2007 ASSEMBLY BILL 957

March 11, 2008 – Introduced by Representatives SHILLING and HUEBSCH, cosponsored by Senator KAPANKE. Referred to Committee on Ways and Means.

AN ACT to amend 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2) (a) 10. and 77.92 (4); and to create 71.07 (5r), 71.10 (4) (cr), 71.28 (5r), 71.30 (3) (cr), 71.47 (5r) and 71.49 (1) (cr) of the statutes; relating to: an income and franchise tax credit for certain nonprofit community theaters.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit for the property taxes paid on property owned by a nonprofit entity and operated as a community theater, if the property satisfies all of the following conditions:
1. It is used for the purposes for which the nonprofit entity is granted a federal income tax exemption.
2. It is located on land donated by a local business owner.
3. It is located on land that is within 20 miles of the Mississippi River.
4. It is located on a parcel of land that is at least one-fourth of an acre, but no larger than two acres.
5. It includes one or more theaters for the performing arts and the seating capacity of the theater or theaters is not less than 450 persons.
6. It includes facilities that are used for arts education.
ASSEMBLY BILL 957

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:

SECTION 1. 71.05 (6) (a) 15. of the statutes, as affected by 2007 Wisconsin Act 20, is amended to read:

71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (3g), (3h), (3n), (3p), (3s), (3t), (3w), (5e), (5f), (5h), (5i), (5j), and (5k), and (5r) and not passed through by a partnership, limited liability company, or tax−option corporation that has added that amount to the partnership's, company's, or tax−option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

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

71.07 (5r) NONPROFIT COMMUNITY THEATER CREDIT. (a) Definition. In this subsection, "claimant" means a person who files a claim under this subsection.

(b) Filing claims. Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.02 up to the amount of the tax, the amount of property taxes imposed under ch. 70 that the claimant paid in the taxable year on all property owned or leased by a corporation, organization, or association that is exempt from taxation under section 501 (c) (3) of the Internal Revenue Code, if the property satisfies the following conditions:

1. It is used for the purposes for which the exemption under section 501 (c) (3) of the Internal Revenue Code is granted to the corporation, organization, or association that owns or leases the property.

2. It is located on land donated by a local business owner.
3. It is located on land that is within 20 miles of the Mississippi River.

4. It is located on a parcel of land that is at least one-fourth of an acre, but no larger than 2 acres.

5. It includes one or more theaters for the performing arts that are operated by the corporation, organization, or association and the seating capacity of the theater or theaters is not less than 450 persons.

6. It includes facilities that are used for arts education.

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

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

SECTION 3. 71.10 (4) (cr) of the statutes is created to read:

71.10 (4) (cr) Nonprofit community theater credit under s. 71.07 (5r).

SECTION 4. 71.21 (4) of the statutes, as affected by 2007 Wisconsin Act 20, is amended to read:

71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3h), (3n), (3p), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), and (5k), and (5r) and passed through to partners shall be added to the partnership’s income.
SECTION 5. 71.26 (2) (a) of the statutes, as affected by 2007 Wisconsin Act 20, is amended to read:

71.26 (2) (a) Corporations in general. The “net income” of a corporation means the gross income as computed under the Internal Revenue Code as modified under sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c) 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income under this paragraph at the time that the taxpayer first claimed the credit plus the amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3g), (3h), (3n), (3p), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), and (5k), and (5r) and not passed through by a partnership, limited liability company, or tax−option corporation that has added that amount to the partnership’s, limited liability company’s, or tax−option corporation’s income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from the sale or other disposition of assets the gain from which would be wholly exempt income, as defined in sub. (3) (L), if the assets were sold or otherwise disposed of at a gain and minus deductions, as computed under the Internal Revenue Code as modified under sub. (3), plus or minus, as appropriate, an amount equal to the difference between the federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or otherwise disposed of in a taxable transaction during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

SECTION 6. 71.28 (5r) of the statutes is created to read:

71.28 (5r) NONPROFIT COMMUNITY THEATER CREDIT. (a) Definition. In this subsection, “claimant” means a person who files a claim under this subsection.

(b) Filing claims. Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.23 up to the
amount of the tax, the amount of property taxes imposed under ch. 70 that the
claimant paid in the taxable year on all property owned or leased by a corporation,
organization, or association that is exempt from taxation under section 501 (c) (3) of
the Internal Revenue Code, if the property satisfies the following conditions:

1. It is used for the purposes for which the exemption under section 501 (c) (3)
of the Internal Revenue Code is granted to the corporation, organization, or
association that owns or leases the property.

2. It is located on land donated by a local business owner.

3. It is located on land that is within 20 miles of the Mississippi River.

4. It is located on a parcel of land that is at least one-fourth of an acre, but no
larger than 2 acres.

5. It includes one or more theaters for the performing arts that are operated by
the corporation, organization, or association and the seating capacity of the theater
or theaters is not less than 450 persons.

6. It includes facilities that are used for arts education.

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

(d) Administration. Subsection (4) (e) to (h), as it applies to the credit under
sub. (4), applies to the credit under this subsection.
SECTION 7. 71.30 (3) (cr) of the statutes is created to read:

71.30 (3) (cr) Nonprofit community theater credit under s. 71.28 (5r).

SECTION 8. 71.34 (1) (g) of the statutes, as affected by 2007 Wisconsin Act 20, is amended to read:

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

SECTION 9. 71.45 (2) (a) 10. of the statutes, as affected by 2007 Wisconsin Act 20, is amended to read:

71.45 (2) (a) 10. By adding to federal taxable income the amount of credit computed under s. 71.47 (1dd) to (1dx), (3h), (3n), (3p), (3w), (5e), (5f), (5g), (5h), (5i), (5j), and (5r) and not passed through by a partnership, limited liability company, or tax–option corporation that has added that amount to the partnership’s, limited liability company’s, or tax–option corporation’s income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

SECTION 10. 71.47 (5r) of the statutes is created to read:

71.47 (5r) NONPROFIT COMMUNITY THEATER CREDIT. (a) Definition. In this subsection, “claimant” means a person who files a claim under this subsection.

(b) Filing claims. Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.43 up to the amount of the tax, the amount of property taxes imposed under ch. 70 that the claimant paid in the taxable year on all property owned or leased by a corporation,
organization, or association that is exempt from taxation under section 501 (c) (3) of the Internal Revenue Code, if the property satisfies the following conditions:

1. It is used for the purposes for which the exemption under section 501 (c) (3) of the Internal Revenue Code is granted to the corporation, organization, or association that owns or leases the property.

2. It is located on land donated by a local business owner.

3. It is located on land that is within 20 miles of the Mississippi River.

4. It is located on a parcel of land that is at least one-fourth of an acre, but no larger than 2 acres.

5. It includes one or more theaters for the performing arts that are operated by the corporation, organization, or association and the seating capacity of the theater or theaters is not less than 450 persons.

6. It includes facilities that are used for arts education.

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

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

SECTION 11. 71.49 (1) (cr) of the statutes is created to read:

71.49 (1) (cr) Nonprofit community theater credit under s. 71.47 (5r).
SECTION 12. 77.92 (4) of the statutes, as affected by 2007 Wisconsin Act 20, is amended to read:

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

SECTION 13. Initial applicability.

(1) This act first applies to taxable years beginning on January 1, 2008.