



State of Wisconsin


LEGISLATIVE REFERENCE BUREAU

RESEARCH APPENDIX - PLEASE DO NOT REMOVE FROM DRAFTING FILE

Date Transfer Requested: 03/02/2006 (Per: MES)




Appendix A


 The 2005 drafting file for LRB 05a1194/1

has been copied/added to the 2005 drafting file for

LRB 05a2604



 The attached 2005 draft was incorporated into the new 2005 draft listed above. For research purposes, this cover sheet and the attached drafting file were copied, and added, as a appendix, to the new 2005 drafting file. If introduced this section will be scanned and added, as a separate appendix, to the electronic drafting file folder.

 This cover sheet was added to rear of the original 2005 drafting file. The drafting file was then returned, intact, to its folder and filed.

2005 DRAFTING REQUEST

Senate Amendment (SA-SSA2-SB103)

Received: 10/18/2005

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: Legislative Fiscal Bureau 6-8849

By/Representing: Ron Shanovich

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters:

Subject: Tax, Business - credits

Extra Copies:

Submit via email: YES

Requester's email: ron.shanovich@legis.state.wi.us

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Income and franchise tax credit for research and research facilities

Instructions:

See Attached. Add "building automation control systems" and "... automotive batteries ..." language

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>
/1	mshovers 10/19/2005	csicilia 10/19/2005	pgreensl 10/19/2005	_____	lnorthro 10/19/2005	lnorthro 10/19/2005	

FE Sent For:

<END>

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See Attached. Add "building automation control systems" and "... automotive batteries ..." language

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/1	mshovers	1 cjs 10/19/05	10/19	10/19			
/1	MES	10/18/05	10/19	10/19			

FE Sent For:

<END>

Shovers, Marc

From: Shanovich, Ron
Sent: Tuesday, October 18, 2005 3:41 PM
To: Shovers, Marc
Subject: FW: Change to Amendment
Importance: High

Here's the separate amendment to SSA2 to SB103/ASA to AB243, Thanks, ron

From: Schutt, Eric
Sent: Tuesday, October 18, 2005 3:27 PM
To: Shanovich, Ron
Subject: Change to Amendment
Importance: High

Ron,

I apologize for the last minute change, but we have a slight addition to our previous amendment. I have included this amendment in red below for Senate Bill 103.

A corporation may claim an income and franchise tax credit equal to 10% of research expenses for research conducted in Wisconsin related to the design and manufacturing of energy efficiency lighting or building automation and control systems that reduce the demand for natural gas or electricity or improve the efficiency of its use, and 10% of costs to construct and equip new research facilities or expand existing facilities for research related to the design and manufacturing energy efficiency lighting systems or building automation and control systems that reduce the demand for natural gas or electricity or improve the efficiency of its use. In addition, such credit may be claimed for research conducted in Wisconsin related to the design or production of automotive batteries for use in hybrid-electric vehicles.

If you have any questions, please give me a call.

Eric Schutt
Chief of Staff
Senator Joe Leibham
9th Senate District

Eric.Schutt@legis.state.wi.us
Phone: (608) 266-2056

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Madison, WI 53707-7882
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State Web Page - www.wisconsin.gov

10/18/2005



State of Wisconsin
2005 - 2006 LEGISLATURE

LRBa1194/1
JK&MES

ejc
RMA

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

bill intro

Now

D-NOTE

- 1 At the locations indicated, amend the substitute amendment as follows:
- 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:
- 4 "**SECTION 3e.** 71.28 (4) (ad) 3. of the statutes is created to read:
- 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

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."

11 **3.** Page 4, line 12: delete lines 12 and 13 and substitute "under par. (ad) 1.,
 12 2., 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.".

15 **5.** Page 7, line 9: after that line insert:

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

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

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.”

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:

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

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

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." ✓

3 **8.** Page 9, line 11: delete lines 11 and 12 and substitute ^e "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.". (↑)

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

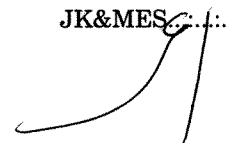
8 "**SECTION 16e.** 71.47 (5) (ad) 3. of the statutes is created to read:

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)

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBa1194/1dn
JK&MES:.....


gjs

Senator Leibham:

Please review this amendment very carefully to ensure that it meets your intent. The drafting instructions we received were not very clear, and no definitions were provided for terms such as "energy efficiency lighting systems" (I assume you meant energy *efficient* lighting systems), "building automation and control systems²", and "hybrid-electric vehicles."

Marc E. Shovers
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**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBa1194/1dn
JK&MES:cjs:pg

October 19, 2005

Senator Leibham:

Please review this amendment very carefully to ensure that it meets your intent. The drafting instructions we received were not very clear, and no definitions were provided for terms such as "energy efficiency lighting systems" (I assume you meant energy *efficient* lighting systems), "building automation and control systems," and "hybrid-electric vehicles."

Marc E. Shovers
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State of Wisconsin
2005 - 2006 LEGISLATURE

LRBa1194/1
JK&MES:cjs:pg

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

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

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:

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

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

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.”

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.”.

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

16 “SECTION 8e. 71.28 (5) (ad) 3. of the statutes is created to read:

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

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.”.

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:

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

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
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23 used in calculating the base amount means gross receipts from sales attributable to

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.”.

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.”.

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:

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)