home, bus, or aircraft.

18 **SECTION 8.** 71.28 (5) (ad) 2. of the statutes is created to read:

19 71.28 (5) (ad) 2. For taxable years beginning after ~~December 31, 2006~~, any
20 corporation may credit against taxes otherwise due under this chapter an amount
21 equal to 10 percent of the amount paid or incurred by that corporation during the
22 taxable year to construct and equip new facilities or expand existing facilities used
23 in this state for qualified research, as defined in section 41 of the Internal Revenue
24 Code, except that “qualified research expenses” includes only expenses paid or
25 incurred by the claimant for research related to designing internal combustion

INS. SAI-AAI

1 engines for vehicles, including expenses related to designing vehicles that are
2 powered by such engines and improving production processes for such engines and
3 vehicles. Eligible amounts include only amounts paid or incurred for tangible,
4 depreciable property but do not include amounts paid or incurred for replacement
5 property.

INSERT SA2-5

6 SECTION 9. 71.47 (4) (a) of the statutes is renumbered 71.47 (4) (ad) 1. and
7 amended to read:

INSERT
SA2-6

8 71.47 (4) (ad) *Credit*. 1. Any Except as provided in subd. (2), any corporation
9 may credit against taxes otherwise due under this chapter an amount equal to 5%
10 5 percent of the amount obtained by subtracting from the corporation's qualified
11 research expenses, as defined in section 41 of the ~~internal revenue code~~ Internal
12 Revenue Code, except that "qualified research expenses" includes only expenses
13 incurred by the claimant, incurred for research conducted in this state for the taxable
14 year, except that a taxpayer may elect the alternative computation under section 41
15 (c) (4) of the Internal Revenue Code and that election applies until the department
16 permits its revocation, except as provided in par. (af), and except that "qualified
17 research expenses" does not include compensation used in computing the credit
18 under subs. (1dj) and (1dx), the corporation's base amount, as defined in section 41
19 (c) of the ~~internal revenue code~~ Internal Revenue Code, except that gross receipts
20 used in calculating the base amount means gross receipts from sales attributable to
21 Wisconsin under s. 71.25 (9) (b) 1. and 2. and (d). Section 41 (h) of the ~~internal~~
22 ~~revenue code~~ Internal Revenue Code does not apply to the credit under this
23 paragraph.

24 SECTION 10. 71.47 (4) (ab) of the statutes is created to read:

25 71.47 (4) (ab) *Definitions*. In this subsection:

1 1. "Frame" includes:

2 a. Every part of a motorcycle, except the tires.

3 b. In the case of a truck, the control system and the fuel and drive train,
4 excluding any comfort features located in the cab or the tires.

5 c. In the case of a generator, the control modules, fuel train, fuel scrubbing
6 process, fuel mixers, generator, heat exchangers, exhaust train, and similar
7 components.

8 2. "Internal combustion engine" includes substitute products such as fuel cell,
9 electric, and hybrid drives.

10 3. "Vehicle" means any vehicle or frame, including parts, accessories, and
11 component technologies, in which or on which an engine is mounted for use in mobile
12 or stationary applications. "Vehicle" includes any truck, tractor, motorcycle,
13 snowmobile, all-terrain vehicle, boat, personal watercraft, generator, construction
14 equipment, lawn and garden maintenance equipment, automobile, van, sports
15 utility vehicle, motor home, bus, or aircraft.

16 SECTION 11. 71.47 (4) (ad) 2. of the statutes is created to read:

17 71.47 (4) (ad) 2. For taxable years beginning after ~~December 31, 2006~~, any
18 corporation may credit against taxes otherwise due under this chapter an amount
19 equal to 10 percent of the amount obtained by subtracting from the corporation's
20 qualified research expenses, as defined in section 41 of the Internal Revenue Code,
21 except that "qualified research expenses" includes only expenses incurred by the
22 claimant for research related to designing internal combustion engines for vehicles,
23 including expenses related to designing vehicles that are powered by such engines
24 and improving production processes for such engines and vehicles, incurred for
25 research conducted in this state for the taxable year, except that a taxpayer may elect

INS. SAI-AAI

1 the alternative computation under section 41 (c) (4) of the Internal Revenue Code
2 and that election applies until the department permits its revocation, except as
3 provided in par. (af), and except that “qualified research expenses” does not include
4 compensation used in computing the credit under subs. (1dj) and (1dx), the
5 corporation’s base amount, as defined in section 41 (c) of the Internal Revenue Code,
6 except that gross receipts used in calculating the base amount means gross receipts
7 from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2. and (d). Section
8 41 (h) of the Internal Revenue Code does not apply to the credit under this paragraph.

INS.
SA2-7

9 SECTION 12. 71.47 (4) (af) of the statutes is created to read:

10 71.47 (4) (af) *Computation*. If in any taxable year a corporation claims a credit
11 ~~under both par. (ad) 1 and 2, the corporation may use a different computation~~
12 ~~method under par. (ad) 2. than it uses under par. (ad) 1. and may choose to change~~
13 the computation method once for each credit without the department’s approval.

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SA2-8

14 SECTION 13. 71.47 (4) (am) of the statutes is amended to read:

15 71.47 (4) (am) *Development zone additional research credit*. In addition to the
16 credit under par. (a) (ad), any corporation may credit against taxes otherwise due
17 under this chapter an amount equal to 5% 5 percent of the amount obtained by
18 subtracting from the corporation’s qualified research expenses, as defined in section
19 41 of the ~~internal revenue code~~ Internal Revenue Code, except that “qualified
20 research expenses” include only expenses incurred by the claimant in a development
21 zone under subch. VI of ch. 560, except that a taxpayer may elect the alternative
22 computation under section 41 (c) (4) of the Internal Revenue Code and that election
23 applies until the department permits its revocation and except that “qualified
24 research expenses” do not include compensation used in computing the credit under
25 sub. (1dj) nor research expenses incurred before the claimant is certified for tax

1 benefits under s. 560.765 (3), the corporation's base amount, as defined in section 41
2 (c) of the ~~internal revenue code~~ Internal Revenue Code, in a development zone,
3 except that gross receipts used in calculating the base amount means gross receipts
4 from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2. and (d) and
5 research expenses used in calculating the base amount include research expenses
6 incurred before the claimant is certified for tax benefits under s. 560.765 (3), in a
7 development zone, if the claimant submits with the claimant's return a copy of the
8 claimant's certification for tax benefits under s. 560.765 (3) and a statement from the
9 department of commerce verifying the claimant's qualified research expenses for
10 research conducted exclusively in a development zone. The rules under s. 73.03 (35)
11 apply to the credit under this paragraph. The rules under sub. (1d) (f) and (g) as they
12 apply to the credit under that subsection apply to claims under this paragraph.
13 Section 41 (h) of the ~~internal revenue code~~ Internal Revenue Code does not apply to
14 the credit under this paragraph. No credit may be claimed under this paragraph for
15 taxable years that begin on January 1, 1998, or thereafter. Credits under this
16 paragraph for taxable years that begin before January 1, 1998, may be carried
17 forward to taxable years that begin on January 1, 1998, or thereafter.

18 **SECTION 14.** 71.47 (5) (a) of the statutes is renumbered 71.47 (5) (ad) 1. and
19 amended to read:

20 71.47 (5) (ad) *Credit*. 1. ~~For~~ Except as provided in subd. 2. for taxable year 1986
21 and subsequent years, any corporation may credit against taxes otherwise due under
22 this chapter an amount equal to ~~5%~~ 5 percent of the amount paid or incurred by that
23 corporation during the taxable year to construct and equip new facilities or expand
24 existing facilities used in this state for qualified research, as defined in section 41 of
25 the ~~internal revenue code~~ Internal Revenue Code. Eligible amounts include only

INSERT SA2-9

1 amounts paid or incurred for tangible, depreciable property but do not include
2 amounts paid or incurred for replacement property.

3 **SECTION 15.** 71.47 (5) (ab) of the statutes is created to read:

4 71.47 (5) (ab) *Definitions.* In this subsection:

5 1. "Frame" includes:

6 a. Every part of a motorcycle, except the tires.

7 b. In the case of a truck, the control system and the fuel and drive train,
8 excluding any comfort features located in the cab or the tires.

9 c. In the case of a generator, the control modules, fuel train, fuel scrubbing
10 process, fuel mixers, generator, heat exchangers, exhaust train, and similar
11 components.

12 2. "Internal combustion engine" includes substitute products such as fuel cell,
13 electric, and hybrid drives.

14 3. "Vehicle" means any vehicle or frame, including parts, accessories, and
15 component technologies, in which or on which an engine is mounted for use in mobile
16 or stationary applications. "Vehicle" includes any truck, tractor, motorcycle,
17 snowmobile, all-terrain vehicle, boat, personal watercraft, generator, construction
18 equipment, lawn and garden maintenance equipment, automobile, van, sports
19 utility vehicle, motor home, bus, or aircraft.

20 **SECTION 16.** 71.47 (5) (ad) 2. of the statutes is created to read:

21 71.47 (5) (ad) 2. For taxable years beginning after ~~December 31, 2000~~, any
22 corporation may credit against taxes otherwise due under this chapter an amount
23 equal to 10 percent of the amount paid or incurred by that corporation during the
24 taxable year to construct and equip new facilities or expand existing facilities used
25 in this state for qualified research, as defined in section 41 of the Internal Revenue

INS. SAI-AAI

1 Code, except that "qualified research expenses" includes only expenses paid or
2 incurred by the claimant for research related to designing internal combustion
3 engines for vehicles, including expenses related to designing vehicles that are
4 powered by such engines and improving production processes for such engines and
5 vehicles. Eligible amounts include only amounts paid or incurred for tangible,
6 depreciable property but do not include amounts paid or incurred for replacement
7 property.

8

(END)

INSERT SA2-10

**SENATE AMENDMENT 2,
TO SENATE SUBSTITUTE AMENDMENT 2,
TO 2005 SENATE BILL 103**

March 2, 2006 - Offered by Senator LEIBHAM.

1 At the locations indicated, amend the substitute amendment as follows:

SA2-1

2 **1.** Page 2, line 3: delete "subd. 2." and substitute "subds. 2. and 3.".

3 **2.** Page 4, line 9: after that line insert:

SA2-2

4 **"SECTION 3e.** 71.28 (4) (ad) 3. of the statutes is created to read:

INS.SAI-AAI

5 71.28 (4) (ad) 3. For taxable years beginning after ~~December 31, 2007~~, any
6 corporation may credit against taxes otherwise due under this chapter an amount
7 equal to 10 percent of the amount obtained by subtracting from the corporation's
8 qualified research expenses, as defined in section 41 of the Internal Revenue Code,
9 except that "qualified research expenses" includes only expenses incurred by the
10 claimant for research related to the design and manufacturing of energy efficient
11 lighting systems, building automation and control systems, or automotive batteries
12 for use in hybrid-electric vehicles, that reduce the demand for natural gas or

SA 2-2

1 electricity or improve the efficiency of its use, incurred for research conducted in this
 2 state for the taxable year, except that a taxpayer may elect the alternative
 3 computation under section 41 (c) (4) of the Internal Revenue Code and that election
 4 applies until the department permits its revocation, except as provided in par. (af),
 5 and except that "qualified research expenses" does not include compensation used
 6 in computing the credit under subs. (1dj) and (1dx), the corporation's base amount,
 7 as defined in section 41 (c) of the Internal Revenue Code, except that gross receipts
 8 used in calculating the base amount means gross receipts from sales attributable to
 9 Wisconsin under s. 71.25 (9) (b) 1. and 2. and (d). Section 41 (h) of the Internal
 10 Revenue Code does not apply to the credit under this paragraph."

SA 2-3

11 **3.** Page 4, line 12: delete lines 12 and 13 and substitute "under par. (ad) 1., 2.,
 12 or 3., or any combination of those credits, the corporation may use a different
 13 computation method to calculate each of the credits and may choose to change".

14 **4.** Page 5, line 18: delete "subd. 2." and substitute "subds. 2. and 3.".

SA 2-4

15 **5.** Page 7, line 5: after that line insert:

SA 2-5

16 "SECTION 8e. 71.28 (5) (ad) 3. of the statutes is created to read: INS. SAI-AA1

17 71.28 (5) (ad) 3. For taxable years beginning after ~~December 31, 2007~~, any
 18 corporation may credit against taxes otherwise due under this chapter an amount
 19 equal to 10 percent of the amount paid or incurred by that corporation during the
 20 taxable year to construct and equip new facilities or expand existing facilities used
 21 in this state for qualified research, as defined in section 41 of the Internal Revenue
 22 Code, except that "qualified research expenses" includes only expenses paid or
 23 incurred by the claimant for research related to the design and manufacturing of
 24 energy efficient lighting systems, building automation and control systems, or

SA2-5

1 automotive batteries for use in hybrid–electric vehicles, that reduce the demand for
2 natural gas or electricity or improve the efficiency of its use. Eligible amounts
3 include only amounts paid or incurred for tangible, depreciable property but do not
4 include amounts paid or incurred for replacement property.”

SA2-6

5 **6.** Page 7, line 8: delete “subd. 2.” and substitute “subds. 2. and 3.”.

6 **7.** Page 9, line 8: after that line insert:

SA2-7

7 “**SECTION 11e.** 71.47 (4) (ad) 3. of the statutes is created to read: INS. SAI-AA1

8 71.47 (4) (ad) 3. For taxable years beginning after ~~December 31, 2007~~, any
9 corporation may credit against taxes otherwise due under this chapter an amount
10 equal to 10 percent of the amount obtained by subtracting from the corporation’s
11 qualified research expenses, as defined in section 41 of the Internal Revenue Code,
12 except that “qualified research expenses” includes only expenses incurred by the
13 claimant for research related to the design and manufacturing of energy efficient
14 lighting systems, building automation and control systems, or automotive batteries
15 for use in hybrid–electric vehicles, that reduce the demand for natural gas or
16 electricity or improve the efficiency of its use, incurred for research conducted in this
17 state for the taxable year, except that a taxpayer may elect the alternative
18 computation under section 41 (c) (4) of the Internal Revenue Code and that election
19 applies until the department permits its revocation, except as provided in par. (af),
20 and except that “qualified research expenses” does not include compensation used
21 in computing the credit under subs. (1dj) and (1dx), the corporation’s base amount,
22 as defined in section 41 (c) of the Internal Revenue Code, except that gross receipts
23 used in calculating the base amount means gross receipts from sales attributable to

SA2-7

1 Wisconsin under s. 71.25 (9) (b) 1. and 2. and (d). Section 41 (h) of the Internal
2 Revenue Code does not apply to the credit under this paragraph.”

SA2-8

3 **8.** Page 9, line 11: delete lines 11 and 12 and substitute “under par. (ad) 1., 2.,
4 or 3., or any combination of those credits, the corporation may use a different
5 computation method to calculate each of the credits and may choose to change”.

6 **9.** Page 10, line 20: delete “subd. 2.” and substitute “subds. 2. and 3.”.

SA2-9

7 **10.** Page 12, line 7: after that line insert:

8 “**SECTION 16e.** 71.47 (5) (ad) 3. of the statutes is created to read: ^{INS, SAI-AAI}

SA2-10

9 71.47 (5) (ad) 3. For taxable years beginning after ~~December 31, 2007~~, any
10 corporation may credit against taxes otherwise due under this chapter an amount
11 equal to 10 percent of the amount paid or incurred by that corporation during the
12 taxable year to construct and equip new facilities or expand existing facilities used
13 in this state for qualified research, as defined in section 41 of the Internal Revenue
14 Code, except that “qualified research expenses” includes only expenses paid or
15 incurred by the claimant for research related to the design and manufacturing of
16 energy efficient lighting systems, building automation and control systems, or
17 automotive batteries for use in hybrid-electric vehicles, that reduce the demand for
18 natural gas or electricity or improve the efficiency of its use. Eligible amounts
19 include only amounts paid or incurred for tangible, depreciable property but do not
20 include amounts paid or incurred for replacement property.”

21 (END)

**SENATE AMENDMENT 3,
TO SENATE SUBSTITUTE AMENDMENT 2,
TO 2005 SENATE BILL 103**

March 2, 2006 - Offered by Senator S. FITZGERALD.

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 1, line 6: after "facilities" insert "and making an appropriation".

3 **2.** Page 12, line 7: after that line insert:

4 **"SECTION 16m. Nonstatutory provisions.**

5 (1) PETROLEUM INSPECTION FUND. There is transferred from the petroleum
6 inspection fund to the general fund \$1,400,000 in fiscal year 2006-07."

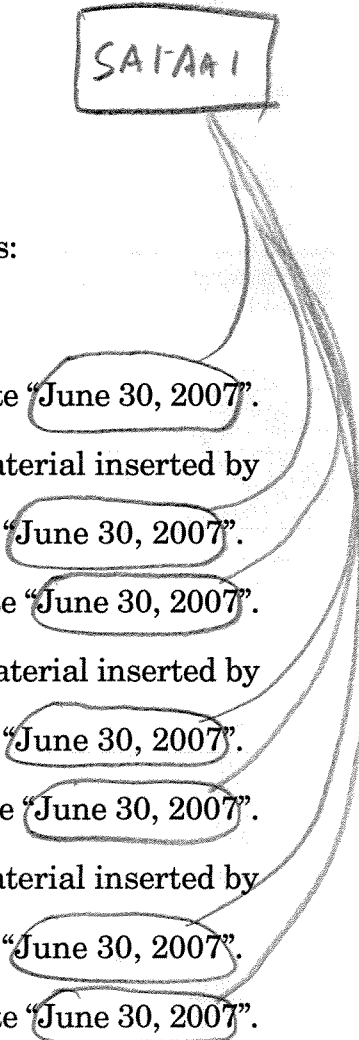
7 (END)

Made ineffective by AA 1

**SENATE AMENDMENT 1,
TO ASSEMBLY AMENDMENT 1,
TO 2005 SENATE BILL 103**

April 27, 2006 – Offered by Senator KANAVAS.

SATAA 1

- 1 At the locations indicated, amend the amendment as follows:
- 2 **1.** Page 1, line 3: after that line insert:
- 3 “1b. Page 3, line 18: delete “December 31, 2006” and substitute “June 30, 2007”.
- 4 1c. Page 4, line 9: after that line, on page 1, line 5, of the material inserted by
- 5 senate amendment 2, delete “December 31, 2007” and substitute “June 30, 2007”.
- 6 1d. Page 6, line 19: delete “December 31, 2006” and substitute “June 30, 2007”.
- 7 1e. Page 7, line 5: after that line, on page 2, line 17, of the material inserted by
- 8 senate amendment 2, delete “December 31, 2007” and substitute “June 30, 2007”.
- 9 1f. Page 8, line 17: delete “December 31, 2006” and substitute “June 30, 2007”.
- 10 1g. Page 9, line 8: after that line, on page 3, line 8, of the material inserted by
- 11 senate amendment 2, delete “December 31, 2007” and substitute “June 30, 2007”.
- 12 1h. Page 11, line 21: delete “December 31, 2006” and substitute “June 30, 2007”.
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1 1j. Page 12, line 7: after that line, on page 4, line 9, of the material inserted by
2 senate amendment 2, delete "December 31, 2007" and substitute "June 30, 2007".

3 (END)

SAI-AAI