



## 2007 SENATE BILL 425

January 29, 2008 - Introduced by Senators VINEHOUT, HARS DORF, 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.

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### *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.

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*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.

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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)**