



State of Wisconsin

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STEPHEN R. MILLER
CHIEF

March 12, 2007

MEMORANDUM

To: Senator Kanavas

From: Joseph T. Kreye, Sr. Legislative Attorney, (608) 266-2263

Subject: Technical Memorandum to **2007 SB 73** (LRB-0013/1) by **DOR**

We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

March 6, 2007

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Rebecca Boldt
Department of Revenue

SUBJECT: Technical Memorandum on SB 73 – Green Data Center Credit

Subsection (5i)(a)2. provides that a “green data center” means a repository for the storage, management, and dissemination of data if it meets certain environmental requirements. Webster’s Dictionary defines “repository” as “a place, room, or container where something is deposited or stored.” It is possible to interpret the term “repository” in this bill to mean any place where data is stored, managed and disseminated, even if not used exclusively for that purpose. A “repository” could include just about any office building. If a narrower definition of “repository” is intended, it should be included in this bill.

Subsection (5i)(a)3. provides that “reduced amount” means an amount that is at least 25% less than the maximum amount allowed under federal law. Since numerous federal laws relate to the regulation of substances such as mercury, cadmium, and lead, the bill should specify which federal law or laws apply.

Subsection (5i)(b)1. provides for the credit for an electronic waste recycling program, as defined by the department. It is unclear whether “department” refers to the Department of Revenue, because the reference is in the tax statutes administered by the Department of Revenue, or the Department of Commerce, because it is the Department of Commerce that certifies claimants for the credit. If the intent is for the Department of Commerce to define the term, that must be specified in ch. 71.

The credit applies for taxable years beginning after June 30, 2007, and before July 1, 2009. Therefore, the credit will have to be listed on the 2007 tax return. However, the vast majority of taxpayers are calendar year filers who would not be permitted to claim the credit for 2007 even if certified for it. Having tax credits apply based on the state’s fiscal year, is greatly confusing to taxpayers, making the credits difficult to administer. It would be simpler if the credit first applied to taxable years beginning on or after January 1, 2008.

The bill language provides that the credit is available for taxable years beginning after June 30, 2007. This would be a problem if this bill were enacted late in the year after 2007 forms had

been finalized for printing. If the bill is enacted after July 31, 2007, the credit should first apply to taxable years beginning on January 1, 2008.

If you have any questions regarding this technical memorandum, please contact Michael Oakleaf at 261-5173 or via email at Michael.oakleaf@dor.state.wi.us.

cc: Sen. Kanavas