

2007 DRAFTING REQUEST

Bill

Received: 02/02/2007

Received By: jkreya

Wanted: As time permits

Identical to LRB:

For: Administration-Budget

By/Representing: Palchik

This file may be shown to any legislator: NO

Drafter: jkreya

May Contact:

Addl. Drafters:

Subject: Tax, Business - credits

Extra Copies:

Submit via email: NO

Pre Topic:

DOA:.....Koskinen, BB0435 -

Topic:

Dairy investment 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>
/?				_____			State Tax
/1	jkreya 02/02/2007	kfollett 02/02/2007	rschluet 02/02/2007	_____	cduerst 02/02/2007		State Tax
/2	jkreya 02/05/2007	kfollett 02/05/2007	rschluet 02/05/2007	_____	mbarman 02/05/2007		

FE Sent For:

<END>

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**Topic:**

Dairy investment tax credit

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**Instructions:**

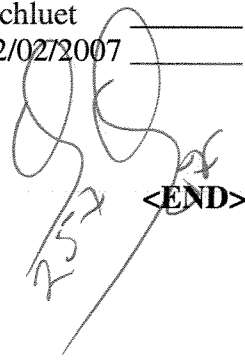
See Attached

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**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 Tax
/1	jkreye 02/02/2007	kfollett 02/02/2007	rschluet 02/02/2007	_____	cduerst 02/02/2007		

FE Sent For:

12 k/f  
2/8  
257  
  
<END>

2007 DRAFTING REQUEST

Bill

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Addl. Drafters:

Subject: Tax, Business - credits

Extra Copies:

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Pre Topic:

DOA:.....Palchik, BB0435 -

Topic:

Dairy investment tax credit

Instructions:

See Attached

Drafting History:

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/?	jkreye	11 kjf 2/2					

FE Sent For:

227

<END>

**Kreye, Joseph**

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**From:** Palchik, Laurie A - DOA  
**Sent:** Friday, February 02, 2007 12:49 PM  
**To:** Shovers, Marc; Kreye, Joseph  
**Subject:** RE: Budget Draft--Dairy investment tax credit

Please use our tracking number BB0435 for this draft. Thank you.

Laurie A. Palchik

Executive Policy and Budget Analyst

Division of Executive Budget and Finance

608-267-0371 (office)

608-267-0372 (fax)

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**From:** Koskinen, John - DOA  
**Sent:** Friday, February 02, 2007 12:14 PM  
**To:** Shovers, Marc - LEGIS; Kreye, Joseph - LEGIS  
**Cc:** Palchik, Laurie A - DOA  
**Subject:** Budget Draft--Dairy investment tax credit  
**Importance:** High

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**From:** Schmiedicke, David P - DOA  
**Sent:** Thursday, February 01, 2007 10:39 AM  
**To:** Koskinen, John - DOA; Grinde, Kirsten - DOA  
**Cc:** Kraus, Jennifer - DOA  
**Subject:** FW: investment tax credit  
**Importance:** High

I wasn't quite sure which one of you would take the lead on this.

One more last minute addition as a drafting request. Effective date should be tax year 2007.

<< File: MDMFG.doc >>

(3o) DAIRY MANUFACTURING FACILITY INVESTMENT CREDIT. (a) In this subsection:

1. "Claimant" means a person who files a claim under this subsection.
2. "Dairy Manufacturer" means a facility processing milk into dairy products or further processing dairy products for sale in commercial channels.
3. "Dairy manufacturing modernization or expansion" means the construction, the improvement, the acquisition of buildings or facilities, or acquiring equipment for dairy manufacturing including whey processing, waste management and renewable energy production, including the following, if used exclusively related to dairy manufacturing or processing and if acquired and placed in service in this state that begin after December 31, 2006 and before January 1, 2015:
  - a. New building construction including storage and warehouse space.
  - b. Building additions.
  - c. Upgrades to utilities, including water, electric, heat and waste facilities.
  - d. Milk intake and storage equipment.
  - e. Processing and manufacturing equipment including pipes, motors, pumps, valves, pasteurizers, homogenizers, vats, evaporators, dryers, concentrators and churns.
  - f. Packaging and handling equipment including sealing, bagging, boxing, labeling, conveying, and product movement equipment.
  - g. Warehouse equipment including storage racks.
  - h. Waste treatment equipment including tanks, blowers, separators, dryers, digesters, and equipment to produce energy or fuel or other industrial products.
  - i. Software for dairy plant management including logistics, inventory management and plant controls.
4. (a) For taxable years that begin after December 31, 2006 and before January 1, 2012, "used exclusively" related to dairy manufacturing or processing means used to the exclusion of all other uses except for use not exceeding 5% of total use.  
(b) Subject to the limitations provided in this subsection, for taxable years after December 2006, and before January 2015, a claimant may claim as a credit against the tax imposed under s.71.23 (need to verify if 71.23 is relevant/correct) an amount equal to 10% of the amount the claimant paid in the taxable year for dairy manufacturing modernization or expansion related to the operation of the claimant's dairy manufacturing or processing plant.  
(c) No credit may be allowed under this subsection for any amount that the claimant paid for expenses described under par.(b) that the claimant also claimed under section xx of the Internal Revenue Code. (Note section 162 is used in the dairy and livestock investment tax credit—need to verify if this paragraph is needed and what the relevant IRS code is)  
(d) The aggregate amount of the credits that a claimant may claim under this subsection is \$200,000.  
(e) 1. 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 expenses under par. (b), except that the aggregate amount of the credits that the entity may compute shall not exceed \$200,000. 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 interest.

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

(f) Subsection (4) (e), (f), (g), and (h), as it applies to the credit under sub. (4), applies to the credit under this subsection.



State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-1822/1

JK: *kf*

DOA:.....Palchik, BB0435 - Dairy investment tax credit

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

*in 2-2-07  
DN*

*Don't Gen*

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**TAXATION**

**INCOME TAXATION**

This bill creates income and franchise tax credits for amounts paid to modernize or expand a dairy manufacturing operation. The bill defines "dairy manufacturing" as processing milk into dairy products or processing dairy products for sale commercially.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the 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:*

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

3 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
4 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3p), (3s), (3t), (3w), (5b), (5d),

1 ~~(and)~~ (5e), (5f), and (5h) 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 (3p) of the statutes is created to read:

5 **71.07 (3p) DAIRY MANUFACTURING FACILITY INVESTMENT CREDIT.** (a) *Definitions.*

6 In this subsection:

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

8 2. "Dairy manufacturing" means processing milk into dairy products or  
9 processing dairy products for sale commercially.

10 3. "Dairy manufacturing modernization or expansion" means constructing,  
11 improving, or acquiring buildings or facilities, or acquiring equipment, for dairy  
12 manufacturing, including the following, if used exclusively for dairy manufacturing  
13 and if acquired and placed in service in this state during taxable years that begin  
14 after December 31, 2006, and before January 1, 2015:

15 a. Building construction, including storage and warehouse facilities.

16 b. Building additions.

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

18 d. Milk intake and storage equipment.

19 e. Processing and manufacturing equipment, including pipes, motors, pumps,  
20 valves, pasteurizers, homogenizers, vats, evaporators, dryers, concentrators, and  
21 churns.

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



1 g. Warehouse equipment, including storage racks.

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

5 i. Computer software and hardware used for managing the claimant's dairy  
6 manufacturing operation, including software and hardware related to logistics,  
7 inventory management, and production plant 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<sup>✓</sup>, for  
11 taxable years beginning after December 31, 2006, and before January 1, 2015, a  
12 claimant may claim as a credit against the taxes imposed under s. 71.02<sup>✓</sup>, up to the  
13 amount of the tax, an amount equal to 10 percent of the amount the claimant paid  
14 in the taxable year for dairy manufacturing modernization<sup>✓</sup> or expansion related to  
15 <sup>the</sup> claimant's dairy manufacturing operation.

16 (c) *Limitations.* 1. No credit may be allowed under this subsection<sup>✓</sup> for any  
17 amount that the claimant paid for expenses described under par. (b)<sup>✓</sup> 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<sup>✓</sup> is \$200,000.

21 3. Partnerships, limited liability companies, and tax-option corporations may  
22 not claim the credit under this subsection<sup>✓</sup>, but the eligibility for, and the amount of,  
23 the credit are based on their payment of expenses under par. (b)<sup>✓</sup>, except that the  
24 aggregate amount of credits that the entity may compute shall not exceed \$200,000.  
25 A partnership, limited liability company, or tax-option corporation shall compute

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

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

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 3.** 71.10 (4) (ep) of the statutes is created to read:

12 71.10 (4) (ep) Dairy manufacturing facility investment credit under s. 71.07  
13 (3p).

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

15 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
16 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3p), (3s), (3t), (3w), (5b), (5e), (5f), (5g), and  
17 (5h) 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).

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

19 71.26 (2) (a) *Corporations in general*. The "net income" of a corporation means  
20 the gross income as computed under the Internal Revenue Code as modified under  
21 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit  
22 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)  
23 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income  
24 under this paragraph at the time that the taxpayer first claimed the credit plus the

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

13 **SECTION 6.** 71.28 (3p) of the statutes is created to read:

14 **71.28 (3p) DAIRY MANUFACTURING FACILITY INVESTMENT CREDIT.** (a) *Definitions.*

15 In this subsection:

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

17 2. "Dairy manufacturing" means processing milk into dairy products or  
 18 processing dairy products for sale commercially.

19 3. "Dairy manufacturing modernization or expansion" means constructing,  
 20 improving, or acquiring buildings or facilities, or acquiring equipment, for dairy  
 21 manufacturing, including the following, if used exclusively for dairy manufacturing  
 22 and if acquired and placed in service in this state during taxable years that begin  
 23 after December 31, 2006, and before January 1, 2015:

- 1 a. Building construction, including storage and warehouse facilities.
- 2 b. Building additions.
- 3 c. Upgrades to utilities, including water, electric, heat, and waste facilities.
- 4 d. Milk intake and storage equipment.
- 5 e. Processing and manufacturing equipment, including pipes, motors, pumps,
- 6 valves, pasteurizers, homogenizers, vats, evaporators, dryers, concentrators, and
- 7 churns.
- 8 f. Packaging and handling equipment, including sealing, bagging, boxing,
- 9 labeling, conveying, and product movement equipment.
- 10 g. Warehouse equipment, including storage racks.
- 11 h. Waste treatment and waste management equipment, including tanks,
- 12 blowers, separators, dryers, digesters, and equipment that uses waste to produce
- 13 energy, fuel, or industrial products.
- 14 i. Computer software and hardware used for managing the claimant's dairy
- 15 manufacturing operation, including software and hardware related to logistics,
- 16 inventory management, and production plant controls.

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

19 (b) *Filing claims.* Subject to the limitations provided in this subsection, for  
20 taxable years beginning after December 31, 2006, and before January 1, 2015, a  
21 claimant may claim as a credit against the taxes imposed under s. 71.23, up to the  
22 amount of the tax, an amount equal to 10 percent of the amount the claimant paid  
23 in the taxable year for dairy manufacturing modernization or expansion related to  
24 <sup>the</sup> claimant's dairy manufacturing operation.

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

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

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

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

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

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

22 71.30 (3) (dd) Dairy manufacturing facility investment credit under s. 71.28  
23 (3p).

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

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

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

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

11           **SECTION 10.** 71.47 (3p) of the statutes is created to read:

12           71.47 (3p) DAIRY MANUFACTURING FACILITY INVESTMENT CREDIT. (a) *Definitions.*

13           In this subsection:

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

15           2. "Dairy manufacturing" means processing milk into dairy products or  
16 processing dairy products for sale commercially.

17           3. "Dairy manufacturing modernization or expansion" means constructing,  
18 improving, or acquiring buildings or facilities, or acquiring equipment, for dairy  
19 manufacturing, including the following, if used exclusively for dairy manufacturing  
20 and if acquired and placed in service in this state during taxable years that begin  
21 after December 31, 2006, and before January 1, 2015:

22           a. Building construction, including storage and warehouse facilities.

23           b. Building additions.

- 1 c. Upgrades to utilities, including water, electric, heat, and waste facilities.
- 2 d. Milk intake and storage equipment.
- 3 e. Processing and manufacturing equipment, including pipes, motors, pumps,
- 4 valves, pasteurizers, homogenizers, vats, evaporators, dryers, concentrators, and
- 5 churns.
- 6 f. Packaging and handling equipment, including sealing, bagging, boxing,
- 7 labeling, conveying, and product movement equipment.
- 8 g. Warehouse equipment, including storage racks.
- 9 h. Waste treatment and waste management equipment, including tanks,
- 10 blowers, separators, dryers, digesters, and equipment that uses waste to produce
- 11 energy, fuel, or industrial products.
- 12 i. Computer software and hardware used for managing the claimant's dairy
- 13 manufacturing operation, including software and hardware related to logistics,
- 14 inventory management, and production plant controls.

15 4. "Used exclusively" means used to the exclusion of all other uses except for

16 use not exceeding 5 percent of total use.

17 (b) *Filing claims.* Subject to the limitations provided in this subsection, for ✓

18 taxable years beginning after December 31, 2006, and before January 1, 2015, a

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

20 amount of the tax, an amount equal to 10 percent of the amount the claimant paid

21 in the taxable year for dairy manufacturing modernization or expansion related to

22 *the* claimant's dairy manufacturing operation.

23 (c) *Limitations.* 1. No credit may be allowed under this subsection for any ✓

24 amount that the claimant paid for expenses described under par. (b) that the ✓

25 claimant also claimed as a deduction under section 162 of the Internal Revenue Code.

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

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

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

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

19           71.49 (1) (dd) Dairy manufacturing facility investment credit under s. 71.47  
20 (3p).

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

22           77.92 (4) "Net business income," with respect to a partnership, means taxable  
23 income as calculated under section 703 of the Internal Revenue Code; plus the items  
24 of income and gain under section 702 of the Internal Revenue Code, including taxable  
25 state and municipal bond interest and excluding nontaxable interest income or



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

12

(END)

D - No fl

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

LRB-1822/1dn

JK: *kgf*

*Date*

Please review this draft carefully to ensure that it is consistent with your intent. I removed some of the language that I thought was redundant or superfluous.

Joseph T. Kreye  
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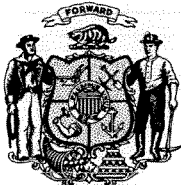
**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-1822/1dn  
JK:kjf:rs

February 2, 2007

Please review this draft carefully to ensure that it is consistent with your intent. I removed some of the language that I thought was redundant or superfluous.

Joseph T. Kreye  
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State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-1822/1

JK:kjf:rs

RMR

DOA:.....Palchik, BB0435 - Dairy investment tax credit

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

in 2-5-07  
DN

Don + Gen

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**TAXATION**

**INCOME TAXATION**

This bill creates income and franchise tax credits for amounts paid to modernize or expand a dairy manufacturing operation. The bill defines "dairy manufacturing" as processing milk into dairy products or processing dairy products for sale commercially.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the 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:*

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

3 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
4 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3p), (3s), (3t), (3w), (5b), (5d),

1 and (5e), (5f), and (5h) 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).

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

5 71.07 (3p) DAIRY MANUFACTURING FACILITY INVESTMENT CREDIT. (a) *Definitions.*

6 In this subsection:

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

8 2. "Dairy manufacturing" means processing milk into dairy products or  
9 processing dairy products for sale commercially.

10 3. "Dairy manufacturing modernization or expansion" means constructing,  
11 improving, or acquiring buildings or facilities, or acquiring equipment, for dairy  
12 manufacturing, including the following, if used exclusively for dairy manufacturing  
13 and if acquired and placed in service in this state during taxable years that begin  
14 after December 31, 2006, and before January 1, 2015:

15 a. Building construction, including storage and warehouse facilities.

16 b. Building additions.

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

18 d. Milk intake and storage equipment.

19 e. Processing and manufacturing equipment, including pipes, motors, pumps,  
20 valves, pasteurizers, homogenizers, vats, evaporators, dryers, concentrators, and  
21 churns.

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

24 g. Warehouse equipment, including storage racks.

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 dairy  
5 manufacturing operation, including software and hardware related to logistics,  
6 inventory management, and production plant controls.

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

9 (b) *Filing claims.* Subject to the limitations provided in this subsection, for  
10 taxable years beginning after December 31, 2006, and before January 1, 2015, a  
11 claimant may claim as a credit against the taxes imposed under s. 71.02, up to the  
12 amount of the tax, an amount equal to 10 percent of the amount the claimant paid  
13 in the taxable year for dairy manufacturing modernization or expansion related to  
14 the claimant's dairy manufacturing operation.

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

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

20 3. 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 expenses under par. (b), except that the  
23 aggregate amount of credits that the entity may compute shall not exceed \$200,000.  
24 A partnership, limited liability company, or tax-option corporation shall compute  
25 the amount of credit that each of its partners, members, or shareholders may claim

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

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

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

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

11 71.10 (4) (ep) Dairy manufacturing facility investment credit under s. 71.07  
12 (3p).

13 **SECTION 4.** 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), (3p), (3s), (3t), (3w), (5b), (5e), (5f), (5g), and  
16 (5h) and passed through to partners shall be added to the partnership's income.

17 **SECTION 5.** 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  
23 under this paragraph at the time that the taxpayer first claimed the credit plus the  
24 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),  
25 (1ds), (1dx), (3g), (3n), (3p), (3t), (3w), (5b), (5e), (5f), (5g), and (5h) and not passed

1 through by a partnership, limited liability company, or tax-option corporation that  
2 has added that amount to the partnership's, limited liability company's, or  
3 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount  
4 of losses from the sale or other disposition of assets the gain from which would be  
5 wholly exempt income, as defined in sub. (3) (L), if the assets were sold or otherwise  
6 disposed of at a gain and minus deductions, as computed under the Internal Revenue  
7 Code as modified under sub. (3), plus or minus, as appropriate, an amount equal to  
8 the difference between the federal basis and Wisconsin basis of any asset sold,  
9 exchanged, abandoned, or otherwise disposed of in a taxable transaction during the  
10 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

11 **SECTION 6.** 71.28 (3p) of the statutes is created to read:

12 **71.28 (3p) DAIRY MANUFACTURING FACILITY INVESTMENT CREDIT.** (a) *Definitions.*

13 In this subsection:

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

15 2. "Dairy manufacturing" means processing milk into dairy products or  
16 processing dairy products for sale commercially.

17 3. "Dairy manufacturing modernization or expansion" means constructing,  
18 improving, or acquiring buildings or facilities, or acquiring equipment, for dairy  
19 manufacturing, including the following, if used exclusively for dairy manufacturing  
20 and if acquired and placed in service in this state during taxable years that begin  
21 after December 31, 2006, and before January 1, 2015:

22 a. Building construction, including storage and warehouse facilities.

23 b. Building additions.

24 c. Upgrades to utilities, including water, electric, heat, and waste facilities.

25 d. Milk intake and storage equipment.



1 e. Processing and manufacturing equipment, including pipes, motors, pumps,  
2 valves, pasteurizers, homogenizers, vats, evaporators, dryers, concentrators, and  
3 churns.

4 f. Packaging and handling equipment, including sealing, bagging, boxing,  
5 labeling, conveying, and product movement equipment.

6 g. Warehouse equipment, including storage racks.

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

10 i. Computer software and hardware used for managing the claimant's dairy  
11 manufacturing operation, including software and hardware related to logistics,  
12 inventory management, and production plant controls.

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

15 (b) *Filing claims.* Subject to the limitations provided in this subsection, for  
16 taxable years beginning after December 31, 2006, and before January 1, 2015, a  
17 claimant may claim as a credit against the taxes imposed under s. 71.23, up to the  
18 amount of the tax, an amount equal to 10 percent of the amount the claimant paid  
19 in the taxable year for dairy manufacturing modernization or expansion related to  
20 the claimant's dairy manufacturing operation.

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

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

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

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

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

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

17           71.30 (3) (dd) Dairy manufacturing facility investment credit under s. 71.28  
18 (3p).

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

20           ~~71.34 (1) (g) An addition shall be made for credits computed by a tax-option~~  
21 ~~corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),~~  
22 ~~(3n), (3p), (3t), (3w), (5b), (5e), (5f), (5g), and (5h) and passed through to shareholders.~~

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

24           ~~71.45 (2) (a) 10. By adding to federal taxable income the amount of credit~~  
25 ~~computed under s. 71.47 (1dd) to (1dx), (3n), (3p), (3w), (5b), (5e), (5f), (5g), and (5h)~~

1 and not passed through by a partnership, limited liability company, or tax-option  
2 corporation that has added that amount to the partnership's, limited liability  
3 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and  
4 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

5 **SECTION 10.** 71.47 (3p) of the statutes is created to read:

6 **71.47 (3p) DAIRY MANUFACTURING FACILITY INVESTMENT CREDIT.** (a) *Definitions.*

7 In this subsection:

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

9 2. "Dairy manufacturing" means processing milk into dairy products or  
10 processing dairy products for sale commercially.

11 3. "Dairy manufacturing modernization or expansion" means constructing,  
12 improving, or acquiring buildings or facilities, or acquiring equipment, for dairy  
13 manufacturing, including the following, if used exclusively for dairy manufacturing  
14 and if acquired and placed in service in this state during taxable years that begin  
15 after December 31, 2006, and before January 1, 2015:

16 a. Building construction, including storage and warehouse facilities.

17 b. Building additions.

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

19 d. Milk intake and storage equipment.

20 e. Processing and manufacturing equipment, including pipes, motors, pumps,  
21 valves, pasteurizers, homogenizers, vats, evaporators, dryers, concentrators, and  
22 churns.

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

25 g. Warehouse equipment, including storage racks.

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 dairy  
5 manufacturing operation, including software and hardware related to logistics,  
6 inventory management, and production plant controls.

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

9 (b) *Filing claims.* Subject to the limitations provided in this subsection, for  
10 taxable years beginning after December 31, 2006, and before January 1, 2015, a  
11 claimant may claim as a credit against the taxes imposed under s. 71.43, up to the  
12 amount of the tax, an amount equal to 10 percent of the amount the claimant paid  
13 in the taxable year for dairy manufacturing modernization or expansion related to  
14 the claimant's dairy manufacturing operation.

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

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

20 3. 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 expenses under par. (b), except that the  
23 aggregate amount of credits that the entity may compute shall not exceed \$200,000.  
24 A partnership, limited liability company, or tax-option corporation shall compute  
25 the amount of credit that each of its partners, members, or shareholders may claim

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

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

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

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

11 71.49 (1) (dd) Dairy manufacturing facility investment credit under s. 71.47  
12 (3p).

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), (3p), (3t), (3w), (5b), (5e),  
23 (5f), (5g), and (5h); 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.

4

(END)



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

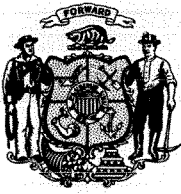
LRB-1822/2dn  
JK:kjf:rs

February 5, 2007

This draft reconciles LRB-1410/2 and LRB-1822/1. Both of these drafts should continue to appear in the compiled bill.

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State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-1822/2

JK:kjf:rs

DOA:.....Koskinen, BB0435 - Dairy investment tax credit

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

---

*Analysis by the Legislative Reference Bureau*

**TAXATION**

**INCOME TAXATION**

This bill creates income and franchise tax credits for amounts paid to modernize or expand a dairy manufacturing operation. The bill defines "dairy manufacturing" as processing milk into dairy products or processing dairy products for sale commercially.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the 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:*

2 SECTION 1. 71.07 (3p) of the statutes is created to read:

3 71.07 (3p) DAIRY MANUFACTURING FACILITY INVESTMENT CREDIT. (a) *Definitions.*

4 In this subsection:

- 1           1. "Claimant" means a person who files a claim under this subsection.
- 2           2. "Dairy manufacturing" means processing milk into dairy products or  
3 processing dairy products for sale commercially.
- 4           3. "Dairy manufacturing modernization or expansion" means constructing,  
5 improving, or acquiring buildings or facilities, or acquiring equipment, for dairy  
6 manufacturing, including the following, if used exclusively for dairy manufacturing  
7 and if acquired and placed in service in this state during taxable years that begin  
8 after December 31, 2006, and before January 1, 2015:
  - 9           a. Building construction, including storage and warehouse facilities.
  - 10           b. Building additions.
  - 11           c. Upgrades to utilities, including water, electric, heat, and waste facilities.
  - 12           d. Milk intake and storage equipment.
  - 13           e. Processing and manufacturing equipment, including pipes, motors, pumps,  
14 valves, pasteurizers, homogenizers, vats, evaporators, dryers, concentrators, and  
15 churns.
  - 16           f. Packaging and handling equipment, including sealing, bagging, boxing,  
17 labeling, conveying, and product movement equipment.
  - 18           g. Warehouse equipment, including storage racks.
  - 19           h. Waste treatment and waste management equipment, including tanks,  
20 blowers, separators, dryers, digesters, and equipment that uses waste to produce  
21 energy, fuel, or industrial products.
  - 22           i. Computer software and hardware used for managing the claimant's dairy  
23 manufacturing operation, including software and hardware related to logistics,  
24 inventory management, and production plant controls.

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

3           (b) *Filing claims.* Subject to the limitations provided in this subsection, for  
4 taxable years beginning after December 31, 2006, and before January 1, 2015, a  
5 claimant may claim as a credit against the taxes imposed under s. 71.02, up to the  
6 amount of the tax, an amount equal to 10 percent of the amount the claimant paid  
7 in the taxable year for dairy manufacturing modernization or expansion related to  
8 the claimant's dairy manufacturing operation.

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

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

14           3. 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 expenses under par. (b), except that the  
17 aggregate amount of credits that the entity may compute shall not exceed \$200,000.  
18 A partnership, limited liability company, or tax-option corporation shall compute  
19 the amount of credit that each of its partners, members, or shareholders may claim  
20 and shall provide that information to each of them. Partners, members of limited  
21 liability companies, and shareholders of tax-option corporations may claim the  
22 credit in proportion to their ownership interest.

23           4. If 2 or more persons own and operate the dairy manufacturing operation,  
24 each person may claim a credit under par. (b) in proportion to his or her ownership

1 interest, except that the aggregate amount of the credits claimed by all persons who  
2 own and operate the farm shall not exceed \$200,000.

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 2.** 71.10 (4) (ep) of the statutes is created to read:

6 71.10 (4) (ep) Dairy manufacturing facility investment credit under s. 71.07  
7 (3p).

8 **SECTION 3.** 71.28 (3p) of the statutes is created to read:

9 71.28 (3p) DAIRY MANUFACTURING FACILITY INVESTMENT CREDIT. (a) *Definitions.*  
10 In this subsection:

- 11 1. "Claimant" means a person who files a claim under this subsection.
- 12 2. "Dairy manufacturing" means processing milk into dairy products or  
13 processing dairy products for sale commercially.
- 14 3. "Dairy manufacturing modernization or expansion" means constructing,  
15 improving, or acquiring buildings or facilities, or acquiring equipment, for dairy  
16 manufacturing, including the following, if used exclusively for dairy manufacturing  
17 and if acquired and placed in service in this state during taxable years that begin  
18 after December 31, 2006, and before January 1, 2015:
  - 19 a. Building construction, including storage and warehouse facilities.
  - 20 b. Building additions.
  - 21 c. Upgrades to utilities, including water, electric, heat, and waste facilities.
  - 22 d. Milk intake and storage equipment.
  - 23 e. Processing and manufacturing equipment, including pipes, motors, pumps,  
24 valves, pasteurizers, homogenizers, vats, evaporators, dryers, concentrators, and  
25 churns.

1 f. Packaging and handling equipment, including sealing, bagging, boxing,  
2 labeling, conveying, and product movement equipment.

3 g. Warehouse equipment, including storage racks.

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

7 i. Computer software and hardware used for managing the claimant's dairy  
8 manufacturing operation, including software and hardware related to logistics,  
9 inventory management, and production plant controls.

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

12 (b) *Filing claims.* Subject to the limitations provided in this subsection, for  
13 taxable years beginning after December 31, 2006, and before January 1, 2015, a  
14 claimant may claim as a credit against the taxes imposed under s. 71.23, up to the  
15 amount of the tax, an amount equal to 10 percent of the amount the claimant paid  
16 in the taxable year for dairy manufacturing modernization or expansion related to  
17 the claimant's dairy manufacturing operation.

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

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

23 3. Partnerships, limited liability companies, and tax-option corporations may  
24 not claim the credit under this subsection, but the eligibility for, and the amount of,  
25 the credit are based on their payment of expenses under par. (b), except that the

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

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

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

13 **SECTION 4.** 71.30 (3) (dd) of the statutes is created to read:

14 71.30 (3) (dd) Dairy manufacturing facility investment credit under s. 71.28  
15 (3p).

16 **SECTION 5.** 71.47 (3p) of the statutes is created to read:

17 71.47 (3p) DAIRY MANUFACTURING FACILITY INVESTMENT CREDIT. (a) *Definitions.*

18 In this subsection:

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

20 2. "Dairy manufacturing" means processing milk into dairy products or  
21 processing dairy products for sale commercially.

22 3. "Dairy manufacturing modernization or expansion" means constructing,  
23 improving, or acquiring buildings or facilities, or acquiring equipment, for dairy  
24 manufacturing, including the following, if used exclusively for dairy manufacturing

1 and if acquired and placed in service in this state during taxable years that begin  
2 after December 31, 2006, and before January 1, 2015:

3 a. Building construction, including storage and warehouse facilities.

4 b. Building additions.

5 c. Upgrades to utilities, including water, electric, heat, and waste facilities.

6 d. Milk intake and storage equipment.

7 e. Processing and manufacturing equipment, including pipes, motors, pumps,  
8 valves, pasteurizers, homogenizers, vats, evaporators, dryers, concentrators, and  
9 churns.

10 f. Packaging and handling equipment, including sealing, bagging, boxing,  
11 labeling, conveying, and product movement equipment.

12 g. Warehouse equipment, including storage racks.

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

16 i. Computer software and hardware used for managing the claimant's dairy  
17 manufacturing operation, including software and hardware related to logistics,  
18 inventory management, and production plant controls.

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

21 (b) *Filing claims.* Subject to the limitations provided in this subsection, for  
22 taxable years beginning after December 31, 2006, and before January 1, 2015, a  
23 claimant may claim as a credit against the taxes imposed under s. 71.43, up to the  
24 amount of the tax, an amount equal to 10 percent of the amount the claimant paid

1 in the taxable year for dairy manufacturing modernization or expansion related to  
2 the claimant's dairy manufacturing operation.

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

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

8 3. 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 expenses under par. (b), except that the  
11 aggregate amount of credits that the entity may compute shall not exceed \$200,000.  
12 A partnership, limited liability company, or tax-option corporation shall compute  
13 the amount of credit that each of its partners, members, or shareholders may claim  
14 and shall provide that information to each of them. Partners, members of limited  
15 liability companies, and shareholders of tax-option corporations may claim the  
16 credit in proportion to their ownership interest.

17 4. If 2 or more persons own and operate the dairy manufacturing operation,  
18 each person may claim a credit under par. (b) in proportion to his or her ownership  
19 interest, except that the aggregate amount of the credits claimed by all persons who  
20 own and operate the farm shall not exceed \$200,000.

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

23 **SECTION 6.** 71.49 (1) (dd) of the statutes is created to read:



