2007 SENATE BILL 425

January 29, 2008 – Introduced by Senators VINEHOUT, HARSDFOR, 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.

AN ACT to amend 71.08 (1) (intro.), 71.10 (4) (i), 71.30 (3) (f) and 71.49 (1) (f); and

to create 20.835 (2) (bd), 71.07 (3r), 71.28 (3r), 71.47 (3r) and 560.208 of the statutes; relating to: a meat processing facility investment income and franchise tax credit, granting rule-making authority, and making an appropriation.

Analysis by the Legislative Reference Bureau

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

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.835 (2) (bd) of the statutes is created to read:
20.835 (2) (bd) Meat processing facility investment credit. A sum sufficient to make the payments under ss. 71.07 (3r), 71.28 (3r), and 71.47 (3r).

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

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

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

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

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

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

   b. Building additions.

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

   d. Livestock intake and storage equipment.

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

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

   g. Warehouse equipment, including storage and curing racks.
h. Waste treatment and waste management equipment, including tanks, blowers, separators, dryers, digesters, and equipment that uses waste to produce energy, fuel, or industrial products.

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

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

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

(c) Limitations. 1. 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 as a deduction under section 162 of the Internal Revenue Code.

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

3. a. The maximum amount of the credits that may be claimed under this subsection and ss. 71.28 (3r) and 71.47 (3r) in fiscal year 2009-10 is $300,000, as allocated under s. 560.208.
b. The maximum amount of the credits that may be claimed under this subsection and ss. 71.28 (3r) and 71.47 (3r) in fiscal year 2010–11, and in each fiscal year thereafter, is $700,000, as allocated under s. 560.208.

4. 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 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.

5. If 2 or more persons own and operate the meat processing operation, 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 meat processing operation shall not exceed $200,000.

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

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

SECTION 3. 71.08 (1) (intro.) of the statutes, as affected by 2007 Wisconsin Act 20, is amended to read:
71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married couple filing jointly, trust, or estate under s. 71.02, not considering the credits under ss. 71.07 (1), (2dd), (2di), (2dj), (2dr), (2ds), (2fd), (3m), (3n), (3p), (3r), (3t), (3w), (5b), (5d), (5e), (6), (6e), and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), (3t), and (3w), and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), (3t), and (3w), and subchs. VIII and IX and payments to other states under s. 71.07 (7), is less than the tax under this section, there is imposed on that natural person, married couple filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

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

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

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

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

1. “Claimant” means a person who files a claim under this subsection.
2. “Meat processing” means processing livestock into meat products or processing meat products for sale commercially.

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

   a. Building construction, including livestock handling, product intake, storage, and warehouse facilities.
   b. Building additions.
   c. Upgrades to utilities, including water, electric, heat, refrigeration, freezing, and waste facilities.
   d. Livestock intake and storage equipment.
   e. Processing and manufacturing equipment, including cutting equipment, mixers, grinders, sausage stuffers, meat smokers, curing equipment, cooking equipment, pipes, motors, pumps, and valves.
   f. Packaging and handling equipment, including sealing, bagging, boxing, labeling, conveying, and product movement equipment.
   g. Warehouse equipment, including storage and curing racks.
   h. Waste treatment and waste management equipment, including tanks, blowers, separators, dryers, digesters, and equipment that uses waste to produce energy, fuel, or industrial products.
   i. Computer software and hardware used for managing the claimant’s meat processing operation, including software and hardware related to logistics,
inventory management, production plant controls, and temperature monitoring controls.

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

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

(c) Limitations. 1. 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 as a deduction under section 162 of the Internal Revenue Code.

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

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

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

4. 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 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.

5. If 2 or more persons own and operate the meat processing operation, 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 meat processing operation shall not exceed $200,000.

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

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

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

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

SECTION 7. 71.47 (3r) of the statutes is created to read:
71.47 (3r) MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) Definitions. In this subsection:

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

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

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

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

   b. Building additions.

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

   d. Livestock intake and storage equipment.

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

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

   g. Warehouse equipment, including storage and curing racks.

   h. Waste treatment and waste management equipment, including tanks, blowers, separators, dryers, digesters, and equipment that uses waste to produce energy, fuel, or industrial products.
i. Computer software and hardware used for managing the claimant’s meat
processing operation, including software and hardware related to logistics,
inventory management, production plant controls, and temperature monitoring
controls.

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

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

(c) Limitations. 1. 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 as a deduction under section 162 of the Internal Revenue Code.

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

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

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

4. 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 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.

5. If 2 or more persons own and operate the meat processing operation, 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 meat processing operation shall not exceed $200,000.

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

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

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

71.49 (1) (f) The total of farmers’ drought property tax credit under s. 71.47 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under s. 71.47 (2m), dairy manufacturing facility investment credit under s. 71.47 (3p), meat processing facility investment credit under s. 71.47 (3r), enterprise zone jobs
credit under s. 71.47 (3w), film production services credit under s. 71.47 (5f) (b) 2., and estimated tax payments under s. 71.48.

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

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

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

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

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

(END)