

2007 DRAFTING REQUEST

Bill

Received: 05/02/2007

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Sheryl Albers (608) 266-8531

By/Representing: kurt

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters: agary

Subject: Tax, Business - credits
Transportation - highways

Extra Copies: BAB

Submit via email: YES

Requester's email: Rep.Albers@legis.wisconsin.gov

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

aaron.gary@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Tax credit for emission-reducing vehicles; specific information signs

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>
/?							State
/1	jkreye 05/07/2007	csicilia 05/08/2007	pgreensl 05/08/2007		lparisi 05/08/2007	cduerst 05/09/2007	State
	jkreye 05/09/2007	csicilia 05/09/2007					
/2			jfrantze		lparisi	lparisi	

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
			05/09/2007 _____		05/09/2007	05/09/2007	

FE Sent For:

<END>

05-15-2007
("1/2")

See
attached

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1/2 cjs 5/9
07
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JK
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39

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/?	jkreye	1/1 5/8 07					State

FE Sent For:

<END>

Kreye, Joseph

From: Simatic, Kurt
Sent: Friday, May 04, 2007 4:08 PM
To: Kreye, Joseph
Subject: RE: Drafting request

Attachments: drafting instructions-05-01-07.doc

Joe:

I have edited our drafting instructions that should answer your questions. Let me know if there is anything else:



drafting
structions-05-01-07

From: Kreye, Joseph
Sent: Wednesday, May 02, 2007 4:44 PM
To: Simatic, Kurt
Subject: RE: Drafting request

Kurt,

1. There is no standard definition for "flexible fuel vehicle" so I need to know what type of vehicle consider to be a flexible fuel vehicle.
2. The statutes contain the following definition for "hybrid-electric" vehicle:

16.045(1)(e)

(e) "Hybrid-electric vehicle" means a vehicle that has a chemically fueled internal combustion engine which is capable of operating on gasoline, one or more alternative fuels, or diesel fuel, or by means of a gas turbine, and is also equipped with an electric motor and an energy storage device.

Does this concept include both electric vehicles and hybrid vehicles as contemplated by your request? If not, I'll need elaboration.

3. Because there is no standard definition for "emission-reducing motor vehicle" (that I'm immediately aware of), are there other vehicles that would qualify besides the vehicles mentioned above? Or, conversely, do you have a general definition for emission-reducing vehicles?

Joe

Joseph T. Kreye
Senior Legislative Attorney
Legislative Reference Bureau
(608) 266-2263

From: Simatic, Kurt
Sent: Wednesday, May 02, 2007 4:02 PM
To: Kreye, Joseph
Subject: Drafting request

<< File: drafting instructions-05-01-07.doc >>

Joe,

Above is a set of drafting instructions that Rep. Albers wants. This is a rush of sorts because she would like a draft for a fiscal estimate before introduction, and it might be a budget motion.

Call me with any questions.

Thanks.

Kurt Simatic

Office of State Representative Sheryl K. Albers

115 West

State Capitol

Madison, WI 53708

608-266-8531

kurt.simatic@legis.wisconsin.gov

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

VALUE OF VEHICLE	PURCHASE	LEASE (5-year eligibility)
\$18,000 or more	\$500	\$100
\$17,000 to \$17,999	\$450	\$90
\$16,000 to \$16,999	\$400	\$80
\$15,000 to \$15,999	\$350	\$70
\$14,000 to \$14,999	\$300	\$60
\$13,000 to \$13,999	\$250	\$50
\$12,000 to \$12,999	\$200	\$40
\$11,000 to \$11,999	\$150	\$30
\$10,000 to \$10,999	\$100	\$20

In addition, there would be a \$50 tax credit for the purchase of an engine modification kit of a standard vehicle to an eligible vehicle type along with proof of installation by a certified technician.

- 2) Eligible vehicles must:
- a) be new
 - b) be made in this state
 - c) meet federal safety and fuel efficiency standards
 - d) be one of the following types of vehicles
 - (1) a motor vehicle capable of using both gasoline and a mixture of gasoline and at least 85% ethanol to propel the vehicle
 - (2) a hybrid electric vehicle as defined in 16.045(1)(e) of the statutes
 - (3) a neighborhood electric vehicle, which is a self-propelled motor vehicle that has completed the neighborhood electric vehicle America test program conducted by the federal Dept. of Energy
- 3) DOT must produce a list of eligible vehicles on January 1st of each year, and the list cannot change for the duration of the year. DOT may consult with DNR on the vehicles eligible for the list.
- 4) Require DOT to allow for placement of E85 signs on specific information signs without charge.
- 5) Automatically sunset all of these provisions after 5 years unless the Legislature takes action to renew them.

Gary, Aaron

From: Simatic, Kurt
Sent: Monday, May 07, 2007 1:21 PM
To: Gary, Aaron
Subject: RE: Drafting request question

Yes, I believe that Sheryl envisioned a retailer offering E85 and then requesting a sign on the SIS indicating that there is E85 on the exit and it is free of charge.

Kurt

From: Gary, Aaron
Sent: Monday, May 07, 2007 1:07 PM
To: Simatic, Kurt
Cc: Kreye, Joseph
Subject: Drafting request question

Hi Kurt,

I'm taking a look at this request for Rep. Albers, LRB-2650, relating to tax credits for certain vehicles and, in particular, item 4) related to E85 and specific information signs. I'm wondering who would be seeking placement of the sign - did you envision that the sign be for a gas station that carries E85?

Thanks. Aaron

Aaron R. Gary
Legislative Attorney
Legislative Reference Bureau
608.261.6926 (voice)
608.264.6948 (fax)
aaron.gary@legis.state.wi.us

05/07/2007

SA ✓
x ✓ of ✓

2007 BILL

D-Note

Editors & CPs: please ignore /ins Ala

in 5-7-07
Gen cat

due Fri. 5-11

1 AN ACT ...; relating to: creating income and franchise tax credits for certain
2 electric motor vehicles and for motor vehicles that use gasoline and ethanol
3 mixtures as fuel and highway specific information signs.

Analysis by the Legislative Reference Bureau

Under this bill, a person may claim an income and franchise tax credit for certain amounts based on the vehicle's purchase price, if the person purchased or leased in the taxable year any of the following vehicles (eligible vehicles) that are sold or leased as new motor vehicles and licensed for highway use:

1. A motor vehicle that is capable of using both gasoline and a mixture of gasoline and at least 85 percent ethanol as a fuel to propel the motor vehicle.
2. A vehicle that has a chemically fueled internal combustion engine which is capable of operating on gasoline, one or more alternative fuels, or diesel fuel, or by means of a gas turbine, and is also equipped with an electric motor and an energy storage device.
3. A vehicle that satisfies the requirements of the neighborhood electric vehicle test program conducted by the federal Department of Energy.

The bill also allows a person to claim an income and franchise tax credit of \$50 for the purchase and installation of an engine modification kit that converts the person's motor vehicle into any vehicle described in 1. to 3. above.

The bill requires the Department of Transportation (DOT) to annually prepare and make publicly available a list of eligible vehicles, identified by vehicle make and model.

manufactured in this states

BILL

Current law allows DOT to erect and maintain certain informational signs to assist motorists traveling along state highways. DOT may, with restrictions, authorize the erection and maintenance, on designated state highways, of specific information signs, which notify motorists that certain businesses located near a highway are available to provide motorist services in the category of gas, food, lodging, camping, or attraction. A "business sign" is a separately attached sign mounted on a specific information sign showing the brand, symbol, or name, or combination of these, for a motorist service. Upon request, DOT may authorize the installation and maintenance of a business sign on a specific information sign. The person requesting installation of a business sign must provide the sign, at his or her expense, and pay for its installation. The person must also pay DOT an annual permit fee of \$40 to cover administrative costs and the cost of inspection of the business sign.

Under this bill, a business sign may include the symbol "E85" for a motorist service in the "gas" category. A person who requests a business sign for a motorist service that offers gasoline consisting of at least 85 percent ethanol may include the symbol "E85" on the sign and, if the symbol "E85" is included on the sign, is not required to pay DOT the \$40 annual permit fee. Only a motorist service that offers gasoline consisting of at least 85 percent ethanol in sufficient quantities to generally meet public demand may include the symbol "E85" on its business sign. In determining priority of applicants for installation and maintenance of a business sign, DOT may not consider as a factor that a person requesting the sign is not required to pay the annual permit fee.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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.** 71.05 (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), ~~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).

NOTE: NOTE: Subd. 15. is shown as affected by 3 acts of the 2005 Wisconsin legislature and as merged by the revisor under s. 13.93 (2) (c). The bracketed "and" was inserted by 2005 Wis. Act 479, but rendered surplusage by 2005 Wis. Act 483. Corrective legislation is pending. NOTE:

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; s. 13.93 (2) (c).

BILL

A

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

2 71.07 (5j) FLEXIBLE FUEL AND ELECTRIC MOTOR VEHICLES CREDIT. (a) *Definitions.*

3 In this subsection:

4 1. "Claimant" means a person who files a claim under this subsection. *as determined by the department of transportation under s. 110.23,*

5 2. "Eligible vehicle" means any of the following that is manufactured in this
6 state and sold or leased to the claimant as a new motor vehicle licensed for highway
7 use:

8 a. A motor vehicle that is capable of using both gasoline and a mixture of
9 gasoline and at least 85 percent ethanol as a fuel to propel the motor vehicle.

10 b. A hybrid-electric vehicle, as defined in s. 16.045 (1) (e). ✓

11 c. A vehicle that satisfies the requirements of the neighborhood electric vehicle
12 test program conducted by the federal department of energy.

13 (b) *Filing claims.* Subject to the limitations provided under this subsection, for
14 taxable years beginning after December 31, 2007, and before January 1, 2013, a
15 claimant may claim as a credit against the taxes imposed under s. 71.02, up to the
16 amount of the tax: ✓

17 1. One of the following amounts, if, in the taxable year, the claimant purchased
18 or leased an eligible vehicle:

19 a. If the purchase price of the eligible vehicle is \$18,000 or more, \$500 for a
20 purchased eligible vehicle and \$100 for a leased eligible vehicle.

21 b. If the purchase price of the eligible vehicle is at least \$17,000, but less than
22 \$18,000, \$450 for a purchased eligible vehicle and \$90 for a leased eligible vehicle.

23 c. If the purchase price of the eligible vehicle is at least \$16,000, but less than
24 \$17,000, \$400 for a purchased eligible vehicle and \$80 for a leased eligible vehicle.

BILL

1 d. If the purchase price of the eligible vehicle is at least \$15,000, but less than
2 \$16,000, \$350 for a purchased eligible vehicle and \$70 for a leased eligible vehicle.

3 e. If the purchase price of the eligible vehicle is at least \$14,000, but less than
4 \$15,000, \$300 for a purchased eligible vehicle and \$60 for a leased eligible vehicle.

5 f. If the purchase price of the eligible vehicle is at least \$13,000, but less than
6 \$14,000, \$250 for a purchased eligible vehicle and \$50 for a leased eligible vehicle.

7 g. If the purchase price of the eligible vehicle is at least \$12,000, but less than
8 \$13,000, \$200 for a purchased eligible vehicle and \$40 for a leased eligible vehicle.

9 h. If the purchase price of the eligible vehicle is at least \$11,000, but less than
10 \$12,000, \$150 for a purchased eligible vehicle and \$30 for a leased eligible vehicle.

11 i. If the purchase price of the eligible vehicle is at least \$10,000, but less than
12 \$11,000, \$100 for a purchased eligible vehicle and \$20 for a leased eligible vehicle.

13 2. Fifty dollars, if the claimant purchased in the taxable year an engine
14 modification kit to convert a motor vehicle that the claimant owns into an eligible
15 vehicle.

16 (c) *Limitations.* 1. For purposes of determining the amount of the credit under
17 par. (b) 1. for a leased motor vehicle, the purchase price is the purchase price of the
18 motor vehicle on the first day of the lease period. A claimant who claims a credit
19 under par. (b) 1. for a leased motor vehicle may claim the credit for each year of the
20 lease period, ~~not to exceed 5 years.~~

21 2. The credit under par. (b) 1. may be claimed only by the first person who takes
22 title of the motor vehicle, other than for resale, or, in the case of a leased vehicle, the
23 first person who leases the vehicle.

24 3. No credit may be claimed under par. (b) 2. unless the claimant submits with
25 the claimant's return any document prescribed by the department that verifies that

*except that the claimant may not claim the credit
for taxable years beginning before January 1, 2008, or after December
31, 2012*

BILL

1 the engine modification kit described in par. (b) 2. was installed in the claimant's
2 motor vehicle by a certified technician.

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

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

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

14 71.10 (4) (cn) Flexible fuel and electric motor vehicles credit under s. 71.07 (5j).

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

16 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
17 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5e), (5f), (5g), and (5h),
18 and (5j) and passed through to partners shall be added to the partnership's income.

NOTE: NOTE: Sub. (4) is shown as affected by 4 acts of the 2005 Wisconsin legislature and as merged by the revisor under s. 13.93 (2) (c). NOTE:

History: 1987 a. 312, 411; 1989 a. 31; 1993 a. 112; 1995 a. 27, 400; 1997 a. 27; 2001 a. 16; 2003 a. 99, 135, 255, 326; 2005 a. 74, 361, 479, 483; s. 13.93 (2) (c).

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

20 71.26 (2) (a) *Corporations in general*. The "net income" of a corporation means
21 the gross income as computed under the Internal Revenue Code as modified under
22 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
23 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
24 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income

BILL

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).

NOTE: NOTE: Par. (a) is shown as affected by 4 acts of the 2005 Wisconsin legislature and as merged by the revisor under s. 13.93 (2) (c). **NOTE:**

History: 1987 a. 312; 1987 a. 411 ss. 22, 124 to 129; 1989 a. 31, 336; 1991 a. 37, 39, 221, 269; 1993 a. 16, 112, 246, 263, 399, 437, 491; 1995 a. 27, 56, 351, 371, 380, 428; 1997 a. 27, 37, 184, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 106, 109; 2003 a. 33, 85, 99, 135, 255, 326; 2005 a. 25, 74, 335, 361, 362, 479, 483; s. 13.93 (2) (c).

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

15 **71.28 (5j) FLEXIBLE FUEL AND ELECTRIC MOTOR VEHICLES CREDIT.** (a) *Definitions.*

16 In this subsection:

- 17 1. "Claimant" means a person who files a claim under this subsection.
- 18 2. "Eligible vehicle" means any of the following that is manufactured in this
 19 state and sold or leased to the claimant as a new motor vehicle licensed for highway
 20 use:
- 21 a. A motor vehicle that is capable of using both gasoline and a mixture of
 22 gasoline and at least 85 percent ethanol as a fuel to propel the motor vehicle.
- 23 b. A hybrid-electric vehicle, as defined in s. 16.045 (1) (e).

*, as determined by the department of transportation
 under s. 110.23,*

BILL

1 c. A vehicle that satisfies the requirements of the neighborhood electric vehicle
2 test program conducted by the federal department of energy.

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. 71.23, up to the
6 amount of the tax:

7 1. One of the following amounts, if, in the taxable year, the claimant purchased
8 or leased an eligible vehicle:

9 a. If the purchase price of the eligible vehicle is \$18,000 or more, \$500 for a
10 purchased eligible vehicle and \$100 for a leased eligible vehicle.

11 b. If the purchase price of the eligible vehicle is at least \$17,000, but less than
12 \$18,000, \$450 for a purchased eligible vehicle and \$90 for a leased eligible vehicle.

13 c. If the purchase price of the eligible vehicle is at least \$16,000, but less than
14 \$17,000, \$400 for a purchased eligible vehicle and \$80 for a leased eligible vehicle.

15 d. If the purchase price of the eligible vehicle is at least \$15,000, but less than
16 \$16,000, \$350 for a purchased eligible vehicle and \$70 for a leased eligible vehicle.

17 e. If the purchase price of the eligible vehicle is at least \$14,000, but less than
18 \$15,000, \$300 for a purchased eligible vehicle and \$60 for a leased eligible vehicle.

19 f. If the purchase price of the eligible vehicle is at least \$13,000, but less than
20 \$14,000, \$250 for a purchased eligible vehicle and \$50 for a leased eligible vehicle.

21 g. If the purchase price of the eligible vehicle is at least \$12,000, but less than
22 \$13,000, \$200 for a purchased eligible vehicle and \$40 for a leased eligible vehicle.

23 h. If the purchase price of the eligible vehicle is at least \$11,000, but less than
24 \$12,000, \$150 for a purchased eligible vehicle and \$30 for a leased eligible vehicle.

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except that the claimant may not claim the credit for taxable years beginning before January 1, 2008, or after December 31, 2012.

1 i. If the purchase price of the eligible vehicle is at least \$10,000, but less than
2 \$11,000, \$100 for a purchased eligible vehicle and \$20 for a leased eligible vehicle.

3 2. Fifty dollars, if the claimant purchased in the taxable year an engine
4 modification kit to convert a motor vehicle that the claimant owns into an eligible
5 vehicle.

6 (c) *Limitations.* 1. For purposes of determining the amount of the credit under
7 par. (b) 1. for a leased motor vehicle, the purchase price is the purchase price of the
8 motor vehicle on the first day of the lease period. A claimant who claims a credit
9 under par. (b) 1. for a leased motor vehicle may claim the credit for each year of the
10 lease period, ~~not to exceed 5 years.~~

11 2. The credit under par. (b) 1. may be claimed only by the first person who takes
12 title of the motor vehicle, other than for resale, or, in the case of a leased vehicle, the
13 first person who leases the vehicle.

14 3. No credit may be claimed under par. (b) 2. unless the claimant submits with
15 the claimant's return any document prescribed by the department that verifies that
16 the engine modification kit described in par. (b) 2. was installed in the claimant's
17 motor vehicle by a certified technician.

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

BILL

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

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

4 71.30 (3) (dq) Flexible fuel and electric motor vehicles credit under s. 71.28 (5j).

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

6 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
7 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
8 (3n), (3t), (3w), (5b), (5e), (5f), (5g), and (5h), and (5j) and passed through to
9 shareholders.

NOTE: NOTE: Par. (g) is shown as affected by 4 acts of the 2005 Wisconsin legislature and as merged by the revisor under s. 13.93 (2) (c).NOTE:

History: 1987 a. 312; 1987 a. 411 ss. 18, 23, 146; 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 16, 109; 2003 a. 33, 99, 135, 255, 326; 2005 a. 25, 49, 74, 361, 479, 483; s. 13.93 (2) (c).

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

11 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
12 computed under s. 71.47 (1dd) to (1dx), (3n), (3w), (5b), (5e), (5f), (5g), and (5h), and
13 (5j) and not passed through by a partnership, limited liability company, or tax-option
14 corporation that has added that amount to the partnership's, limited liability
15 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and
16 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

NOTE: NOTE: Subd. 10. is shown as affected by 4 acts of the 2005 Wisconsin legislature and as merged by the revisor under s. 13.93 (2) (c).NOTE:

History: 1987 a. 312; 1989 a. 31, 336, 359; 1991 a. 37, 39, 269; 1993 a. 16, 112, 263, 437; 1995 a. 27, 56, 371, 380; 1997 a. 27, 37, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 109; 2003 a. 37, 85, 99, 135, 255, 326; 2005 a. 74, 297, 335, 361, 479, 483; s. 13.93 (2) (c).

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

18 71.47 (5j) FLEXIBLE FUEL AND ELECTRIC MOTOR VEHICLES CREDIT. (a) *Definitions*.

19 In this subsection:

- 20 1. "Claimant" means a person who files a claim under this subsection.
- 21 2. "Eligible vehicle" means any of the following that is manufactured in this
- 22 state and sold or leased to the claimant as a new motor vehicle licensed for highway
- 23 use:

as determined by the department of transportation under s. 110.23,

BILL

1 a. A motor vehicle that is capable of using both gasoline and a mixture of
2 gasoline and at least 85 percent ethanol as a fuel to propel the motor vehicle.

3 b. A hybrid–electric vehicle, as defined in s. 16.045 (1) (e).

4 c. A vehicle that satisfies the requirements of the neighborhood electric vehicle
5 test program conducted by the federal department of energy.

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 tax:

10 1. One of the following amounts, if, in the taxable year, the claimant purchased
11 or leased an eligible vehicle:

12 a. If the purchase price of the eligible vehicle is \$18,000 or more, \$500 for a
13 purchased eligible vehicle and \$100 for a leased eligible vehicle.

14 b. If the purchase price of the eligible vehicle is at least \$17,000, but less than
15 \$18,000, \$450 for a purchased eligible vehicle and \$90 for a leased eligible vehicle.

16 c. If the purchase price of the eligible vehicle is at least \$16,000, but less than
17 \$17,000, \$400 for a purchased eligible vehicle and \$80 for a leased eligible vehicle.

18 d. If the purchase price of the eligible vehicle is at least \$15,000, but less than
19 \$16,000, \$350 for a purchased eligible vehicle and \$70 for a leased eligible vehicle.

20 e. If the purchase price of the eligible vehicle is at least \$14,000, but less than
21 \$15,000, \$300 for a purchased eligible vehicle and \$60 for a leased eligible vehicle.

22 f. If the purchase price of the eligible vehicle is at least \$13,000, but less than
23 \$14,000, \$250 for a purchased eligible vehicle and \$50 for a leased eligible vehicle.

24 g. If the purchase price of the eligible vehicle is at least \$12,000, but less than
25 \$13,000, \$200 for a purchased eligible vehicle and \$40 for a leased eligible vehicle.

BILL

except that the claimant may not claim the credit for taxable year beginning before January 1, 2008, and after December 31, 2012

1 h. If the purchase price of the eligible vehicle is at least \$11,000, but less than
2 \$12,000, \$150 for a purchased eligible vehicle and \$30 for a leased eligible vehicle.

3 i. If the purchase price of the eligible vehicle is at least \$10,000, but less than
4 \$11,000, \$100 for a purchased eligible vehicle and \$20 for a leased eligible vehicle.

5 2. Fifty dollars, if the claimant purchased in the taxable year an engine
6 modification kit to convert a motor vehicle that the claimant owns into an eligible
7 vehicle.

8 (c) *Limitations.* 1. For purposes of determining the amount of the credit under
9 par. (b) 1. for a leased motor vehicle, the purchase price is the purchase price of the
10 motor vehicle on the first day of the lease period. A claimant who claims a credit
11 under par. (b) 1. for a leased motor vehicle may claim the credit for each year of the
12 lease period, ~~not to exceed 5 years.~~

13 2. The credit under par. (b) 1. may be claimed only by the first person who takes
14 title of the motor vehicle, other than for resale, or, in the case of a leased vehicle, the
15 first person who leases the vehicle.

16 3. No credit may be claimed under par. (b) 2. unless the claimant submits with
17 the claimant's return any document prescribed by the department that verifies that
18 the engine modification kit described in par. (b) 2. was installed in the claimant's
19 motor vehicle by a certified technician.

20 4. 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

BILL

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

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

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

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

7 **SECTION 12.** 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.

NOTE: NOTE: Sub. (4) is shown as affected by 4 acts of the 2005 Wisconsin legislature and as merged by the revisor under s. 13.93 (2) (c).NOTE:

History: 1989 a. 335; 1991 a. 39, 269; 1993 a. 16, 112, 490; 1995 a. 27, 209; 1997 a. 27; 1999 a. 9; 2001 a. 16; 2003 a. 99, 135, 255, 326; 2005 a. 74, 361, 479, 483; s. 13.93 (2) (c).

23

SECTION 13. 86.195 (1) (ar) of the statutes is amended to read:

BILL

1 86.195 (1) (ar) "Business sign" means a separately attached sign mounted on
2 the rectangular sign panel to show the brand, symbol, trademark, or name, or
3 combination of these, for a motorist service available on a crossroad at or near an
4 interchange or an intersection and, notwithstanding sub. (6) (b), before January 1,
5 2013, may include the symbol "E85" for a motorist service in the "GAS" category.

History: 1981 c. 362, 391; 1985 a. 29; 1985 a. 182 s. 57; 1987 a. 137; 1987 a. 403 s. 256; 1989 a. 98, 315; 1991 a. 265, 269, 315; 1993 a. 16, 237, 246; 1997 a. 124, 237; 1999 a. 9; 2005 a. 63, 136, 309.

6 **SECTION 14.** 86.195 (2) (c) of the statutes is renumbered 86.195 (2) (c) 1. and
7 amended to read:

8 86.195 (2) (c) 1. A Except as provided in subd. 2., a person who requests the
9 erection or installation of a sign under par. (a) or (b) shall pay to the department an
10 annual permit fee of \$40 to cover administrative costs and the cost of inspection of
11 the signs erected or installed under this section. In addition, the person requesting
12 a sign under par. (a) or (b) shall pay a fee for the manufacture, installation and
13 maintenance of the specific information sign and the installation and maintenance
14 of the business sign.

History: 1981 c. 362, 391; 1985 a. 29; 1985 a. 182 s. 57; 1987 a. 137; 1987 a. 403 s. 256; 1989 a. 98, 315; 1991 a. 265, 269, 315; 1993 a. 16, 237, 246; 1997 a. 124, 237; 1999 a. 9; 2005 a. 63, 136, 309.

15 **SECTION 15.** 86.195 (2) (c) 2. of the statutes is created to read:

16 86.195 (2) (c) 2. A person who requests the installation and maintenance of a
17 sign under par. (b) for a motorist service that offers gasoline consisting of at least 85
18 percent ethanol may include the symbol "E85" on the sign and, if the symbol "E85"
19 is included on the sign, is not required to pay to the department the annual permit
20 fee of \$40 under subd. 1. Only a motorist service that offers gasoline consisting of
21 at least 85 percent ethanol in sufficient quantities to generally meet public demand
22 may include the symbol "E85" on its business sign. In determining priority of
23 applicants for installation and maintenance of a sign under par. (b), the department

BILL

1 may not consider as a factor that a person requesting the installation and
2 maintenance of a sign under this subdivision is not required to pay the annual permit
3 fee. This subdivision does not apply after January 1, 2013.

x 4 **SECTION 16.** 110.23 of the statutes is created to read:

5 **110.23 Flexible fuel and electric motor vehicles.** No later than January
6 1 of each year, the department shall prepare and make publicly available a list of
7 motor vehicles, identified by vehicle make and model, that satisfy the criteria for an
8 eligible vehicle specified in ss. 71.07 (5j) (a) 2. and 71.28 (5j) (a) 2. The department
9 may consult with the department of natural resources in preparing this list. After
10 this list is completed each year, the list may not be updated or otherwise modified
11 until its annual update on or about January 1 of the following year. This section does
12 not apply after January 1, 2013.

13 (END)

and 71.47(5j)
(a) 2. ✓

D-Note

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

LRB-2650/1dn
JK&ARG:j:....

gjs

ATTN: Kurt Simatic

I am uncertain whether federal law would allow a business sign posted on a specific information sign (SIS) to contain the symbol "E85." I recommend consulting DOT on this issue. I also note that, as drafted, any business sign that does contain "E85" would have to be removed and replaced by January 1, 2013. Under this draft, I believe the expense of removal would be borne by DOT, and the expense could be significant if many "E85" signs are installed.

Aaron R. Gary
Legislative Attorney
Phone: (608) 261-6926
E-mail: aaron.gary@legis.wisconsin.gov

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2650/1dn
ARG:cjs:pg

May 8, 2007

ATTN: Kurt Simatic

I am uncertain whether federal law would allow a business sign posted on a specific information sign (SIS) to contain the symbol "E85." I recommend consulting DOT on this issue. I also note that, as drafted, any business sign that does contain "E85" would have to be removed and replaced by January 1, 2013. Under this draft, I believe the expense of removal would be borne by DOT, and the expense could be significant if many "E85" signs are installed.

Aaron R. Gary
Legislative Attorney
Phone: (608) 261-6926
E-mail: aaron.gary@legis.wisconsin.gov

Duerst, Christina

From: Simatic, Kurt
Sent: Wednesday, May 09, 2007 2:46 PM
To: LRB.Legal
Subject: Draft Review: LRB 07-2650/1 Topic: Tax credit for emission-reducing vehicles;
specific information signs

Please Jacket LRB 07-2650/1 for the ASSEMBLY.



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-2650/1
JK&ARG:cjs:pg

slays
RMWTR

2007 BILL

in 5-9-07

Repeal cat.

Today

1 AN ACT *to renumber and amend* 86.195 (2) (c); *to amend* 71.05 (6) (a) 15., 71.21
 2 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2) (a) 10., 77.92 (4) and 86.195 (1) (ar); and
 3 *to create* 71.07 (5j), 71.10 (4) (cn), 71.28 (5j), 71.30 (3) (dq), 71.47 (5j), 71.49 (1)
 4 (dq), 86.195 (2) (c) 2. and 110.23 of the statutes; **relating to:** creating income
 5 and franchise tax credits for certain electric motor vehicles and for motor
 6 vehicles that use gasoline and ethanol mixtures as fuel and highway specific
 7 information signs.

Analysis by the Legislative Reference Bureau

Under this bill, a person may claim an income and franchise tax credit for certain amounts based on the vehicle's purchase price, if the person purchased or leased in the taxable year any of the following vehicles (eligible vehicles) that are sold or leased as new motor vehicles, manufactured in this state, and licensed for highway use:

1. A motor vehicle that is capable of using both gasoline and a mixture of gasoline and at least 85 percent ethanol as a fuel to propel the motor vehicle.
2. A vehicle that has a chemically fueled internal combustion engine which is capable of operating on gasoline, one or more alternative fuels, or diesel fuel, or by means of a gas turbine, and is also equipped with an electric motor and an energy storage device.

BILL

④ y. ^A a plug-in hybrid electric vehicle.

3. A vehicle that satisfies the requirements of the neighborhood electric vehicle test program conducted by the federal Department of Energy.

The bill also allows a person to claim an income and franchise tax credit of \$50 for the purchase and installation of an engine modification kit that converts the person's motor vehicle into any vehicle described in 1. to ~~3~~ above. ⁴ ←

The bill requires the Department of Transportation (DOT) to annually prepare and make publicly available a list of eligible vehicles, identified by vehicle make and model.

Current law allows DOT to erect and maintain certain informational signs to assist motorists traveling along state highways. DOT may, with restrictions, authorize the erection and maintenance, on designated state highways, of specific information signs, which notify motorists that certain businesses located near a highway are available to provide motorist services in the category of gas, food, lodging, camping, or attraction. A "business sign" is a separately attached sign mounted on a specific information sign showing the brand, symbol, or name, or combination of these, for a motorist service. Upon request, DOT may authorize the installation and maintenance of a business sign on a specific information sign. The person requesting installation of a business sign must provide the sign, at his or her expense, and pay for its installation. The person must also pay DOT an annual permit fee of \$40 to cover administrative costs and the cost of inspection of the business sign.

Under this bill, a business sign may include the symbol "E85" for a motorist service in the "gas" category. A person who requests a business sign for a motorist service that offers gasoline consisting of at least 85 percent ethanol may include the symbol "E85" on the sign and, if the symbol "E85" is included on the sign, is not required to pay DOT the \$40 annual permit fee. Only a motorist service that offers gasoline consisting of at least 85 percent ethanol in sufficient quantities to generally meet public demand may include the symbol "E85" on its business sign. In determining priority of applicants for installation and maintenance of a business sign, DOT may not consider as a factor that a person requesting the sign is not required to pay the annual permit fee.

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.** 71.05 (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), and (5j) and not passed through by a partnership, limited liability

BILL

1 company, or tax-option corporation that has added that amount to the partnership's,
2 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

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

4 **71.07 (5j) FLEXIBLE FUEL AND ELECTRIC MOTOR VEHICLES CREDIT.** (a) *Definitions.*

5 In this subsection:

6 1. "Claimant" means a person who files a claim under this subsection.

7 2. "Eligible vehicle" means any of the following, as determined by the
8 department of transportation under s. 110.23, that is manufactured in this state and
9 sold or leased to the claimant as a new motor vehicle licensed for highway use:

10 a. A motor vehicle that is capable of using both gasoline and a mixture of
11 gasoline and at least 85 percent ethanol as a fuel to propel the motor vehicle.

12 b. A hybrid-electric vehicle, as defined in s. 16.045 (1) (e).

13 c. A vehicle that satisfies the requirements of the neighborhood electric vehicle
14 test program conducted by the federal department of energy.

15 (b) *Filing claims.* Subject to the limitations provided under this subsection, for
16 taxable years beginning after December 31, 2007, and before January 1, 2013, a
17 claimant may claim as a credit against the taxes imposed under s. 71.02, up to the
18 amount of the tax:

19 1. One of the following amounts, if, in the taxable year, the claimant purchased
20 or leased an eligible vehicle:

21 a. If the purchase price of the eligible vehicle is \$18,000 or more, \$500 for a
22 purchased eligible vehicle and \$100 for a leased eligible vehicle.

23 b. If the purchase price of the eligible vehicle is at least \$17,000, but less than
24 \$18,000, \$450 for a purchased eligible vehicle and \$90 for a leased eligible vehicle.

Ⓟ d. A plug-in hybrid electric vehicle.

BILL

1 c. If the purchase price of the eligible vehicle is at least \$16,000, but less than
2 \$17,000, \$400 for a purchased eligible vehicle and \$80 for a leased eligible vehicle.

3 d. If the purchase price of the eligible vehicle is at least \$15,000, but less than
4 \$16,000, \$350 for a purchased eligible vehicle and \$70 for a leased eligible vehicle.

5 e. If the purchase price of the eligible vehicle is at least \$14,000, but less than
6 \$15,000, \$300 for a purchased eligible vehicle and \$60 for a leased eligible vehicle.

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

9 g. If the purchase price of the eligible vehicle is at least \$12,000, but less than
10 \$13,000, \$200 for a purchased eligible vehicle and \$40 for a leased eligible vehicle.

11 h. If the purchase price of the eligible vehicle is at least \$11,000, but less than
12 \$12,000, \$150 for a purchased eligible vehicle and \$30 for a leased eligible vehicle.

13 i. If the purchase price of the eligible vehicle is at least \$10,000, but less than
14 \$11,000, \$100 for a purchased eligible vehicle and \$20 for a leased eligible vehicle.

15 2. Fifty dollars, if the claimant purchased in the taxable year an engine
16 modification kit to convert a motor vehicle that the claimant owns into an eligible
17 vehicle.

18 (c) *Limitations.* 1. For purposes of determining the amount of the credit under
19 par. (b) 1. for a leased motor vehicle, the purchase price is the purchase price of the
20 motor vehicle on the first day of the lease period. A claimant who claims a credit
21 under par. (b) 1. for a leased motor vehicle may claim the credit for each year of the
22 lease period, except that the claimant may not claim the credit for taxable years
23 beginning before January 1, 2008, or after December 31, 2012.

BILL

1 2. The credit under par. (b) 1. may be claimed only by the first person who takes
2 title of the motor vehicle, other than for resale, or, in the case of a leased vehicle, the
3 first person who leases the vehicle.

4 3. No credit may be claimed under par. (b) 2. unless the claimant submits with
5 the claimant's return any document prescribed by the department that verifies that
6 the engine modification kit described in par. (b) 2. was installed in the claimant's
7 motor vehicle by a certified technician.

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

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

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

19 71.10 (4) (cn) Flexible fuel and electric motor vehicles credit under s. 71.07 (5j).

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

21 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
22 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5e), (5f), (5g), and (5h),
23 and (5j) and passed through to partners shall be added to the partnership's income.

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

BILL

1 71.26 (2) (a) *Corporations in general.* The “net income” of a corporation means
2 the gross income as computed under the Internal Revenue Code as modified under
3 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
4 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
5 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income
6 under this paragraph at the time that the taxpayer first claimed the credit plus the
7 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),
8 (1ds), (1dx), (3g), (3n), (3t), (3w), (5b), (5e), (5f), (5g), and (5h), and (5j) and not passed
9 through by a partnership, limited liability company, or tax-option corporation that
10 has added that amount to the partnership’s, limited liability company’s, or
11 tax-option corporation’s income under s. 71.21 (4) or 71.34 (1) (g) plus the amount
12 of losses from the sale or other disposition of assets the gain from which would be
13 wholly exempt income, as defined in sub. (3) (L), if the assets were sold or otherwise
14 disposed of at a gain and minus deductions, as computed under the Internal Revenue
15 Code as modified under sub. (3), plus or minus, as appropriate, an amount equal to
16 the difference between the federal basis and Wisconsin basis of any asset sold,
17 exchanged, abandoned, or otherwise disposed of in a taxable transaction during the
18 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

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

20 71.28 (5j) FLEXIBLE FUEL AND ELECTRIC MOTOR VEHICLES CREDIT. (a) *Definitions.*

21 In this subsection:

- 22 1. “Claimant” means a person who files a claim under this subsection.
- 23 2. “Eligible vehicle” means any of the following, as determined by the
24 department of transportation under s. 110.23, that is manufactured in this state and
25 sold or leased to the claimant as a new motor vehicle licensed for highway use:

BILL

④ d. A plug-in hybrid electric vehicle.

1 a. A motor vehicle that is capable of using both gasoline and a mixture of
2 gasoline and at least 85 percent ethanol as a fuel to propel the motor vehicle.

3 b. A hybrid-electric vehicle, as defined in s. 16.045 (1) (e).

4 c. A vehicle that satisfies the requirements of the neighborhood electric vehicle
5 test program conducted by the federal department of energy.

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. 71.23, up to the
9 amount of the tax:

10 1. One of the following amounts, if, in the taxable year, the claimant purchased
11 or leased an eligible vehicle:

12 a. If the purchase price of the eligible vehicle is \$18,000 or more, \$500 for a
13 purchased eligible vehicle and \$100 for a leased eligible vehicle.

14 b. If the purchase price of the eligible vehicle is at least \$17,000, but less than
15 \$18,000, \$450 for a purchased eligible vehicle and \$90 for a leased eligible vehicle.

16 c. If the purchase price of the eligible vehicle is at least \$16,000, but less than
17 \$17,000, \$400 for a purchased eligible vehicle and \$80 for a leased eligible vehicle.

18 d. If the purchase price of the eligible vehicle is at least \$15,000, but less than
19 \$16,000, \$350 for a purchased eligible vehicle and \$70 for a leased eligible vehicle.

20 e. If the purchase price of the eligible vehicle is at least \$14,000, but less than
21 \$15,000, \$300 for a purchased eligible vehicle and \$60 for a leased eligible vehicle.

22 f. If the purchase price of the eligible vehicle is at least \$13,000, but less than
23 \$14,000, \$250 for a purchased eligible vehicle and \$50 for a leased eligible vehicle.

24 g. If the purchase price of the eligible vehicle is at least \$12,000, but less than
25 \$13,000, \$200 for a purchased eligible vehicle and \$40 for a leased eligible vehicle.

BILL

1 h. If the purchase price of the eligible vehicle is at least \$11,000, but less than
2 \$12,000, \$150 for a purchased eligible vehicle and \$30 for a leased eligible vehicle.

3 i. If the purchase price of the eligible vehicle is at least \$10,000, but less than
4 \$11,000, \$100 for a purchased eligible vehicle and \$20 for a leased eligible vehicle.

5 2. Fifty dollars, if the claimant purchased in the taxable year an engine
6 modification kit to convert a motor vehicle that the claimant owns into an eligible
7 vehicle.

8 (c) *Limitations.* 1. For purposes of determining the amount of the credit under
9 par. (b) 1. for a leased motor vehicle, the purchase price is the purchase price of the
10 motor vehicle on the first day of the lease period. A claimant who claims a credit
11 under par. (b) 1. for a leased motor vehicle may claim the credit for each year of the
12 lease period, except that the claimant may not claim the credit for taxable years
13 beginning before January 1, 2008, or after December 31, 2012.

14 2. The credit under par. (b) 1. may be claimed only by the first person who takes
15 title of the motor vehicle, other than for resale, or, in the case of a leased vehicle, the
16 first person who leases the vehicle.

17 3. No credit may be claimed under par. (b) 2. unless the claimant submits with
18 the claimant's return any document prescribed by the department that verifies that
19 the engine modification kit described in par. (b) 2. was installed in the claimant's
20 motor vehicle by a certified technician.

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

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

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

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

7 71.30 (3) (dq) Flexible fuel and electric motor vehicles credit under s. 71.28 (5j).

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

9 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
10 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
11 (3n), (3t), (3w), (5b), (5e), (5f), (5g), ~~and (5h)~~, and (5j) and passed through to
12 shareholders.

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

14 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
15 computed under s. 71.47 (1dd) to (1dx), (3n), (3w), (5b), (5e), (5f), (5g), ~~and (5h)~~, and
16 (5j) and not passed through by a partnership, limited liability company, or tax-option
17 corporation that has added that amount to the partnership's, limited liability
18 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and
19 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

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

21 71.47 (5j) FLEXIBLE FUEL AND ELECTRIC MOTOR VEHICLES CREDIT. (a) *Definitions.*

22 In this subsection:

23 1. "Claimant" means a person who files a claim under this subsection.

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① d. a plug-in hybrid electric vehicle.

1 2. "Eligible vehicle" means any of the following, as determined by the
2 department of transportation under s. 110.23, that is manufactured in this state and
3 sold or leased to the claimant as a new motor vehicle licensed for highway use:

4 a. A motor vehicle that is capable of using both gasoline and a mixture of
5 gasoline and at least 85 percent ethanol as a fuel to propel the motor vehicle.

6 b. A hybrid-electric vehicle, as defined in s. 16.045 (1) (e).

7 c. A vehicle that satisfies the requirements of the neighborhood electric vehicle
8 test program conducted by the federal department of energy.

9 (b) *Filing claims.* Subject to the limitations provided under this subsection, for
10 taxable years beginning after December 31, 2007, and before January 1, 2013, a
11 claimant may claim as a credit against the taxes imposed under s. 71.43, up to the
12 amount of the tax:

13 1. One of the following amounts, if, in the taxable year, the claimant purchased
14 or leased an eligible vehicle:

15 a. If the purchase price of the eligible vehicle is \$18,000 or more, \$500 for a
16 purchased eligible vehicle and \$100 for a leased eligible vehicle.

17 b. If the purchase price of the eligible vehicle is at least \$17,000, but less than
18 \$18,000, \$450 for a purchased eligible vehicle and \$90 for a leased eligible vehicle.

19 c. If the purchase price of the eligible vehicle is at least \$16,000, but less than
20 \$17,000, \$400 for a purchased eligible vehicle and \$80 for a leased eligible vehicle.

21 d. If the purchase price of the eligible vehicle is at least \$15,000, but less than
22 \$16,000, \$350 for a purchased eligible vehicle and \$70 for a leased eligible vehicle.

23 e. If the purchase price of the eligible vehicle is at least \$14,000, but less than
24 \$15,000, \$300 for a purchased eligible vehicle and \$60 for a leased eligible vehicle.

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1 f. If the purchase price of the eligible vehicle is at least \$13,000, but less than
2 \$14,000, \$250 for a purchased eligible vehicle and \$50 for a leased eligible vehicle.

3 g. If the purchase price of the eligible vehicle is at least \$12,000, but less than
4 \$13,000, \$200 for a purchased eligible vehicle and \$40 for a leased eligible vehicle.

5 h. If the purchase price of the eligible vehicle is at least \$11,000, but less than
6 \$12,000, \$150 for a purchased eligible vehicle and \$30 for a leased eligible vehicle.

7 i. If the purchase price of the eligible vehicle is at least \$10,000, but less than
8 \$11,000, \$100 for a purchased eligible vehicle and \$20 for a leased eligible vehicle.

9 2. Fifty dollars, if the claimant purchased in the taxable year an engine
10 modification kit to convert a motor vehicle that the claimant owns into an eligible
11 vehicle.

12 (c) *Limitations.* 1. For purposes of determining the amount of the credit under
13 par. (b) 1. for a leased motor vehicle, the purchase price is the purchase price of the
14 motor vehicle on the first day of the lease period. A claimant who claims a credit
15 under par. (b) 1. for a leased motor vehicle may claim the credit for each year of the
16 lease period, except that the claimant may not claim the credit for taxable years
17 beginning before January 1, 2008, or after December 31, 2012.

18 2. The credit under par. (b) 1. may be claimed only by the first person who takes
19 title of the motor vehicle, other than for resale, or, in the case of a leased vehicle, the
20 first person who leases the vehicle.

21 3. No credit may be claimed under par. (b) 2. unless the claimant submits with
22 the claimant's return any document prescribed by the department that verifies that
23 the engine modification kit described in par. (b) 2. was installed in the claimant's
24 motor vehicle by a certified technician.

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

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

12 71.49 (1) (dq) Flexible fuel and electric motor vehicles credit under s. 71.47 (5j).

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

14 77.92 (4) "Net business income," with respect to a partnership, means taxable
15 income as calculated under section 703 of the Internal Revenue Code; plus the items
16 of income and gain under section 702 of the Internal Revenue Code, including taxable
17 state and municipal bond interest and excluding nontaxable interest income or
18 dividend income from federal government obligations; minus the items of loss and
19 deduction under section 702 of the Internal Revenue Code, except items that are not
20 deductible under s. 71.21; plus guaranteed payments to partners under section 707
21 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
22 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), (3w), (5b), (5e), (5f),
23 (5g), and (5h), and (5j); and plus or minus, as appropriate, transitional adjustments,
24 depreciation differences, and basis differences under s. 71.05 (13), (15), (16), (17), and
25 (19); but excluding income, gain, loss, and deductions from farming. "Net business

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1 income," with respect to a natural person, estate, or trust, means profit from a trade
2 or business for federal income tax purposes and includes net income derived as an
3 employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

4 **SECTION 13.** 86.195 (1) (ar) of the statutes is amended to read:

5 86.195 (1) (ar) "Business sign" means a separately attached sign mounted on
6 the rectangular sign panel to show the brand, symbol, trademark, or name, or
7 combination of these, for a motorist service available on a crossroad at or near an
8 interchange or an intersection and, notwithstanding sub. (6) (b), before January 1,
9 2013, may include the symbol "E85" for a motorist service in the "GAS" category.

10 **SECTION 14.** 86.195 (2) (c) of the statutes is renumbered 86.195 (2) (c) 1. and
11 amended to read:

12 86.195 (2) (c) 1. A Except as provided in subd. 2., a person who requests the
13 erection or installation of a sign under par. (a) or (b) shall pay to the department an
14 annual permit fee of \$40 to cover administrative costs and the cost of inspection of
15 the signs erected or installed under this section. In addition, the person requesting
16 a sign under par. (a) or (b) shall pay a fee for the manufacture, installation and
17 maintenance of the specific information sign and the installation and maintenance
18 of the business sign.

19 **SECTION 15.** 86.195 (2) (c) 2. of the statutes is created to read:

20 86.195 (2) (c) 2. A person who requests the installation and maintenance of a
21 sign under par. (b) for a motorist service that offers gasoline consisting of at least 85
22 percent ethanol may include the symbol "E85" on the sign and, if the symbol "E85"
23 is included on the sign, is not required to pay to the department the annual permit
24 fee of \$40 under subd. 1. Only a motorist service that offers gasoline consisting of
25 at least 85 percent ethanol in sufficient quantities to generally meet public demand

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1 may include the symbol "E85" on its business sign. In determining priority of
2 applicants for installation and maintenance of a sign under par. (b), the department
3 may not consider as a factor that under this subdivision a person requesting the
4 installation and maintenance of a sign is not required to pay the annual permit fee.
5 This subdivision does not apply after January 1, 2013.

6 **SECTION 16.** 110.23 of the statutes is created to read:

7 **110.23 Flexible fuel and electric motor vehicles.** No later than January
8 1 of each year, the department shall prepare and make publicly available a list of
9 motor vehicles, identified by vehicle make and model, that satisfy the criteria for an
10 eligible vehicle specified in ss. 71.07 (5j) (a) 2., 71.28 (5j) (a) 2., and 71.47 (5j) (a) 2.
11 The department may consult with the department of natural resources in preparing
12 this list. After this list is completed each year, the list may not be updated or
13 otherwise modified until its annual update on or about January 1 of the following
14 year. This section does not apply after January 1, 2013.

15 (END)

Barman, Mike

From: Barman, Mike on behalf of LRB.Legal
Sent: Tuesday, May 15, 2007 11:46 AM
To: Simatic, Kurt
Subject: RE: Submitted: LRB 07-2650/2 Topic: Tax credit for emission-reducing vehicles; specific information signs?body=

Kurt,

I will submit you "early" FE request to DOA for agency assignment.

Mike Barman (Senior Program Assistant)
State of Wisconsin - Legislative Reference Bureau
Legal Section - Front Office
1 East Main Street, Suite 200, Madison, WI 53703
(608) 266-3561 / mike.barman@legis.wisconsin.gov

From: Simatic, Kurt
Sent: Tuesday, May 15, 2007 11:42 AM
To: LRB.Legal
Subject: Submitted: LRB 07-2650/2 Topic: Tax credit for emission-reducing vehicles; specific information signs?body=

We would like a preliminary fiscal estimate for LRB 2650/2.

Thanks.

Kurt Simatic
Office of State Representative Sheryl K. Albers
115 West
State Capitol
Madison, WI 53708
608-266-8531
kurt.simatic@legis.wisconsin.gov