

**2007 DRAFTING REQUEST**

**Assembly Substitute Amendment (ASA-AB85)**

Received: **05/02/2007**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Michael Sheridan (608) 266-7503**

By/Representing: **tom**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Sheridan@legis.wisconsin.gov**

Carbon copy (CC:) to: **joseph.kreye@legis.wisconsin.gov**

**Pre Topic:**

No specific pre topic given

**Topic:**

Tax credits for flexible fuel motor vehicles and for the purchase of gasoline consisting of at least 85 percent ethanol

**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 05/02/2007	kfollett 05/03/2007		_____			
/1	jkreye 05/03/2007	kfollett 05/03/2007	pgreensl 05/03/2007	_____	sbasford 05/03/2007	sbasford 05/03/2007	
/2			nmatzke 05/04/2007	_____	sbasford 05/04/2007	sbasford 05/04/2007	

FE Sent For:

<END>

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/?	jkreye 05/02/2007	kfollett 05/03/2007		_____			
/1		12kjf 5/3	pgreensl 05/03/2007 NWN 5/3	_____	sbasford 05/03/2007	sbasford 05/03/2007	

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Topic:

Tax credits for flexible fuel motor vehicles and for the purchase of gasoline consisting of at least 85 percent ethanol

vehicles

Instructions:

See Attached

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/?	jkreye	11kf 5/3	5 B	9/3	10/11/07		

FE Sent For:

<END>

## Kreye, Joseph

**From:** Kelly, Tom  
**Sent:** Wednesday, May 02, 2007 9:22 AM  
**To:** Kreye, Joseph  
**Subject:** Sheridan request for a Substitute Amendment to AB 85: tax credit for flex fuel vehicles and E85

Hi Joe.

AB 85 is up for an exec in Biofuels and Renewable Energy on the 9<sup>th</sup>, and my boss would like to introduce a substitute amendment for consideration at that time.

This is what he would like in the substitute amendment:

1) Create a non-refundable income/franchise tax credit for the purchase or lease of a new flex fuel vehicle according to the following chart:

VALUE OF VEHICLE	CREDIT FOR PURCHASE	CREDIT FOR LEASE (5-year eligibility)
1 \$18,000 or more	\$600	\$120
2 \$17,000 to \$17,999	\$550	\$110
3 \$16,000 to \$16,999	\$500	\$100
4 \$15,000 to \$15,999	\$450	\$90
5 \$14,000 to \$14,999	\$400	\$80
6 \$13,000 to \$13,999	\$350	\$70
7 \$12,000 to \$12,999	\$300	\$60
8 \$11,000 to \$11,999	\$250	\$50
9 \$10,000 to \$10,999	\$200	\$40

2) Eligible vehicles must: a) meet federal road safety requirements,  
b) meet federal fuel efficiency standards, and  
c) be capable of using E85.

*not necessary to state*

3) Require DOT to produce a list of eligible vehicles on January 1<sup>st</sup> of each year.

4) Allow DOR to promulgate rules (if necessary) for establishing documentation requirements and appropriate forms for car dealers and consumers who (respectively) sell and purchase flex fuel vehicles. Specify that DOR's rules must not create an undue burden to car dealers or consumers.

5) Create a \$100 non-refundable income/franchise tax credit for the purchase of 100 or more gallons of E85 in a given taxable year (receipts must be kept for tax purposes). This provision should be available to all Wisconsin taxpaying households.

6) The amendment should carry an effective date of January 1<sup>st</sup>, 2008.

7) Automatically sunset all of these provisions after 5 years unless the Legislature takes action to renew them. This might be tricky for leased vehicles. For example, if a taxpayer leases a car in the 3<sup>rd</sup> year of this credit program, the taxpayer should be able to claim the credit that year and the remaining two years but still be allowed to carry those credits forward for 15 years like normal non-refundable tax credits if the taxpayer does not have the tax liability to allow him/her to use them.

In order to reduce the fiscal impact (if ever so slightly), please do not have this credit apply against the AMT.

For leased vehicles, the value for the purpose of this credit should be set when the lease is signed. Obviously, most leases do not last for five years, but the logic is that the payment schedule for a car lease is most similar to a five-year car loan.

I imagine that you have lots of questions now. Mike is in Detroit, but I will do my best to answer your questions.

Thanks once again for all your help.

Tom Kelly  
Office of Rep. Sheridan  
State Capitol, 9-North  
608-266-7503

## Kreye, Joseph

---

**From:** Kelly, Tom  
**Sent:** Wednesday, May 02, 2007 3:49 PM  
**To:** Kreye, Joseph  
**Subject:** RE: Sheridan request for a Substitute Amendment to AB 85: tax credit for flex fuel vehicles and E85

Hi Joe.

I just spoke to a couple of the committee members who suggested a few additional modifications...

There is a provision in a similar Kansas law that states: "The credit under this subsection shall be allowed only to the first individual to take title to such motor vehicle, other than for resale." [KS Stat 79-32,201(b)] We would like to make sure that this credit gets to consumers rather than being used by the auto dealers. So, we would like a provision like this one to be incorporated in the sub. Also, since AB 85 also applies to leased vehicles, the Kansas language would not be sufficient.

Also, in order to encourage the use of E85, the threshold for the \$100 tax credit for purchasing E85 should be 100 gallons in the first year, 200 gallons in the second year, 300 gallons in the third year, 400 gallons in the fourth year, and 500 gallons in the fifth year. The amount of the credit, \$100, should not change. Ideally, the number of E85 pumps will increase during this time to make it easier to find 500 gallon in year five.

Thanks again for all your help.

-Tom

---

**From:** Kelly, Tom  
**Sent:** Wednesday, May 02, 2007 9:22 AM  
**To:** Kreye, Joseph  
**Subject:** Sheridan request for a Substitute Amendment to AB 85: tax credit for flex fuel vehicles and E85

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\$13,000 to \$13,999	\$350	\$70
\$12,000 to \$12,999	\$300	\$60
\$11,000 to \$11,999	\$250	\$50
\$10,000 to \$10,999	\$200	\$40

- 2) Eligible vehicles must: a) meet federal road safety requirements,  
b) meet federal fuel efficiency standards, and  
c) be capable of using E85.
- 3) Require DOT to produce a list of eligible vehicles on January 1<sup>st</sup> of each year.
- 4) Allow DOR to promulgate rules (if necessary) for establishing documentation requirements and appropriate forms for car dealers and consumers who (respectively) sell and purchase flex fuel vehicles. Specify that DOR's rules must not create an undue burden to car dealers or consumers.
- 5) Create a \$100 non-refundable income/franchise tax credit for the purchase of 100 or more gallons of E85 in a given taxable year (receipts must be kept for tax purposes). This provision should be available to all Wisconsin taxpaying households.

6) The amendment should carry an effective date of January 1<sup>st</sup>, 2008.

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In order to reduce the fiscal impact (if ever so slightly), please do not have this credit apply against the AMT.

For leased vehicles, the value for the purpose of this credit should be set when the lease is signed. Obviously, most leases do not last for five years, but the logic is that the payment schedule for a car lease is most similar to a five-year car loan.

I imagine that you have lots of questions now. Mike is in Detroit, but I will do my best to answer your questions.

Thanks once again for all your help.

Tom Kelly  
Office of Rep. Sheridan  
State Capitol, 9-North  
608-266-7503

\* Note -  
to a  
sub ->  
50076/1  
LRB-0021/1  
JK:kjf:rs

ASA Tr

## 2007 ASSEMBLY BILL 85

February 22, 2007 - Introduced by Representatives SHERIDAN, HAHN, JORGENSEN, ALBERS, BALLWEG, BERCEAU, BIES, GRONEMUS, GUNDERSON, HEBL, HINES, HIXSON, LOTHIAN, MOLEPSKE, MUSSER, A. OTT, OWENS, PETROWSKI, SEIDEL, TURNER, VRUWINK, WOOD and DAVIS, cosponsored by Senators WIRCH, VINEHOUT and SCHULTZ. Referred to Committee on Biofuels and Sustainable Energy.

re gr

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2)  
2 (a) 10. and 77.92 (4); and **to create** 71.07 (5j), 71.10 (4) (gn), 71.28 (5j), 71.30  
3 (3) (dq), 71.47 (5j) and 71.49 (1) (dq) of the statutes; **relating to:** creating an  
4 income and franchise tax credit for motor vehicles that use gasoline and ethanol  
5 mixtures as fuel.

### *Analysis by the Legislative Reference Bureau*

This bill creates an income and franchise tax credit that is equal to the amount of sales and use taxes a person paid in the taxable year on the purchase or lease of any new motor vehicle that is licensed for highway use and capable of using both gasoline and a mixture of gasoline and at least 85 percent ethanol as a fuel to propel the motor vehicle. The amount of the credit that a person may claim may not exceed an amount equal to \$1,000 for each motor vehicle purchased in the taxable year or \$1,000 for all taxable years combined with respect to the lease of any single motor vehicle. The credit may be claimed for taxable years beginning after December 31, 2007, and before January 1, 2013.

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:**



ASSEMBLY BILL 85

SECTION 1

one of the following amounts, <sup>s</sup> if, in the taxable year,

1 SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:

2 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
3 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5d), and  
4 (5e), (5f), and (5h), <sup>(5i)</sup> and (5j) and not passed through by a partnership, limited liability  
5 company, or tax-option corporation that has added that amount to the partnership's,  
6 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

INSERT 2-6

7 SECTION 2. 71.07 (5j) of the statutes is created to read:

8 71.07 (5j) FLEXIBLE FUEL MOTOR VEHICLES CREDIT. (a) *Definitions.* In this  
9 subsection, "claimant" means a person who files a claim under this subsection.

10 (b) *Filing claims.* Subject to the limitations provided under this subsection, for  
11 taxable years beginning after December 31, 2007, and before January 1, 2013, a  
12 claimant may claim as a credit against the taxes imposed under s. 71.02, up to the  
13 amount of the tax, ~~an amount that is equal to the amount of the taxes imposed under~~  
14 ~~subch. III of ch. 117 that~~ the claimant ~~paid in the taxable year on the purchase or lease~~  
15 ~~of any~~ <sup>a</sup> new motor vehicle, licensed for highway use, that is capable of using both  
16 gasoline and a mixture of gasoline and at least 85 percent ethanol as a fuel to propel  
17 the motor vehicle.

INSERT A

INSERT B

18 (c) *Limitations.* 1. The maximum amount of the credit that a claimant may  
19 claim under this subsection in a taxable year is an amount equal to \$1,000,  
20 multiplied by the number of motor vehicles described under par. (b) that the claimant  
21 purchased or leased in the taxable year, except that the total amount that a claimant  
22 may claim for all taxable years combined with respect to the lease of any single motor  
23 vehicle may not exceed \$1,000.

24 2. Partnerships, limited liability companies, and tax-option corporations may  
25 not claim the credit under this subsection, but the eligibility for, and the amount of,

## ASSEMBLY BILL 85

1 the credit are based on their payment of amounts described under par. (b). A  
 2 partnership, limited liability company, or tax-option corporation shall compute the  
 3 amount of credit that each of its partners, members, or shareholders may claim and  
 4 shall provide that information to each of them. Partners, members of limited liability  
 5 companies, and shareholders of tax-option corporations may claim the credit in  
 6 proportion to their ownership interests.

7 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under  
 8 s. 71.28 (4), applies to the credit under this subsection.

9 **SECTION 3.** 71.10 (4) (gn) of the statutes is created to read:

10 71.10 (4) (gn) Flexible fuel motor vehicles credit under s. 71.07 (5j).

11 **SECTION 4.** 71.21 (4) of the statutes is amended to read:

12 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
 13 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5e), (5f), (5g), ~~and~~ (5h),  
 14 and (5j) and passed through to partners shall be added to the partnership's income.

15 **SECTION 5.** 71.26 (2) (a) of the statutes is amended to read:

16 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means  
 17 the gross income as computed under the Internal Revenue Code as modified under  
 18 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit  
 19 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)  
 20 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income  
 21 under this paragraph at the time that the taxpayer first claimed the credit plus the  
 22 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),  
 23 (1ds), (1dx), (3g), (3n), (3t), (3w), (5b), (5e), (5f), (5g), ~~and~~ (5h), and (5j) and not passed  
 24 through by a partnership, limited liability company, or tax-option corporation that  
 25 has added that amount to the partnership's, limited liability company's, or

**ASSEMBLY BILL 85**

**SECTION 5**

*one of the following amounts, if, in the taxable year,*

1 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount  
2 of losses from the sale or other disposition of assets the gain from which would be  
3 wholly exempt income, as defined in sub. (3) (L), if the assets were sold or otherwise  
4 disposed of at a gain and minus deductions, as computed under the Internal Revenue  
5 Code as modified under sub. (3), plus or minus, as appropriate, an amount equal to  
6 the difference between the federal basis and Wisconsin basis of any asset sold,  
7 exchanged, abandoned, or otherwise disposed of in a taxable transaction during the  
8 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

9 **SECTION 6.** 71.28 (5j) of the statutes is created to read:

10 **71.28 (5j) FLEXIBLE FUEL MOTOR VEHICLES CREDIT.** (a) *Definitions.* In this  
11 subsection, "claimant" means a person who files a claim under this subsection.

12 (b) *Filing claims.* Subject to the limitations provided under this subsection, for  
13 taxable years beginning after December 31, 2007, and before January 1, 2013, a  
14 claimant may claim as a credit against the taxes imposed under s. 71.23, up to the  
15 amount of the taxes, *an amount that is equal to the amount of the taxes imposed*  
16 *under subch. III of ch. 77 that the claimant paid in the taxable year on the purchase*  
17 *or lease of any new motor vehicle, licensed for highway use, that is capable of using*  
18 *both gasoline and a mixture of gasoline and at least 85 percent ethanol as a fuel to*  
19 *propel the motor vehicle.*

**INSERT B**

20 (c) *Limitations.* 1. The maximum amount of the credit that a claimant may  
21 claim under this subsection in a taxable year is an amount equal to \$1,000,  
22 multiplied by the number of motor vehicles described under par. (b) that the claimant  
23 purchased or leased in the taxable year, except that the total amount that a claimant  
24 may claim for all taxable years combined with respect to the lease of any single motor  
25 vehicle may not exceed \$1,000.

**INSERT A**

**ASSEMBLY BILL 85**

1           2. Partnerships, limited liability companies, and tax-option corporations may  
 2 not claim the credit under this subsection, but the eligibility for, and the amount of,  
 3 the credit are based on their payment of amounts described under par. (b). A  
 4 partnership, limited liability company, or tax-option corporation shall compute the  
 5 amount of credit that each of its partners, members, or shareholders may claim and  
 6 shall provide that information to each of them. Partners, members of limited liability  
 7 companies, and shareholders of tax-option corporations may claim the credit in  
 8 proportion to their ownership interests.

9           (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under  
 10 sub. (4), applies to the credit under this subsection.

11           **SECTION 7.** 71.30 (3) (dq) of the statutes is created to read:

12           71.30 (3) (dq) Flexible fuel motor vehicles credit under s. 71.28 (5j).

13           **SECTION 8.** 71.34 (1) (g) of the statutes is amended to read:

14           71.34 (1) (g) An addition shall be made for credits computed by a tax-option  
 15 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),  
 16 (3n), (3t), (3w), (5b), (5e), (5f), (5g), and (5h), and (5j) and passed through to  
 17 shareholders.

18           **SECTION 9.** 71.45 (2) (a) 10. of the statutes is amended to read:

19           71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
 20 computed under s. 71.47 (1dd) to (1dx), (3n), (3w), (5b), (5e), (5f), (5g), and (5h), and  
 21 (5j) and not passed through by a partnership, limited liability company, or tax-option  
 22 corporation that has added that amount to the partnership's, limited liability  
 23 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and  
 24 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

25           **SECTION 10.** 71.47 (5j) of the statutes is created to read:

Handwritten notes: "INSERT C" with an arrow pointing to line 9, and "INSERT D" with an arrow pointing to line 10.

ASSEMBLY BILL 85

SECTION 10

one of the following amounts, if, in the taxable year,

1 71.47 (5j) FLEXIBLE FUEL MOTOR VEHICLES CREDIT. (a) Definitions. In this  
2 subsection, "claimant" means a person who files a claim under this subsection.

3 (b) Filing claims. Subject to the limitations provided under this subsection, for  
4 taxable years beginning after December 31, 2007, and before January 1, 2013, a  
5 claimant may claim as a credit against the taxes imposed under s. 71.43, up to the

6 amount of the taxes, ~~an amount that is equal to the amount of the taxes imposed~~

7 ~~under subch. III of ch. 77 that~~ the claimant paid in the taxable year on the purchase

8 or lease of <sup>draw a</sup> any new motor vehicle, licensed for highway use, that is capable of using

9 both gasoline and a mixture of gasoline and at least 85 percent ethanol as a fuel to

10 propel the motor vehicle.

INSERT B

INSERT A

11 (c) Limitations. 1. ~~The maximum amount of the credit that a claimant may~~  
12 ~~claim under this subsection in a taxable year is an amount equal to \$1,000,~~  
13 ~~multiplied by the number of motor vehicles described under par. (b) that the claimant~~  
14 ~~purchased or leased in the taxable year, except that the total amount that a claimant~~  
15 ~~may claim for all taxable years combined with respect to the lease of any single motor~~  
16 ~~vehicle may not exceed \$1,000.~~

17 2. Partnerships, limited liability companies, and tax-option corporations may  
18 not claim the credit under this subsection, but the eligibility for, and the amount of,  
19 the credit are based on their payment of amounts described under par. (b). A  
20 partnership, limited liability company, or tax-option corporation shall compute the  
21 amount of credit that each of its partners, members, or shareholders may claim and  
22 shall provide that information to each of them. Partners, members of limited liability  
23 companies, and shareholders of tax-option corporations may claim the credit in  
24 proportion to their ownership interests.

INSERT C

ASSEMBLY BILL 85

INSERT  
D

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(d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

**SECTION 11.** 71.49 (1) (dq) of the statutes is created to read:

71.49 (1) (dq) Flexible fuel motor vehicles credit under s. 71.47 (5j).

**SECTION 12.** 77.92 (4) of the statutes is amended to read:

77.92 (4) "Net business income," with respect to a partnership, means taxable income as calculated under section 703 of the Internal Revenue Code; plus the items of income and gain under section 702 of the Internal Revenue Code, including taxable state and municipal bond interest and excluding nontaxable interest income or dividend income from federal government obligations; minus the items of loss and deduction under section 702 of the Internal Revenue Code, except items that are not deductible under s. 71.21; plus guaranteed payments to partners under section 707 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), (3w), (5b), (5e), (5f), (5g), and (5h), and (5j); and plus or minus, as appropriate, transitional adjustments, depreciation differences, and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain, loss, and deductions from farming. "Net business income," with respect to a natural person, estate, or trust, means profit from a trade or business for federal income tax purposes and includes net income derived as an employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

(END)

INSERT  
7-20

Insert 2-6

1           **SECTION 1.** 71.07 (5i) of the statutes is created to read:

2           **71.07 (5i) EIGHTY-FIVE PERCENT ETHANOL FUEL CREDIT.** (a) *Definition.* In this  
3 subsection, "claimant" means an individual who files a claim under this subsection.

4           (b) *Filing claims.* Subject to the limitations provided in this subsection, for  
5 taxable years beginning after December 31, 2007, and before January 1, 2013, a  
6 claimant may claim as a credit against the taxes imposed under s. 71.02, up to the  
7 amount of the tax, \$100 for each taxable year in which the claimant purchases in this  
8 state:

9           1. For taxable years beginning after December 31, 2007, and before January  
10 1, 2009, at least 100 gallons of motor vehicle fuel that consists of a mixture of gasoline  
11 and at least 85 percent ethanol.

12           2. For taxable years beginning after December 31, 2008, and before January  
13 1, 2010, at least 200 gallons of motor vehicle fuel that consists of a mixture of gasoline  
14 and at least 85 percent ethanol.

15           3. For taxable years beginning after December 31, 2009, and before January  
16 1, 2011, at least 300 gallons of motor vehicle fuel that consists of a mixture of gasoline  
17 and at least 85 percent ethanol.

18           4. For taxable years beginning after December 31, 2010, and before January  
19 1, 2012, at least 400 gallons of motor vehicle fuel that consists of a mixture of gasoline  
20 and at least 85 percent ethanol.

21           5. For taxable years beginning after December 31, 2011, and before January  
22 1, 2013, at least 500 gallons of motor vehicle fuel that consists of a mixture of gasoline  
23 and at least 85 percent ethanol.

1 (c) *Limitations.* For a claimant who is a part-year resident of this state and  
 2 who is a single person or a married person filing a separate return, multiply the  
 3 credit for which the claimant is eligible under par. (b) by a fraction, the numerator  
 4 of which is the individual's Wisconsin adjusted gross income and the denominator of  
 5 which is the individual's federal adjusted gross income. If a claimant is married and  
 6 files a joint return, and if the claimant or the claimant's spouse, or both, are  
 7 part-year residents of this state, multiply the credit for which the claimant is eligible  
 8 under par. (b) by a fraction, the numerator of which is the couple's joint Wisconsin  
 9 adjusted gross income and the denominator of which is the couple's joint federal  
 10 adjusted gross income.

11 (d) *Administration.* 1. Section 71.28 (4) (f) to (h), as it applies to the credit  
 12 under s. 71.28 (4), applies to the credit under this subsection.

**Insert A**

LPS: use  
all of  
Insert A  
twice  
3 times

- 13 1. If the purchase price of the motor vehicle is \$18,000 or more, \$600 for a  
 14 purchased motor vehicle and \$120 for a leased motor vehicle.
- 15 2. If the purchase price of the motor vehicle is at least \$17,000, but less than  
 16 \$18,000, \$550 for a purchased motor vehicle and \$110 for a leased motor vehicle.
- 17 3. If the purchase price of the motor vehicle is at least \$16,000, but less than  
 18 \$17,000, \$500 for a purchased motor vehicle and \$100 for a leased motor vehicle.
- 19 4. If the purchase price of the motor vehicle is at least \$15,000, but less than  
 20 \$16,000, \$450 for a purchased motor vehicle and \$90 for a leased motor vehicle.
- 21 5. If the purchase price of the motor vehicle is at least \$14,000, but less than  
 22 \$15,000, \$400 for a purchased motor vehicle and \$80 for a leased motor vehicle.



1 6. If the purchase price of the motor vehicle is at least \$13,000, but less than  
2 \$14,000, \$350 for a purchased motor vehicle and \$70 for a leased motor vehicle.

3 7. If the purchase price of the motor vehicle is at least \$12,000, but less than  
4 \$13,000, \$300 for a purchased motor vehicle and \$60 for a leased motor vehicle.

5 8. If the purchase price of the motor vehicle is at least \$11,000, but less than  
6 \$12,000, \$250 for a purchased motor vehicle and \$50 for a leased motor vehicle.

7 9. If the purchase price of the motor vehicle is at least \$10,000, but less than  
8 \$11,000, \$200 for a purchased motor vehicle and \$40 for a leased motor vehicle.

*use* → **Insert B**  
~~price~~  
~~3 x 5~~

9 *no #* For purposes of determining the amount of the credit under par. (b) for a leased  
10 motor vehicle, the purchase price is the purchase price of the motor vehicle on the  
11 first day of the lease period. A claimant who claims a credit under par. (b) for a leased  
12 motor vehicle may claim the credit for each year of the lease period.

*use* → **Insert C**  
~~price~~  
~~3 x 5~~

13 3. The credit under this subsection may be claimed only by the first person who  
14 takes title of the motor vehicle, other than for resale, or, in the case of a leased vehicle,  
15 the first person who leases the vehicle.

*use* → **Insert D**  
~~price~~  
~~3 x 5~~

16 2. The department may promulgate rules to establish documentation  
17 requirements and appropriate forms for consumers and motor vehicle dealers who  
18 purchase or sell the motor vehicles described in par. (b), if complying with the rules  
19 is not unnecessarily burdensome.

**Insert 3-10**

20 **SECTION 2.** 71.10 (4) (cs) of the statutes is created to read:

1

71.10 (4) (cs) Eighty-five percent ethanol fuel credit under s. 71.07 (5i). ✓

2007-2008 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRBs0076/1insAG  
ARG:.....

**insert anal-ARG:**

This bill requires the Department of Transportation to annually prepare and make publicly available a list of motor vehicles, identified by vehicle make and model, that satisfy the eligibility criteria for the credit.

**insert ??-??:**

*insert 7-20*

**SECTION 1.** 110.23 of the statutes is created to read:

**110.23 Flexible fuel motor vehicles.** No later than January 1 of each year, the department shall prepare and make publicly available a list of motor vehicles, identified by vehicle make and model, that satisfy the criteria established under ss. 71.07 (5j) (b) and 71.28 (5j) (b) for tax credit eligibility. *and 71.47 (5j) (b)*

*spell correct*  
Beginning on rom the appropriation under s. 20.395 (5) (cq), the department shall provide training on the examination of repaired salvage vehicles to inspectors or persons eligible to be authorized as inspectors by the department under s. 342.07

(2).



State of Wisconsin  
2007 - 2008 LEGISLATURE

LRBs0076/1  
JK:kjf:pg

RM:mkR

ASSEMBLY SUBSTITUTE AMENDMENT,  
TO 2007 ASSEMBLY BILL 85

in 5-3-07  
due Mon 5-7

Regen

1 AN ACT to amend 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2)  
2 (a) 10. and 77.92 (4); and to create 71.07 (5i), 71.07 (5j), 71.10 (4) (cn), 71.10 (4)  
3 (cs), 71.28 (5j), 71.30 (3) (dq), 71.47 (5j), 71.49 (1) (dq) and 110.23 of the statutes;  
4 relating to: creating an income and franchise tax credit for motor vehicles that  
5 use gasoline and ethanol mixtures as fuel and for the purchase of fuel containing ethanol

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

6 SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:  
7 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
8 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5d), and  
9 (5e), (5f), and (5h), (5i) and (5j) and not passed through by a partnership, limited  
10 liability company, or tax-option corporation that has added that amount to the  
11 partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or  
12 71.34 (1) (g).

SECTION 2. 71.07 (5i) of the statutes is created to read:

71.07 (5i) EIGHTY-FIVE PERCENT ETHANOL FUEL CREDIT. (a) *Definition.* In this subsection, "claimant" means an individual who files a claim under this subsection.

(b) *Filing claims.* Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2007, and before January 1, 2013, a claimant may claim as a credit against the taxes imposed under s. 71.02, up to the amount of the tax, \$100 for each taxable year in which the claimant purchases in this state:

1. For taxable years beginning after December 31, 2007, and before January 1, 2009, at least 100 gallons of motor vehicle fuel that ~~consists of a mixture of gasoline~~ and at least 85 percent ethanol. *is sold as is sold as*

2. For taxable years beginning after December 31, 2008, and before January 1, 2010, at least 200 gallons of motor vehicle fuel that ~~consists of a mixture of gasoline~~ and at least 85 percent ethanol.

3. For taxable years beginning after December 31, 2009, and before January 1, 2011, at least 300 gallons of motor vehicle fuel that ~~consists of a mixture of gasoline~~ and at least 85 percent ethanol.

4. For taxable years beginning after December 31, 2010, and before January 1, 2012, at least 400 gallons of motor vehicle fuel that ~~consists of a mixture of gasoline~~ and at least 85 percent ethanol.

5. For taxable years beginning after December 31, 2011, and before January 1, 2013, at least 500 gallons of motor vehicle fuel that ~~consists of a mixture of gasoline~~ and at least 85 percent ethanol.

(c) *Limitations.* For a claimant who is a part-year resident of this state and who is a single person or a married person filing a separate return, multiply the

1 credit for which the claimant is eligible under par. (b) by a fraction, the numerator  
2 of which is the individual's Wisconsin adjusted gross income and the denominator of  
3 which is the individual's federal adjusted gross income. If a claimant is married and  
4 files a joint return, and if the claimant or the claimant's spouse, or both, are  
5 part-year residents of this state, multiply the credit for which the claimant is eligible  
6 under par. (b) by a fraction, the numerator of which is the couple's joint Wisconsin  
7 adjusted gross income and the denominator of which is the couple's joint federal  
8 adjusted gross income.

9 (d) *Administration.* Section 71.28 (4) (f) to (h), as it applies to the credit under  
10 s. 71.28 (4), applies to the credit under this subsection.

11 **SECTION 3.** 71.07 (5j) of the statutes is created to read:

12 **71.07 (5j) FLEXIBLE FUEL MOTOR VEHICLES CREDIT.** (a) *Definitions.* In this  
13 subsection, "claimant" means a person who files a claim under this subsection.

14 (b) *Filing claims.* Subject to the limitations provided under this subsection, for  
15 taxable years beginning after December 31, 2007, and before January 1, 2013, a  
16 claimant may claim as a credit against the taxes imposed under s. 71.02, up to the  
17 amount of the tax, one of the following amounts, if, in the taxable year, the claimant  
18 purchased or leased a new motor vehicle, licensed for highway use, that is capable  
19 of using both gasoline and a mixture of gasoline and at least 85 percent ethanol as  
20 a fuel to propel the motor vehicle:

21 1. If the purchase price of the motor vehicle is \$18,000 or more, \$600 for a  
22 purchased motor vehicle and \$120 for a leased motor vehicle.

23 2. If the purchase price of the motor vehicle is at least \$17,000, but less than  
24 \$18,000, \$550 for a purchased motor vehicle and \$110 for a leased motor vehicle.

1           3. If the purchase price of the motor vehicle is at least \$16,000, but less than  
2 \$17,000, \$500 for a purchased motor vehicle and \$100 for a leased motor vehicle.

3           4. If the purchase price of the motor vehicle is at least \$15,000, but less than  
4 \$16,000, \$450 for a purchased motor vehicle and \$90 for a leased motor vehicle.

5           5. If the purchase price of the motor vehicle is at least \$14,000, but less than  
6 \$15,000, \$400 for a purchased motor vehicle and \$80 for a leased motor vehicle.

7           6. If the purchase price of the motor vehicle is at least \$13,000, but less than  
8 \$14,000, \$350 for a purchased motor vehicle and \$70 for a leased motor vehicle.

9           7. If the purchase price of the motor vehicle is at least \$12,000, but less than  
10 \$13,000, \$300 for a purchased motor vehicle and \$60 for a leased motor vehicle.

11           8. If the purchase price of the motor vehicle is at least \$11,000, but less than  
12 \$12,000, \$250 for a purchased motor vehicle and \$50 for a leased motor vehicle.

13           9. If the purchase price of the motor vehicle is at least \$10,000, but less than  
14 \$11,000, \$200 for a purchased motor vehicle and \$40 for a leased motor vehicle.

15           (c) *Limitations.* 1. For purposes of determining the amount of the credit under  
16 par. (b) for a leased motor vehicle, the purchase price is the purchase price of the  
17 motor vehicle on the first day of the lease period. A claimant who claims a credit  
18 under par. (b) for a leased motor vehicle may claim the credit for each year of the lease  
19 period.

20           2. Partnerships, limited liability companies, and tax-option corporations may  
21 not claim the credit under this subsection, but the eligibility for, and the amount of,  
22 the credit are based on their payment of amounts described under par. (b). A  
23 partnership, limited liability company, or tax-option corporation shall compute the  
24 amount of credit that each of its partners, members, or shareholders may claim and  
25 shall provide that information to each of them. Partners, members of limited liability

1 companies, and shareholders of tax-option corporations may claim the credit in  
2 proportion to their ownership interests.

3 3. The credit under this subsection may be claimed only by the first person who  
4 takes title of the motor vehicle, other than for resale, or, in the case of a leased vehicle,  
5 the first person who leases the vehicle.

6 (d) *Administration.* 1. Section 71.28 (4) (e) to (h), as it applies to the credit  
7 under s. 71.28 (4), applies to the credit under this subsection.

8 2. The department may promulgate rules to establish documentation  
9 requirements and appropriate forms for consumers and motor vehicle dealers who  
10 purchase or sell the motor vehicles described in par. (b), if complying with the rules  
11 is not unnecessarily burdensome.

12 **SECTION 4.** 71.10 (4) (cn) of the statutes is created to read:

13 71.10 (4) (cn) Flexible fuel motor vehicles credit under s. 71.07 (5j).

14 **SECTION 5.** 71.10 (4) (cs) of the statutes is created to read:

15 71.10 (4) (cs) Eighty-five percent ethanol fuel credit under s. 71.07 (5i).

16 **SECTION 6.** 71.21 (4) of the statutes is amended to read:

17 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
18 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5e), (5f), (5g), and (5h),  
19 and (5j) and passed through to partners shall be added to the partnership's income.

20 **SECTION 7.** 71.26 (2) (a) of the statutes is amended to read:

21 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means  
22 the gross income as computed under the Internal Revenue Code as modified under  
23 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit  
24 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)  
25 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income



1 under this paragraph at the time that the taxpayer first claimed the credit plus the  
2 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),  
3 (1ds), (1dx), (3g), (3n), (3t), (3w), (5b), (5e), (5f), (5g), ~~and (5h)~~, and (5j) and not passed  
4 through by a partnership, limited liability company, or tax-option corporation that  
5 has added that amount to the partnership's, limited liability company's, or  
6 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount  
7 of losses from the sale or other disposition of assets the gain from which would be  
8 wholly exempt income, as defined in sub. (3) (L), if the assets were sold or otherwise  
9 disposed of at a gain and minus deductions, as computed under the Internal Revenue  
10 Code as modified under sub. (3), plus or minus, as appropriate, an amount equal to  
11 the difference between the federal basis and Wisconsin basis of any asset sold,  
12 exchanged, abandoned, or otherwise disposed of in a taxable transaction during the  
13 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

14 **SECTION 8.** 71.28 (5j) of the statutes is created to read:

15 **71.28 (5j) FLEXIBLE FUEL MOTOR VEHICLES CREDIT.** (a) *Definitions.* In this  
16 subsection, "claimant" means a person who files a claim under this subsection.

17 (b) *Filing claims.* Subject to the limitations provided under this subsection, for  
18 taxable years beginning after December 31, 2007, and before January 1, 2013, a  
19 claimant may claim as a credit against the taxes imposed under s. 71.23, up to the  
20 amount of the taxes, one of the following amounts, if, in the taxable year, the claimant  
21 purchased or leased a new motor vehicle, licensed for highway use, that is capable  
22 of using both gasoline and a mixture of gasoline and at least 85 percent ethanol as  
23 a fuel to propel the motor vehicle:

24 1. If the purchase price of the motor vehicle is \$18,000 or more, \$600 for a  
25 purchased motor vehicle and \$120 for a leased motor vehicle.

1           2. If the purchase price of the motor vehicle is at least \$17,000, but less than  
2 \$18,000, \$550 for a purchased motor vehicle and \$110 for a leased motor vehicle.

3           3. If the purchase price of the motor vehicle is at least \$16,000, but less than  
4 \$17,000, \$500 for a purchased motor vehicle and \$100 for a leased motor vehicle.

5           4. If the purchase price of the motor vehicle is at least \$15,000, but less than  
6 \$16,000, \$450 for a purchased motor vehicle and \$90 for a leased motor vehicle.

7           5. If the purchase price of the motor vehicle is at least \$14,000, but less than  
8 \$15,000, \$400 for a purchased motor vehicle and \$80 for a leased motor vehicle.

9           6. If the purchase price of the motor vehicle is at least \$13,000, but less than  
10 \$14,000, \$350 for a purchased motor vehicle and \$70 for a leased motor vehicle.

11          7. If the purchase price of the motor vehicle is at least \$12,000, but less than  
12 \$13,000, \$300 for a purchased motor vehicle and \$60 for a leased motor vehicle.

13          8. If the purchase price of the motor vehicle is at least \$11,000, but less than  
14 \$12,000, \$250 for a purchased motor vehicle and \$50 for a leased motor vehicle.

15          9. If the purchase price of the motor vehicle is at least \$10,000, but less than  
16 \$11,000, \$200 for a purchased motor vehicle and \$40 for a leased motor vehicle.

17          (c) *Limitations.* 1. For purposes of determining the amount of the credit under  
18 par. (b) for a leased motor vehicle, the purchase price is the purchase price of the  
19 motor vehicle on the first day of the lease period. A claimant who claims a credit  
20 under par. (b) for a leased motor vehicle may claim the credit for each year of the lease  
21 period.

22          2. Partnerships, limited liability companies, and tax-option corporations may  
23 not claim the credit under this subsection, but the eligibility for, and the amount of,  
24 the credit are based on their payment of amounts described under par. (b). A  
25 partnership, limited liability company, or tax-option corporation shall compute the

1 amount of credit that each of its partners, members, or shareholders may claim and  
2 shall provide that information to each of them. Partners, members of limited liability  
3 companies, and shareholders of tax-option corporations may claim the credit in  
4 proportion to their ownership interests.

5 3. The credit under this subsection may be claimed only by the first person who  
6 takes title of the motor vehicle, other than for resale, or, in the case of a leased vehicle,  
7 the first person who leases the vehicle.

8 (d) *Administration.* 1. Subsection (4) (e) to (h), as it applies to the credit under  
9 sub. (4), applies to the credit under this subsection.

10 2. The department may promulgate rules to establish documentation  
11 requirements and appropriate forms for consumers and motor vehicle dealers who  
12 purchase or sell the motor vehicles described in par. (b), if complying with the rules  
13 is not unnecessarily burdensome.

14 **SECTION 9.** 71.30 (3) (dq) of the statutes is created to read:

15 71.30 (3) (dq) Flexible fuel motor vehicles credit under s. 71.28 (5j).

16 **SECTION 10.** 71.34 (1) (g) of the statutes is amended to read:

17 71.34 (1) (g) An addition shall be made for credits computed by a tax-option  
18 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),  
19 (3n), (3t), (3w), (5b), (5e), (5f), (5g), ~~and (5h)~~, and (5j) and passed through to  
20 shareholders.

21 **SECTION 11.** 71.45 (2) (a) 10. of the statutes is amended to read:

22 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
23 computed under s. 71.47 (1dd) to (1dx), (3n), (3w), (5b), (5e), (5f), (5g), ~~and (5h)~~, and  
24 (5j) and not passed through by a partnership, limited liability company, or tax-option  
25 corporation that has added that amount to the partnership's, limited liability

1 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and  
2 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

3 **SECTION 12.** 71.47 (5j) of the statutes is created to read:

4 **71.47 (5j) FLEXIBLE FUEL MOTOR VEHICLES CREDIT.** (a) *Definitions.* In this  
5 subsection, "claimant" means a person who files a claim under this subsection.

6 (b) *Filing claims.* Subject to the limitations provided under this subsection, for  
7 taxable years beginning after December 31, 2007, and before January 1, 2013, a  
8 claimant may claim as a credit against the taxes imposed under s. 71.43, up to the  
9 amount of the taxes, one of the following amounts, if, in the taxable year, the claimant  
10 purchased or leased a new motor vehicle, licensed for highway use, that is capable  
11 of using both gasoline and a mixture of gasoline and at least 85 percent ethanol as  
12 a fuel to propel the motor vehicle:

13 1. If the purchase price of the motor vehicle is \$18,000 or more, \$600 for a  
14 purchased motor vehicle and \$120 for a leased motor vehicle.

15 2. If the purchase price of the motor vehicle is at least \$17,000, but less than  
16 \$18,000, \$550 for a purchased motor vehicle and \$110 for a leased motor vehicle.

17 3. If the purchase price of the motor vehicle is at least \$16,000, but less than  
18 \$17,000, \$500 for a purchased motor vehicle and \$100 for a leased motor vehicle.

19 4. If the purchase price of the motor vehicle is at least \$15,000, but less than  
20 \$16,000, \$450 for a purchased motor vehicle and \$90 for a leased motor vehicle.

21 5. If the purchase price of the motor vehicle is at least \$14,000, but less than  
22 \$15,000, \$400 for a purchased motor vehicle and \$80 for a leased motor vehicle.

23 6. If the purchase price of the motor vehicle is at least \$13,000, but less than  
24 \$14,000, \$350 for a purchased motor vehicle and \$70 for a leased motor vehicle.

1           7. If the purchase price of the motor vehicle is at least \$12,000, but less than  
2 \$13,000, \$300 for a purchased motor vehicle and \$60 for a leased motor vehicle.

3           8. If the purchase price of the motor vehicle is at least \$11,000, but less than  
4 \$12,000, \$250 for a purchased motor vehicle and \$50 for a leased motor vehicle.

5           9. If the purchase price of the motor vehicle is at least \$10,000, but less than  
6 \$11,000, \$200 for a purchased motor vehicle and \$40 for a leased motor vehicle.

7           (c) *Limitations.* 1. For purposes of determining the amount of the credit under  
8 par. (b) for a leased motor vehicle, the purchase price is the purchase price of the  
9 motor vehicle on the first day of the lease period. A claimant who claims a credit  
10 under par. (b) for a leased motor vehicle may claim the credit for each year of the lease  
11 period.

12           2. Partnerships, limited liability companies, and tax-option corporations may  
13 not claim the credit under this subsection, but the eligibility for, and the amount of,  
14 the credit are based on their payment of amounts described under par. (b). A  
15 partnership, limited liability company, or tax-option corporation shall compute the  
16 amount of credit that each of its partners, members, or shareholders may claim and  
17 shall provide that information to each of them. Partners, members of limited liability  
18 companies, and shareholders of tax-option corporations may claim the credit in  
19 proportion to their ownership interests.

20           3. The credit under this subsection may be claimed only by the first person who  
21 takes title of the motor vehicle, other than for resale, or, in the case of a leased vehicle,  
22 the first person who leases the vehicle.

23           (d) *Administration.* 1. Section 71.28 (4) (e) to (h), as it applies to the credit  
24 under s. 71.28 (4), applies to the credit under this subsection.

1           2. The department may promulgate rules to establish documentation  
2 requirements and appropriate forms for consumers and motor vehicle dealers who  
3 purchase or sell the motor vehicles described in par. (b), if complying with the rules  
4 is not unnecessarily burdensome.

5           **SECTION 13.** 71.49 (1) (dq) of the statutes is created to read:

6           71.49 (1) (dq) Flexible fuel motor vehicles credit under s. 71.47 (5j).

7           **SECTION 14.** 77.92 (4) of the statutes is amended to read:

8           77.92 (4) "Net business income," with respect to a partnership, means taxable  
9 income as calculated under section 703 of the Internal Revenue Code; plus the items  
10 of income and gain under section 702 of the Internal Revenue Code, including taxable  
11 state and municipal bond interest and excluding nontaxable interest income or  
12 dividend income from federal government obligations; minus the items of loss and  
13 deduction under section 702 of the Internal Revenue Code, except items that are not  
14 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
15 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),  
16 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), (3w), (5b), (5e), (5f),  
17 (5g), ~~and (5h)~~, and (5j); and plus or minus, as appropriate, transitional adjustments,  
18 depreciation differences, and basis differences under s. 71.05 (13), (15), (16), (17), and  
19 (19); but excluding income, gain, loss, and deductions from farming. "Net business  
20 income," with respect to a natural person, estate, or trust, means profit from a trade  
21 or business for federal income tax purposes and includes net income derived as an  
22 employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

23           **SECTION 15.** 110.23 of the statutes is created to read:

24           **110.23 Flexible fuel motor vehicles.** No later than January 1 of each year,  
25 the department shall prepare and make publicly available a list of motor vehicles,

1 identified by vehicle make and model, that satisfy the criteria established under ss.  
2 71.07 (5j) (b), 71.28 (5j) (b), and 71.47 (5j) (b) for tax credit eligibility.

3 (END)