

2007 DRAFTING REQUEST

Bill

Received: **08/28/2006**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Ted Kanavas (608) 266-9174**

By/Representing: **mike**

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: **Sen.Kanavas@legis.wisconsin.gov**

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

Pre Topic:

No specific pre topic given

Topic:

Green data center tax credit

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>
/P1	jkreye 09/05/2006	wjackson 09/28/2006	pgreensl 09/29/2006	_____	sbasford 09/29/2006		State
	csundber 09/05/2006	jdyer 09/29/2006		_____			
	jkreye 09/05/2006	jdyer 10/13/2006		_____			
	csundber 09/05/2006			_____			
	jkreye 10/05/2006			_____			

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/P2	jkreye 11/09/2006	jdyer 11/09/2006	sherritz 10/16/2006	_____	mbarman 10/16/2006		State
/P3			jfrantze 11/09/2006	_____	sbasford 11/09/2006		State
/1	jkreye 01/29/2007	jdyer 01/30/2007	jfrantze 01/30/2007	_____	mbarman 01/30/2007	sbasford 01/30/2007	State
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FE Sent For: "/1" @ intro.
2-27-2007

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J. J. Salf
11/30

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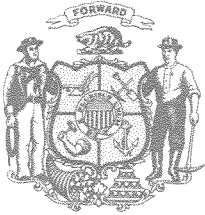
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/P1	jkreye	P1 9/29 jld	qj	4/25	psm		
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TED KANAVAS

STATE SENATOR

To: Legislative Reference Bureau, Drafting Section

From: Michael Richards, Aide to Senator Ted Kanavas

Date: Monday, August 21, 2006

Re: Drafting Request—"Green-Based" Data Center Incentive

The purpose of this memorandum is to provide you with a drafting request that Senator Ted Kanavas has authorized for the 2007-2009 legislative session. The draft centers around providing tax incentives for the purpose of attraction of "Green-Based" data centers in the state of Wisconsin.

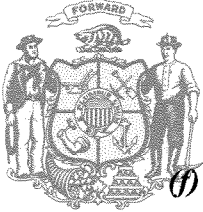
The bill would be a one-time, two year, tax credit that is both non-transferrable and non-refundable, but could be carried forward for up to five years. For the purposes of this draft, a "Green-Based" data center is as follows:

"Green data center" means a repository for the storage, management, and dissemination of data in which the mechanical, lighting, electrical and computer systems are designed for maximum energy efficiency and minimum environmental impact. The construction and operation of a green data center includes advanced technologies and strategies. Items consistent with this definition include, but are not limited to:

- (a) *The use of low-emission building materials, carpets and paints*
- (b) *Sustainable landscaping*
- (c) *Waste recycling*
- (d) *Installation of catalytic converters on backup generators*
- (e) *The use of alternative energy technologies*
 - (1) *photovoltaics,*
 - (2) *heat pumps*

STATE CAPITOL

P.O. Box 7882 • MADISON, WISCONSIN 53707-7882
(608) 266-9174 • (800) 863-8883 • FAX: (608) 264-6914



(3) *evaporative cooling*

TED KANAVAS

The use of hybrid or electric company vehicles

STATE SENATOR

(g)

Equipment or equipment components that have a reduced amount of:

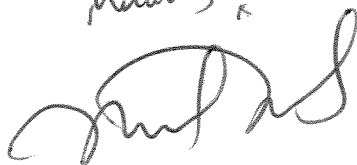
1. *mercury*
2. *cadmium*
3. *lead*
4. *chromium VI*
5. *PBB - polybrominated biphenyls*
6. *PBDE - " diphenyl ether*

Note, that the credits could be extended by the Wisconsin Department of Commerce no more than two years after the effective date of the bill. The Wisconsin Department of Commerce would have up to 30 days to craft rules to govern this legislation, and the overall credit process. The Department would also be allowed to provide partial credits to companies that are applying for this program, based on their application.

The focus is to alleviate the strain of energy that is used by these data centers, and in turn attract more responsible data centers to this state. The cost of the credit would be \$2.0 million for the two-years of the credit. The fiscal estimate may not necessarily be \$2.0 million for the biennium, since some the credits may be carried forward for future years.

Please call me if you have any questions. 608.266.9174.

Can you make this a preliminary draft for next session?

Thanks,


STATE CAPITOL

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(608) 266-9174 • (800) 863-8883 • FAX: (608) 264-6914



10/3

Jld

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 9-5-08

LPS-check
auto refs
please

D-N

Gen

1 AN ACT ...; relating to: creating an income and franchise tax credit for
2 constructing and operating a data center that is designed for maximum energy
3 efficiency and minimum environmental impact.

and providing an exemption from rule-making procedures

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit in an amount equal to the amount a person paid in the taxable year for items that are either energy efficient or have a minimal environmental impact and are used to construct or operate a "green data center." Under the bill, a green data center is a repository for the storage, management, and dissemination of data, if the mechanical, lighting, electrical, and computer systems of the real property in which the repository is located are designed for maximum energy efficiency and minimum environmental impact.

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:

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

5 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
6 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5d), and

1 (5e), (5f), and (5h), and (5i) and not passed through by a partnership, limited liability
 2 company, or tax-option corporation that has added that amount to the partnership's,
 3 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).

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

5 71.07 (5i) GREEN DATA CENTER CREDIT. (a) Definitions. In this subsection:

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

7 2. "Green data center" means a repository for the storage, management, and
 8 dissemination of data, if the mechanical, lighting, electrical, and computer systems
 9 of the real property in which the repository is located are designed for maximum
 10 energy efficiency and minimum environmental impact.

11 (b) Filing claims. Subject to the limitations provided in this subsection and

12 ~~560.XXX~~ for taxable years beginning after June 30, 2007, and before July 1, 2009,
 13 a claimant may claim as a credit against the taxes imposed under s. 71.02 or 71.08,
 14 up to the amount of the taxes, the amount that the claimant paid in the taxable year
 15 to construct and operate a green data center, if the amounts are paid for either energy
 16 efficient items or items that have minimal environmental impact, including all of the
 17 following:

- 18 1. Low-emission building materials, carpets, and paints.
- 19 2. Sustainable landscaping.
- 20 3. Waste recycling.
- 21 4. Catalytic converters on back-up generators.
- 22 5. Alternative energy technologies, including photovoltaics, heat pumps, and
 23 evaporative cooling.

section 14 (a) of 2007 Wisconsin act.... (this act), section 14^{a.c. A}

1 6. Hybrid or electric vehicles.
2 7. Equipment or equipment components that have a minimum amount, or
3 none, of the following:

- 4 a. Mercury
- 5 b. Cadmium
- 6 c. lead
- 7 d. Chromium VI
- 8 e. Polybrominated biphenyls.
- 9 f. Polybrominated diphenyl ether.

section 14 of 2007 Illinois act... (this act), section 14
 14
 a.s.a.

10 (c) *Limitations.* 1. The maximum amount of all credits that may be claimed
 11 under this subsection and ss. 71.28 (5i) and 71.47 (5i) is \$2,000,000. No claimant may
 12 claim a credit under this subsection unless the claimant submits with the claimant's
 13 return a copy of the claimant's certification for credits under s. 560. XXXX plain

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

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

24 **SECTION 3.** 71.08 (1) (intro.) of the statutes is amended to read:

1 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
 2 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
 3 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), ~~(3e), (3e), (3m),~~
 4 (3n), (3s), (3t), (3w), (5b), (5d), (5e), (5f), (5f), (5i), (6), (6e), and (9e), 71.28 (1dd),
 5 (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), (3t), and (3w), and 71.47
 6 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), (3t), and (3w), and
 7 subchs. VIII and IX and payments to other states under s. 71.07 (7), is less than the
 8 tax under this section, there is imposed on that natural person, married couple filing
 9 jointly, trust or estate, instead of the tax under s. 71.02, an alternative minimum tax
 10 computed as follows:

NOTE: NOTE: There is no s. 71.07 (3e) or (3e). The creation of those provisions was removed from 2005 Wis. Act 361 by the governor's partial veto. 2005 Wis. Act 483 amended this subsection to insert "(5f)," but 2005 Wis. Act 479 repealed and recreated the provision without taking the Act 483 treatment into account. Corrective legislation is pending. NOTE:

History: 1987 a. 312, 411; 1989 a. 31; 1991 a. 39; 1995 a. 27, 209; 1997 a. 27, 237; 1999 a. 9; 2001 a. 109; 2003 a. 99, 135, 255, 326; 2005 a. 25, 177, 361, 479, 483; s. 13.93 (2) (c).

11 **SECTION 4.** 71.10 (4) (gab) of the statutes is created to read:

12 71.10 (4) (gab) Green data center credit under s. 71.07 (5i).

13 **SECTION 5.** 71.21 (4) of the statutes is amended to read:

14 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
 15 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5e), (5f), (5g), and (5h),
 16 and (5i) 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).

17 **SECTION 6.** 71.26 (2) (a) of the statutes is amended to read:

18 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
 19 the gross income as computed under the Internal Revenue Code as modified under
 20 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
 21 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
 22 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 (5i) 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 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 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 7. 71.28 (5i) of the statutes is created to read:

15 71.28 (5i) GREEN DATA CENTER CREDIT. (a) *Definitions*. In this subsection:

- 16 1. "Claimant" means a person who files a claim under this subsection.
- 17 2. "Green data center" means a repository for the storage, management, and
 18 dissemination of data, if the mechanical, lighting, electrical, and computer systems
 19 of the real property in which the repository is located are designed for maximum
 20 energy efficiency and minimum environmental impact.

21 (b) *Filing claims*. Subject to the limitations provided in this subsection and ~~s.~~

22 ~~560.XXX~~ for taxable years beginning after June 30, 2007, and before July 1, 2009,
 23 a claimant may claim as a credit against the taxes imposed under s. 71.23, up to the

section 14 (AR) of 2007 Wisconsin act.... (this act), section 14

↑
a.r. A

1 amount of the taxes, the amount that the claimant paid in the taxable year to
2 construct and operate a green data center, if the amounts are paid for either energy
3 efficient items or items that have minimal environmental impact, including all of the
4 following:

- 5 1. Low-emission building materials, carpets, and paints.
- 6 2. Sustainable landscaping.
- 7 3. Waste recycling.
- 8 4. Catalytic converters on back-up generators.
- 9 5. Alternative energy technologies, including photovoltaics, heat pumps, and
10 evaporative cooling.

- 11 6. Hybrid or electric vehicles.
- 12 7. Equipment or equipment components that have a minimum amount, or
13 none, of the following:

- 14 a. Mercury
- 15 b. Cadmium
- 16 c. lead
- 17 d. Chromium VI
- 18 e. Polybrominated biphenyls.
- 19 f. Polybrominated diphenyl ether.

20 (c) *Limitations.* 1. The maximum amount of all credits that may be claimed
21 under this subsection and ss. 71.07 (5i) and 71.47 (5i) is \$2,000,000. No claimant may
22 claim a credit under this subsection unless the claimant submits with the claimant's
23 return a copy of the claimant's certification for credits under s. 1560.XXXO plain

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,

Handwritten notes in a bubble:
 section 14 (a) 2007 Wisconsin
 act... (this act), section
 14
 a.r.a

1 the credit are based on their payment of amounts under par. (b).[✓] A partnership,
 2 limited liability company, or tax-option corporation shall compute the amount of
 3 credit that each of its partners, members, or shareholders may claim and shall
 4 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*. Subsection (4) (e) to (h), as it applies to the credit under
 8 sub. (4),[✓] applies to the credit under this subsection.

9 **SECTION 8.** [✓] 71.30 (3) (dq) of the statutes is created to read:

10 71.30 (3) (dq) Green data center credit under s. 71.28 (5i).[✓]

11 **SECTION 9.** 71.34 (1) (g) of the statutes is amended to read:

12 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
 13 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
 14 (3n), (3t), (3w), (5b), (5e), (5f), (5g), and (5h), and (5i)[✓] and passed through to
 15 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).

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

17 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
 18 computed under s. 71.47 (1dd) to (1dx), (3n), (3w), (5b), (5e), (5f), (5g), and (5h), and
 19 (5i)[✓] and not passed through by a partnership, limited liability company, or tax-option
 20 corporation that has added that amount to the partnership's, limited liability
 21 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and
 22 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).

23 **SECTION 11.** 71.47 (5i) of the statutes is created to read:

1 71.47 (5i) GREEN DATA CENTER CREDIT. (a) *Definitions*. In this subsection:

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

3 2. "Green data center" means a repository for the storage, management, and
4 dissemination of data, if the mechanical, lighting, electrical, and computer systems
5 of the real property in which the repository is located are designed for maximum
6 energy efficiency and minimum environmental impact.

7 (b) *Filing claims*. Subject to the limitations provided in this subsection and

8 ~~560.XXX~~, for taxable years beginning after June 30, 2007, and before July 1, 2009,

9 a claimant may claim as a credit against the taxes imposed under s. 71.43, up to the

10 amount of the taxes, the amount that the claimant paid in the taxable year to

11 construct and operate a green data center, if the amounts are paid for either energy

12 efficient items or items that have minimal environmental impact, including all of the

13 following:

14 1. Low-emission building materials, carpets, and paints.

15 2. Sustainable landscaping.

16 3. Waste recycling.

17 4. Catalytic converters on back-up generators.

18 5. Alternative energy technologies, including photovoltaics, heat pumps, and
19 evaporative cooling.

20 6. Hybrid or electric vehicles.

21 7. Equipment or equipment components that have a minimum amount, or
22 none, of the following:

23 a. Mercury

24 b. Cadmium

25 c. lead

made

a.r.
A

section 14 (re) of 2007 Wisconsin Act ... (this act), section 14

1

d. Chromium VI

2

e. Polybrominated biphenyls.

3

f. Polybrominated diphenyl ether.

4

(c) *Limitations.* 1. The maximum amount of all credits that may be claimed under this subsection and ss. 71.07 (5i) and 71.28 (5i) is \$2,000,000. No claimant may claim a credit under this subsection unless the claimant submits with the claimant's return a copy of the claimant's certification for credits under s. 560.XXX.

7

8

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

16

(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.

18

SECTION 12. 71.49 (1) (dq) of the statutes is created to read:

19

71.49 (1) (dq) Green data center credit under s. 71.47 (5i).

20

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

21

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

Handwritten notes in a bubble: "Section 14 (AR) act... (this act), section 14 a.c.a." and "2007 Wisconsin".

1 deduction under section 702 of the Internal Revenue Code, except items that are not
 2 deductible under s. 71.21; plus guaranteed payments to partners under section 707
 3 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
 4 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), (3w), (5b), (5e), (5f),
 5 (5g), and (5h), and (5i); and plus or minus, as appropriate, transitional adjustments,
 6 depreciation differences, and basis differences under s. 71.05 (13), (15), (16), (17), and
 7 (19); but excluding income, gain, loss, and deductions from farming. "Net business
 8 income," with respect to a natural person, estate, or trust, means profit from a trade
 9 or business for federal income tax purposes and includes net income derived as an
 10 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).~~

(END)

11

INS
10-10

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

LRB-0013/P1dn

JK:.....

↑
jld

Senator Kanavas:

Please review this draft carefully to ensure that it is consistent with your intent. ✓

Joseph T. Kreye
Legislative Attorney
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INS 10-10

ASSEMBLY BILL 892

1 77.92 (4) "Net business income," with respect to a partnership, means taxable
 2 income as calculated under section 703 of the Internal Revenue Code; plus the items
 3 of income and gain under section 702 of the Internal Revenue Code, including taxable
 4 state and municipal bond interest and excluding nontaxable interest income or
 5 dividend income from federal government obligations; minus the items of loss and
 6 deduction under section 702 of the Internal Revenue Code, except items that are not
 7 deductible under s. 71.21; plus guaranteed payments to partners under section 707
 8 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
 9 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), and (5b), and (5e); and
 10 plus or minus, as appropriate, transitional adjustments, depreciation differences,
 11 and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding
 12 income, gain, loss, and deductions from farming. "Net business income," with respect
 13 to a natural person, estate, or trust, means profit from a trade or business for federal
 14 income tax purposes and includes net income derived as an employee as defined in
 15 section 3121 (d) (3) of the Internal Revenue Code.

16 **a.r.A** SECTION 13. Nonstatutory provisions.

17 (1) INTERNET EQUIPMENT CREDIT PROGRAM.

18 (a) Not later than 30 days after the effective date of this subsection, the
 19 department of commerce shall implement a program for certifying businesses as
 20 eligible for tax credits under sections 71.07 (5e), 71.28 (5e), and 71.47 (5e) of the
 21 statutes.

22 (b) If the department of commerce certifies a business as eligible under
 23 paragraph (a), the department shall determine the maximum amount of tax credits

24 the business may claim, subject to paragraph (c). The department of commerce may
 25 not allocate tax credits to a business unless the allocation of tax credits to the



ASSEMBLY BILL 892

SECTION 13

1 business is likely to increase the availability of Internet service in an area of this
 2 state that lacks adequate service, as determined by the department. The total
 3 amount of tax credits allocated to all eligible businesses may not exceed \$7,500,000

KEEP
 plain period
 2,000,000

4 The department of commerce shall complete the certifications and determinations
 5 under this paragraph and paragraph (a) not later than the first day of the 7th month
 6 after the effective date of this subsection.

7 (c) Not later than 10 days after the department of commerce completes the
 8 certifications and determinations under paragraphs (a) and (b), the department of
 9 commerce shall submit to the joint committee on finance a report identifying the
 10 businesses certified under this subsection and the maximum amount of tax credits
 11 each business may claim. If the cochairpersons of the committee do not notify the
 12 department of commerce within 14 working days after the department of commerce
 13 submits the report that the committee has scheduled a meeting to review the
 14 department of commerce's certifications and determinations, the department of
 15 commerce shall notify the department of revenue of the department of commerce's
 16 certifications and determination. If, within 14 working days after the department
 17 of commerce submits the report, the cochairpersons of the committee notify the
 18 department of commerce that the committee has scheduled a meeting to review the
 19 proposal, the department of commerce may not notify the department of revenue of
 20 the department of commerce's certifications and determinations unless one of the
 21 following is true:

- 22 1. The committee approves the department of commerce's certifications and
- 23 determinations.

ASSEMBLY BILL 892

1 2. The committee does not hold a meeting to review the proposal within 30 days
2 after the cochairpersons notify the department of commerce that a meeting has been
3 scheduled.

4 ~~(c)~~ ~~(d)~~ Notwithstanding section 227.24 of the statutes, the department of
5 commerce may promulgate emergency rules necessary to administer this subsection.

✓ effective date of permanent rules promulgated under this subsection ✓

6 Notwithstanding section 227.24 (1) (c) and (2) of the statutes, emergency rules
7 promulgated under this subsection remain in effect until the department of

8 commerce notifies the department of revenue of the department of commerce's
9 certifications and determinations, or the first day of the 13th month after the

10 effective date of this subsection, whichever is sooner. Notwithstanding section
11 227.24 (1) (a) and (3) of the statutes, the department of commerce is not required to

12 provide evidence that promulgating a rule under this subsection as an emergency
13 rule is necessary for the preservation of the public peace, health, safety, or welfare

14 and is not required to provide a finding of emergency for a rule promulgated under
15 this subsection. ✓

16 **SECTION 14. Initial applicability.**

17 (1) This act first applies to taxable years beginning on January 1 of the year
18 in which this subsection takes effect, except that if this subsection takes effect after
19 July 31 this act first applies to taxable years beginning on January 1 of the year
20 following the year in which this subsection takes effect.

21 (END)

✱ (d) This subsection ✓ does not apply after June 30, 2008. ✓

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

LRB-0013/P1dn
JK:jld:pg

September 29, 2006

Senator Kanavas:

Please review this draft carefully to ensure that it is consistent with your intent.

Joseph T. Kreye
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