

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:

Nanotechnology 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 08/31/2006 csundber 09/01/2006 pgrant 10/18/2006	jdyer 09/28/2006 jdyer 10/18/2006	jfrantze 09/28/2006	_____	lparisi 09/28/2006		State
/1	jkreye 11/09/2006	jdyer 11/09/2006	sherritz 10/20/2006	_____	mbarman 10/20/2006		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/2			rschluet 11/09/2006	_____	sbasford 11/09/2006	lparisi 04/05/2007	State

FE Sent For: *at intro*
4/12

<END>

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Handwritten signatures and initials at the bottom of the page, including '1196' and '16'.

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/P1	jkreye 08/31/2006 csundber 09/01/2006	jdyer 09/28/2006 1/10/18 jld	jfrantze 09/28/2006 sh 10/18	_____ _____ sh/eg 10/20	lparisi 09/28/2006		State

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/P1	jkreye	P1 9/28 jld	Jb 9/28	Jb/R3 9/28			

FE Sent For:

<END>

MONDAY, August 14, 2006



TED KANAVAS
STATE SENATOR

MR. KRAVE -

I HOPE THAT THE SUMMER IS TREATING YOU WELL.
ATTACHED IS A BILL DRAFTING REQUEST MODELLED AFTER
2005 SB 435.

PLEASE TAKE A LOOK. IF WE COULD GET A
PRELIMINARY DRAFT, I WOULD APPRECIATE IT.

NOTE THAT IT IS AN ON-GOING APPROPRIATION
OF \$5.0 MILLION PER BIENNIAL. SINCE WE START
THE SECOND YEAR OF THE NEXT BIENNIAL, WE ONLY
WANT \$2.5 M. FOR THIS BIENNIAL (2007-2009).

CALL ME IF YOU HAVE QUESTIONS. 266-9174

Thanks,

Michael Richards

Nanotechnology Tax Credit

"Nanotechnology" means the science and technology that will enable one to understand, measure, manipulate and manufacture ^{materials} at the atom, molecular, and supermolecular levels, aimed at creating materials, devices and systems that exploit new behavior, properties and functions to provide new solutions to meet the ^{needs} of the society.

"Nanotechnology business" means a business, ^{as} certified by the department of commerce in a manner prescribed by the department, that is primarily engaged in the application of nanotechnology that will create new applications or process, or modify existing applications and processes by manipulating the atom to make useful processes and products in the healthcare, energy, food production, manufacturing, biotechnology, information technology and the environment.

"Manufacturing" has the meaning given in s. 77.54 (6m).

"Qualified research" means qualified research as defined under section 41 (d) (1) of the Internal Revenue Code, except that research conducted by a public or private institution of higher education or by a governmental until is "qualified research" if the research is intended to be useful in developing a new or improved product or service and the research satisfies section 41 (d) (1) (B) (i) and (C) of the Internal Revenue Code.

Filing claims. Subject to the limitations provided in this subsection, a claimant may claim as a credit against taxes imposed under s. 71.02 or 71.08, up to the amount of the taxes, an amount that is equal to the amount of the taxes imposed under subchapter III of ch. 77 that the claimant paid in taxable year on the purchase of the following:

1. ^{to purchase} Machines and processing equipment, including accessories, attachments and parts for machines or equipment, that are used exclusively and directly by the claimant in the nanotechnology business for qualified research and manufacturing.
2. Payments to public or private institutions of higher learning or consortiums as defined by the legislature for research that was conducted, usage of laboratories, equipment, research space, or other expenses as determined by the department that are directly related to nanotechnology.
3. ^{to purchase} Advanced computing devices, which includes computer hardware and software, data communications and information technology, that are used by the ^{department} nanotechnology business when conducting research and development.

The Wisconsin Department of Commerce shall have \$5.0 million over the biennium to allocated to qualified businesses for the purpose of income and franchise taxes on the sales taxes from 1 and 3 from above. For 2, from above, the actual cost of payment can be written off. The department may be able to provide the full tax credit, or partial as they see fit.

If you want the legis to define, then you have to provide the definition.

then you have to define it

on-going appropriation

if you want that it would be \$2.5 mil each each year

Specify that since we would implement this in the second year that only \$2.5m would be available next biennium

The department shall provide the chief clerk in both houses of the legislature with a report on the recipients and the amounts of the tax credits provided.

The entity that receives the credit can carry then forward for 10 years, but they are non-refundable or transferable. The entity that receives the credit must do the research in this state.

The effective date is the first date of the second year of the biennium.



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-0015/P1

JK:.....

W: 9/1/06

9/30

due FRIDAY

Jld

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

SN

and providing an exemption from emergency rule-making procedures

Gen

- 1 AN ACT ...; relating to: creating an income and franchise tax credit for expenses
- 2 related to nanotechnology.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit for certain expenses related to nanotechnology. Under the bill, generally, a person may claim a credit that is equal to the amount of state sales and use taxes the person paid in the taxable year on the purchase of machines, equipment, and certain other tangible personal property that are used by a nanotechnology business in this state for research, development, and manufacturing. In addition, a person may claim as a credit the amount of any payments to a public or private institution of higher education, or to a consortium, for research, equipment, or the use of research facilities, or other qualified expenses as determined by the Department of Commerce (Commerce), that are directly related to nanotechnology. The bill defines "nanotechnology" as the science and technology that enables a person to understand, measure, manipulate, and manufacture materials at the atomic, molecular, and supermolecular levels. A "nanotechnology business" is a business that is primarily engaged in applying nanotechnologies to create new applications or processes, or modify existing applications or processes, in order to make useful processes and products related to health care, energy, food production, manufacturing, biotechnology, information technology, or the environment. A person who wishes to claim the credit must first apply to Commerce.

Under the bill, if a person claims a credit in an amount that exceeds the person's income and franchise tax liability, the person does not receive a tax refund for the

g-ten
 excess amount, but, instead, may carry forward the amount of any unused credit to the 10 subsequent taxable years. The maximum amount of the credits that taxpayers may claim in any state fiscal year is \$2,500,000, as allocated by Commerce.

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 (5i) 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).

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

8 71.07 (5i) NANOTECHNOLOGY CREDIT. (a) *Definitions.* In this subsection:

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

10 2. "Manufacturing" has the meaning given in s. 77.54 (6m).

11 3. "Nanotechnology" means the science and technology that enables a person
 12 to understand, measure, manipulate, and manufacture materials at the atomic,
 13 molecular, and supermolecular levels.

14 4. "Nanotechnology business" means a business, as certified by the department
 15 of commerce in the manner prescribed by the department of commerce, that is
 16 primarily engaged in applying nanotechnologies to create new applications or
 17 processes, or modify existing applications or processes, in order to make useful

1 processes and products related to health care, energy, food production,
2 manufacturing, biotechnology, information technology, or the environment. ✓

3 5. ✓ "Qualified research" means qualified research as defined under section 41
4 (d) (1) of the ✓ Internal Revenue Code, except that research conducted by a public or
5 private institution of higher education or a consortium is "qualified research" if the
6 research is intended to be useful in developing a new or improved product or service
7 and the research satisfies section 41 (d) (1) (B) (i) and (C) of the Internal Revenue
8 Code. ✓

9 (b) *Filing claims.* ✓ Subject to the limitations provided in this ✓ subsection and s.
10 ✓ 560. ~~XXX~~ ²⁰⁷, for taxable years beginning on or after July 1, 2008, ✓ a claimant may claim
11 as a credit against the taxes imposed under s. 71.02 or 71.08, ✓ up to the amount of the
12 taxes, any of the following amounts that the claimant paid in the taxable year:

13 1. The taxes imposed under subchapter ~~III~~ ✓ of ch. 77 ✓ on the purchase of
14 machines and processing equipment, including accessories, attachments, and parts
15 for the machines or equipment, that are used exclusively and directly by the claimant
16 in the claimant's nanotechnology business for ✓ qualified research or manufacturing,
17 if the research or manufacturing occurs in this state.

18 2. Payments to a public or private institution of higher education, or to a
19 consortium, for research, equipment, or the use of research facilities, or other
20 qualified expenses as determined by the department of commerce, ✓ that are directly
21 related to nanotechnology. ✓

22 3. The taxes imposed under subchapter ~~III~~ ✓ of ch. 77 on the purchase of any of
23 the following that are used by the claimant's nanotechnology business ✓ for research
24 and development that occurs in this state:

25 a. Advanced computing devices, including computer hardware and software. ✓

1 b. Data communications.

2 c. Information technology.

3 (c) *Limitations.* 1. A claimant may not claim an amount under both par. (b)

4 1. and (b) 3. for the purchase of the same item.

5 2. The maximum amount of the credits that may be allocated to all claimants

6 under this subsection and ss. 71.28 (5i) and 71.47 (5i) in each fiscal year is

7 \$2,500,000, as determined by the department of commerce under s. 560. ~~XXX~~ 207

8 3. No credit may be allowed under this subsection unless the claimant submits

9 with the claimant's return a copy of the claimant's certification for and allocation of

10 credits under s. 560. ~~XXX~~ 207.

11 4. Partnerships, limited liability companies, and tax-option corporations may

12 not claim the credit under this subsection, but the eligibility for, and the amount of,

13 the credit are based on ~~their~~ ^{STET} payment of amounts under par. (b). A partnership,

14 limited liability company, or tax-option corporation shall compute the amount of

15 credit that each of its partners, members, or shareholders may claim and shall

16 provide that information to each of them. Partners, members of limited liability

17 companies, and shareholders of tax-option corporations may claim the credit in

18 proportion to their ownership interests.

19 (d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), as it applies to the

20 credit under s. 71.28 (4), applies to the credit under this subsection.

21 2. If a credit computed under this subsection is not entirely offset against

22 Wisconsin income or franchise taxes otherwise due, the unused balance may be

23 carried forward and credited against Wisconsin income or franchise taxes otherwise

24 due for the following 10 taxable years to the extent not offset by these taxes otherwise

1 due in all intervening years between the year in which the expense was incurred and
2 the year in which the carry-forward[✓] credit is claimed.

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

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

NOTE: NOTE: There is no s. 71.07 (3c) 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).

14 **SECTION 4.** [✓] 71.10 (4) (gab) of the statutes is created to read:

15 71.10 (4) (gab) Nanotechnology credit under s. 71.07 (5i)[✓].

16 **SECTION 5.** [✓] 71.21 (4) of the statutes is amended to read:

17 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
18 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5e), (5f), (5g), and (5h),
19 and (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; 1991 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).

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

21 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
22 the gross income as computed under the Internal Revenue Code as modified under

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

17 SECTION 7. 71.28 (5i) of the statutes is created to read:

18 71.28 (5i) NANOTECHNOLOGY CREDIT. (a) *Definitions*. In this subsection:

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

20 2. "Manufacturing" has the meaning given in s. 77.54 (6m).

21 3. "Nanotechnology" means the science and technology that enables a person
 22 to understand, measure, manipulate, and manufacture materials at the atomic,
 23 molecular, and supermolecular levels.

1 4. "Nanotechnology business" means a business, as certified by the department
2 of commerce in the manner prescribed by the department of commerce, that is
3 primarily engaged in applying nanotechnologies to create new applications or
4 processes, or modify existing applications or processes, in order to make useful
5 processes and products related to health care, energy, food production,
6 manufacturing, biotechnology, information technology, or the environment.

7 5. "Qualified research" means qualified research as defined under section 41
8 (d) (1) of the Internal Revenue Code, ✓ except that research conducted by a public or
9 private institution of higher education or a consortium is "qualified research" if the
10 research is intended to be useful in developing a new or improved product or service
11 and the research satisfies section 41 (d) (1) (B) (i) and (C) of the Internal Revenue ✓
12 Code.

13 (b) *Filing claims.* ✓ Subject to the limitations provided in this ✓ subsection and s.
14 560. ~~XXX~~ ²⁰⁷, for taxable years beginning on or after July 1, 2008, a claimant may claim
15 as a credit against the taxes imposed under s. ✓ 71.23, up to the amount of the taxes,
16 any of the following amounts that the claimant paid in the taxable year:

17 1. The taxes imposed under subchapter ~~III~~ ^{g.} III of ch. 77 ✓ on the purchase of
18 machines and processing equipment, including accessories, attachments, and parts
19 for the machines or equipment, that are used exclusively and directly by the claimant
20 in the claimant's nanotechnology business for qualified research ✓ or manufacturing,
21 if the research or manufacturing occurs in this state.

22 2. Payments to a public or private institution of higher education, or to a
23 consortium, for research, equipment, or the use of research facilities, or other
24 qualified expenses as determined by the department of commerce, that are directly
25 related to nanotechnology.

1 3. The taxes imposed under subchapter III of ch. 77 on the purchase of any of
2 the following that are used by the claimant's nanotechnology business for research
3 and development that occurs in this state:

4 a. Advanced computing devices, including computer hardware and software.

5 b. Data communications.

6 c. Information technology.

7 (c) *Limitations.* 1. A claimant may not claim an amount under both par. (b)
8 1. and (b) 3. for the purchase of the same item.

9 2. The maximum amount of the credits that may be allocated to all claimants
10 under this subsection and ss. 71.07 (5i) and 71.47 (5i) in each fiscal year is
11 \$2,500,000, as determined by the department of commerce under s. 560. ~~XXX~~ 207.

12 3. No credit may be allowed under this subsection unless the claimant submits
13 with the claimant's return a copy of the claimant's certification for and allocation of
14 credits under s. 560. ~~XXX~~ 207.

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

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

1 2. If a credit computed under this subsection is not entirely offset against
2 Wisconsin income or franchise taxes otherwise due, the unused balance may be
3 carried forward and credited against Wisconsin income or franchise taxes otherwise
4 due for the following[✓] 10 taxable years to the extent not offset by these taxes otherwise
5 due in all intervening years between the year in which the expense was incurred and
6 the year in which the carry-forward credit is claimed.

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

8 71.30 (3) (dq) Nanotechnology credit under s. 71.28 (5i)[✓].

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

10 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
11 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
12 (3n), (3t), (3w), (5b), (5e), (5f), (5g), and (5h), and (5i)[✓] and passed through to
13 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).

14 **SECTION 10.** 71.45 (2) (a) 10[✓] of the statutes is amended to read:

15 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
16 computed under s. 71.47 (1dd) to (1dx), (3n), (3w), (5b), (5e), (5f), (5g), and (5h), and
17 (5i)[✓] and not passed through by a partnership, limited liability company, or tax-option
18 corporation that has added that amount to the partnership's, limited liability
19 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and
20 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).

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

22 71.47 (5i) NANOTECHNOLOGY CREDIT. (a) *Definitions.*[✓] In this subsection:

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

1 2. "Manufacturing" has the meaning given in s. 77.54 (6m). ✓

2 3. "Nanotechnology" means the science and technology that enables a person
3 to understand, measure, manipulate, and manufacture materials at the atomic,
4 molecular, and supermolecular levels. ✓

5 4. "Nanotechnology business" means a business, as certified by the department
6 of commerce in the manner prescribed by the department of commerce, that is
7 primarily engaged in applying nanotechnologies to create new applications or
8 processes, or modify existing applications or processes, in order to make useful
9 processes and products related to health care, energy, food production,
10 manufacturing, biotechnology, information technology, or the environment.

11 5. "Qualified research" means qualified research as defined under section 41
12 (d) (1) of the Internal Revenue Code, ✓ except that research conducted by a public or
13 private institution of higher education or a consortium is "qualified research" if the
14 research is intended to be useful in developing a new or improved product or service
15 and the research satisfies section 41 (d) (1) (B) (i) and (C) of the Internal Revenue
16 Code.

17 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
18 560. ~~(XXX)~~ ²⁰⁷, for taxable years beginning on or after July 1, 2008, ✓ a claimant may claim
19 as a credit against the taxes imposed under s. 71.43, ✓ up to the amount of the taxes,
20 any of the following amounts that the claimant paid in the taxable year:

21 1. The taxes imposed under ✓ subchapter ~~III~~ ^{g.} of ch. 77 on the purchase of
22 machines and processing equipment, including accessories, attachments, and parts
23 for the machines or equipment, that are used exclusively and directly by the claimant
24 in the claimant's nanotechnology business for qualified research or manufacturing,
25 if the research or manufacturing occurs in this state.

1 2. Payments to a public or private institution of higher education, or to a
 2 consortium, for research, equipment, or the use of research facilities, or other
 3 qualified expenses as determined by the department of commerce, that are directly
 4 related to nanotechnology.

5 3. The taxes imposed under subchapter III of ch. 77 on the purchase of any of
 6 the following that are used by the claimant's nanotechnology business for research
 7 and development that occurs in this state:

8 a. Advanced computing devices, including computer hardware and software.

9 b. Data communications.

10 c. Information technology.

11 (c) *Limitations.* 1. A claimant may not claim an amount under both par. (b)

12 1. and (b) 3. for the purchase of the same item.

13 2. The maximum amount of the credits that may be allocated to all claimants
 14 under this subsection and ss. 71.07 (5i) and 71.28 (5i) in each fiscal year is
 15 \$2,500,000, as determined by the department of commerce under s. 560.XXX. 207

16 3. No credit may be allowed under this subsection unless the claimant submits
 17 with the claimant's return a copy of the claimant's certification for and allocation of
 18 credits under s. 560.XXX. 207.

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

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

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

5 2. If a credit computed under this subsection is not entirely offset against
6 Wisconsin income or franchise taxes otherwise due, the unused balance may be
7 carried forward and credited against Wisconsin income or franchise taxes otherwise
8 due for the following 10 taxable years to the extent not offset by these taxes otherwise
9 due in all intervening years between the year in which the expense was incurred and
10 the year in which the carry-forward credit is claimed.

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

12 71.49 (1) (dq) Nanotechnology credit under s. 71.47 (5i).

13 **SECTION 13.** 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 (5i); 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

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.

~~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).~~

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(END)

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