

2007 SENATE BILL 425

January 29, 2008 – Introduced by Senators VINEHOUT, HARSDORF, KAPANKE, SCHULTZ, LEHMAN, OLSEN and ROESSLER, cosponsored by Representatives A. OTT, STEINBRINK, HAHN, HUBLER, KERKMAN, JORGENSEN, MUSSER, ALBERS, TOWNSEND, BALLWEG, GUNDERSON, PETROWSKI, MURSAU, GRONEMUS and M. WILLIAMS. Referred to Committee on Tax Fairness and Family Prosperity.

1 **AN ACT to amend** 71.08 (1) (intro.), 71.10 (4) (i), 71.30 (3) (f) and 71.49 (1) (f); and
 2 **to create** 20.835 (2) (bd), 71.07 (3r), 71.28 (3r), 71.47 (3r) and 560.208 of the
 3 statutes; **relating to:** a meat processing facility investment income and
 4 franchise tax credit, granting rule-making authority, and making an
 5 appropriation.

Analysis by the Legislative Reference Bureau

Under current law, a person may claim an income and franchise tax credit for 10 percent of the amount that the person paid in the taxable year for dairy manufacturing modernization and expansion related to the person's dairy manufacturing operation. This bill provides an income and franchise tax credit for 10 percent of the amount that a person pays in the taxable year for meat processing modernization or expansion related to the person's meat processing operation.

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:

6 **SECTION 1.** 20.835 (2) (bd) of the statutes is created to read:

SENATE BILL 425**SECTION 1**

1 20.835 **(2)** (bd) *Meat processing facility investment credit*. A sum sufficient to
2 make the payments under ss. 71.07 (3r), 71.28 (3r), and 71.47 (3r).

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

4 71.07 **(3r)** MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions*. In this
5 subsection:

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

7 2. “Meat processing” means processing livestock into meat products or
8 processing meat products for sale commercially.

9 3. “Meat processing modernization or expansion” means constructing,
10 improving, or acquiring buildings or facilities, or acquiring equipment, for meat
11 processing, including the following, if used exclusively for meat processing and if
12 acquired and placed in service in this state during taxable years that begin after
13 December 31, 2008, and before January 1, 2017:

14 a. Building construction, including livestock handling, product intake, storage,
15 and warehouse facilities.

16 b. Building additions.

17 c. Upgrades to utilities, including water, electric, heat, refrigeration, freezing,
18 and waste facilities.

19 d. Livestock intake and storage equipment.

20 e. Processing and manufacturing equipment, including cutting equipment,
21 mixers, grinders, sausage stuffers, meat smokers, curing equipment, cooking
22 equipment, pipes, motors, pumps, and valves.

23 f. Packaging and handling equipment, including sealing, bagging, boxing,
24 labeling, conveying, and product movement equipment.

25 g. Warehouse equipment, including storage and curing racks.

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1 h. Waste treatment and waste management equipment, including tanks,
2 blowers, separators, dryers, digesters, and equipment that uses waste to produce
3 energy, fuel, or industrial products.

4 i. Computer software and hardware used for managing the claimant's meat
5 processing operation, including software and hardware related to logistics,
6 inventory management, production plant controls, and temperature monitoring
7 controls.

8 4. "Used exclusively" means used to the exclusion of all other uses except for
9 use not exceeding 5 percent of total use.

10 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
11 560.208, for taxable years beginning after December 31, 2008, and before January
12 1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.02
13 or 71.08, up to the amount of the tax, an amount equal to 10 percent of the amount
14 the claimant paid in the taxable year for meat processing modernization or
15 expansion related to the claimant's meat processing operation.

16 (c) *Limitations.* 1. No credit may be allowed under this subsection for any
17 amount that the claimant paid for expenses described under par. (b) that the
18 claimant also claimed as a deduction under section 162 of the Internal Revenue Code.

19 2. The aggregate amount of credits that a claimant may claim under this
20 subsection is \$200,000.

21 3. a. The maximum amount of the credits that may be claimed under this
22 subsection and ss. 71.28 (3r) and 71.47 (3r) in fiscal year 2009–10 is \$300,000, as
23 allocated under s. 560.208.

SENATE BILL 425**SECTION 2**

1 b. The maximum amount of the credits that may be claimed under this
2 subsection and ss. 71.28 (3r) and 71.47 (3r) in fiscal year 2010–11, and in each fiscal
3 year thereafter, is \$700,000, as allocated under s. 560.208.

4 4. Partnerships, limited liability companies, and tax–option corporations may
5 not claim the credit under this subsection, but the eligibility for, and the amount of,
6 the credit are based on their payment of expenses under par. (b), except that the
7 aggregate amount of credits that the entity may compute shall not exceed \$200,000.
8 A partnership, limited liability company, or tax–option corporation shall compute
9 the amount of credit that each of its partners, members, or shareholders may claim
10 and shall provide that information to each of them. Partners, members of limited
11 liability companies, and shareholders of tax–option corporations may claim the
12 credit in proportion to their ownership interest.

13 5. If 2 or more persons own and operate the meat processing operation, each
14 person may claim a credit under par. (b) in proportion to his or her ownership
15 interest, except that the aggregate amount of the credits claimed by all persons who
16 own and operate the meat processing operation shall not exceed \$200,000.

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

19 2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise
20 due under s. 71.02 or 71.08, the amount of the claim not used to offset the tax due
21 shall be certified by the department of revenue to the department of administration
22 for payment by check, share draft, or other draft drawn from the appropriation
23 account under s. 20.835 (2) (bd).

24 **SECTION 3.** 71.08 (1) (intro.) of the statutes, as affected by 2007 Wisconsin Act
25 20, is amended to read:

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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), (3m), (3n), (3p),
4 (3r), (3s), (3t), (3w), (5b), (5d), (5e), (6), (6e), and (9e), 71.28 (1dd), (1de), (1di), (1dj),
5 (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), (3t), and (3w), and 71.47 (1dd), (1de), (1di),
6 (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), (3t), and (3w), and subchs. VIII and IX
7 and payments to other states under s. 71.07 (7), is less than the tax under this
8 section, there is imposed on that natural person, married couple filing jointly, trust
9 or estate, instead of the tax under s. 71.02, an alternative minimum tax computed
10 as follows:

11 **SECTION 4.** 71.10 (4) (i) of the statutes, as affected by 2007 Wisconsin Act 20,
12 is amended to read:

13 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
14 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
15 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
16 71.07 (2fd), dairy manufacturing facility investment credit under s. 71.07 (3p), meat
17 processing facility investment credit under s. 71.07 (3r), film production services
18 credit under s. 71.07 (5f) (b) 2., veterans and surviving spouses property tax credit
19 under s. 71.07 (6e), enterprise zone jobs credit under s. 71.07 (3w), earned income tax
20 credit under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld
21 under subch. X.

22 **SECTION 5.** 71.28 (3r) of the statutes is created to read:

23 71.28 (3r) MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions.* In this
24 subsection:

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

SENATE BILL 425**SECTION 5**

1 2. “Meat processing” means processing livestock into meat products or
2 processing meat products for sale commercially.

3 3. “Meat processing modernization or expansion” means constructing,
4 improving, or acquiring buildings or facilities, or acquiring equipment, for meat
5 processing, including the following, if used exclusively for meat processing and if
6 acquired and placed in service in this state during taxable years that begin after
7 December 31, 2008, and before January 1, 2017:

8 a. Building construction, including livestock handling, product intake, storage,
9 and warehouse facilities.

10 b. Building additions.

11 c. Upgrades to utilities, including water, electric, heat, refrigeration, freezing,
12 and waste facilities.

13 d. Livestock intake and storage equipment.

14 e. Processing and manufacturing equipment, including cutting equipment,
15 mixers, grinders, sausage stuffers, meat smokers, curing equipment, cooking
16 equipment, pipes, motors, pumps, and valves.

17 f. Packaging and handling equipment, including sealing, bagging, boxing,
18 labeling, conveying, and product movement equipment.

19 g. Warehouse equipment, including storage and curing racks.

20 h. Waste treatment and waste management equipment, including tanks,
21 blowers, separators, dryers, digesters, and equipment that uses waste to produce
22 energy, fuel, or industrial products.

23 i. Computer software and hardware used for managing the claimant’s meat
24 processing operation, including software and hardware related to logistics,

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1 inventory management, production plant controls, and temperature monitoring
2 controls.

3 4. “Used exclusively” means used to the exclusion of all other uses except for
4 use not exceeding 5 percent of total use.

5 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
6 560.208, for taxable years beginning after December 31, 2008, and before January
7 1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.23,
8 up to the amount of the tax, an amount equal to 10 percent of the amount the
9 claimant paid in the taxable year for meat processing modernization or expansion
10 related to the claimant’s meat processing operation.

11 (c) *Limitations.* 1. No credit may be allowed under this subsection for any
12 amount that the claimant paid for expenses described under par. (b) that the
13 claimant also claimed as a deduction under section 162 of the Internal Revenue Code.

14 2. The aggregate amount of credits that a claimant may claim under this
15 subsection is \$200,000.

16 3. a. The maximum amount of the credits that may be claimed under this
17 subsection and ss. 71.07 (3r) and 71.47 (3r) in fiscal year 2009–10 is \$300,000, as
18 allocated under s. 560.208.

19 b. The maximum amount of the credits that may be claimed under this
20 subsection and ss. 71.07 (3r) and 71.47 (3r) in fiscal year 2010–11, and in each fiscal
21 year thereafter, is \$700,000, as allocated under s. 560.208.

22 4. Partnerships, limited liability companies, and tax–option corporations may
23 not claim the credit under this subsection, but the eligibility for, and the amount of,
24 the credit are based on their payment of expenses under par. (b), except that the
25 aggregate amount of credits that the entity may compute shall not exceed \$200,000.

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

6 5. If 2 or more persons own and operate the meat processing operation, each
7 person may claim a credit under par. (b) in proportion to his or her ownership
8 interest, except that the aggregate amount of the credits claimed by all persons who
9 own and operate the meat processing operation shall not exceed \$200,000.

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

12 2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise
13 due under s. 71.23, the amount of the claim not used to offset the tax due shall be
14 certified by the department of revenue to the department of administration for
15 payment by check, share draft, or other draft drawn from the appropriation account
16 under s. 20.835 (2) (bd).

17 **SECTION 6.** 71.30 (3) (f) of the statutes, as affected by 2007 Wisconsin Act 20,
18 is amended to read:

19 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28
20 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
21 s. 71.28 (2m), dairy manufacturing facility investment credit under s. 71.28 (3p),
22 meat processing facility investment credit under s. 71.28 (3r), enterprise zone jobs
23 credit under s. 71.28 (3w), film production services credit under s. 71.28 (5f) (b) 2.,
24 and estimated tax payments under s. 71.29.

25 **SECTION 7.** 71.47 (3r) of the statutes is created to read:

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1 71.47 (3r) MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions*. In this
2 subsection:

3 1. “Claimant” means a person who files a claim under this subsection.

4 2. “Meat processing” means processing livestock into meat products or
5 processing meat products for sale commercially.

6 3. “Meat processing modernization or expansion” means constructing,
7 improving, or acquiring buildings or facilities, or acquiring equipment, for meat
8 processing, including the following, if used exclusively for meat processing and if
9 acquired and placed in service in this state during taxable years that begin after
10 December 31, 2008, and before January 1, 2017:

11 a. Building construction, including livestock handling, product intake, storage,
12 and warehouse facilities.

13 b. Building additions.

14 c. Upgrades to utilities, including water, electric, heat, refrigeration, freezing,
15 and waste facilities.

16 d. Livestock intake and storage equipment.

17 e. Processing and manufacturing equipment, including cutting equipment,
18 mixers, grinders, sausage stuffers, meat smokers, curing equipment, cooking
19 equipment, pipes, motors, pumps, and valves.

20 f. Packaging and handling equipment, including sealing, bagging, boxing,
21 labeling, conveying, and product movement equipment.

22 g. Warehouse equipment, including storage and curing racks.

23 h. Waste treatment and waste management equipment, including tanks,
24 blowers, separators, dryers, digesters, and equipment that uses waste to produce
25 energy, fuel, or industrial products.

SENATE BILL 425**SECTION 7**

1 i. Computer software and hardware used for managing the claimant's meat
2 processing operation, including software and hardware related to logistics,
3 inventory management, production plant controls, and temperature monitoring
4 controls.

5 4. "Used exclusively" means used to the exclusion of all other uses except for
6 use not exceeding 5 percent of total use.

7 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
8 560.208, for taxable years beginning after December 31, 2008, and before January
9 1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.43,
10 up to the amount of the tax, an amount equal to 10 percent of the amount the
11 claimant paid in the taxable year for meat processing modernization or expansion
12 related to the claimant's meat processing operation.

13 (c) *Limitations.* 1. No credit may be allowed under this subsection for any
14 amount that the claimant paid for expenses described under par. (b) that the
15 claimant also claimed as a deduction under section 162 of the Internal Revenue Code.

16 2. The aggregate amount of credits that a claimant may claim under this
17 subsection is \$200,000.

18 3. a. The maximum amount of the credits that may be claimed under this
19 subsection and ss. 71.07 (3r) and 71.28 (3r) in fiscal year 2009–10 is \$300,000, as
20 allocated under s. 560.208.

21 b. The maximum amount of the credits that may be claimed under this
22 subsection and ss. 71.07 (3r) and 71.28 (3r) in fiscal year 2010–11, and in each fiscal
23 year thereafter, is \$700,000, as allocated under s. 560.208.

24 4. 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,

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1 the credit are based on their payment of expenses under par. (b), except that the
2 aggregate amount of credits that the entity may compute shall not exceed \$200,000.
3 A partnership, limited liability company, or tax-option corporation shall compute
4 the amount of credit that each of its partners, members, or shareholders may claim
5 and shall provide that information to each of them. Partners, members of limited
6 liability companies, and shareholders of tax-option corporations may claim the
7 credit in proportion to their ownership interest.

8 5. If 2 or more persons own and operate the meat processing operation, each
9 person may claim a credit under par. (b) in proportion to his or her ownership
10 interest, except that the aggregate amount of the credits claimed by all persons who
11 own and operate the meat processing operation shall not exceed \$200,000.

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

14 2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise
15 due under s. 71.43, the amount of the claim not used to offset the tax due shall be
16 certified by the department of revenue to the department of administration for
17 payment by check, share draft, or other draft drawn from the appropriation account
18 under s. 20.835 (2) (bd).

19 **SECTION 8.** 71.49 (1) (f) of the statutes, as affected by 2007 Wisconsin Act 20,
20 is amended to read:

21 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
22 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
23 s. 71.47 (2m), dairy manufacturing facility investment credit under s. 71.47 (3p),
24 meat processing facility investment credit under s. 71.47 (3r), enterprise zone jobs

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1 credit under s. 71.47 (3w), film production services credit under s. 71.47 (5f) (b) 2.,
2 and estimated tax payments under s. 71.48.

3 **SECTION 9.** 560.208 of the statutes is created to read:

4 **560.208 Meat processing facility investment credit. (1)** The department
5 of commerce shall implement a program to certify taxpayers as eligible for the meat
6 processing facility investment credit under ss. 71.07 (3r), 71.28 (3r), and 71.47 (3r).

7 **(2)** If the department of commerce certifies a taxpayer under sub. (1), the
8 department of commerce shall determine the amount of credits to allocate to that
9 taxpayer. The total amount of meat processing facility investment credits allocated
10 to taxpayers in fiscal year 2009–10 may not exceed \$300,000 and the total amount
11 of meat processing facility investment credits allocated to taxpayers in fiscal year
12 2010–11, and in each fiscal year thereafter, may not exceed \$700,000.

13 **(3)** The department of commerce shall inform the department of revenue of
14 every taxpayer certified under sub. (1) and the amount of credits allocated to the
15 taxpayer.

16 **(4)** The department of commerce, in consultation with the department of
17 revenue, shall promulgate rules to administer this section.

18 **(END)**