2007 SENATE BILL 459

February 5, 2008 – Introduced by Senators VINEHOUT, KAPANKE, OLSEN and HARSDORF, cosponsored by Representatives DAVIS, STEINBRINK, A. OTT, ALBERS, GRONEMUS, MURSAU, MUSser, TAUCHEN, SUDER, JORGENSEN, M. WILLIAMS, HAHN, GARTHWAITE, NERISON, PETROWSKI, BALLweg and VRUWINK. Referred to Committee on Agriculture and Higher Education.

AN ACT to amend 20.835 (2) (bn), 71.07 (3p) (a) 3. (intro.), 71.07 (3p) (b), 71.07 (3p) (c) 2m. b., 71.07 (3p) (c) 3., 71.07 (3p) (d) 2., 71.28 (3p) (a) 3. (intro.), 71.28 (3p) (b), 71.28 (3p) (c) 2m. b., 71.28 (3p) (c) 3., 71.28 (3p) (d) 2., 71.47 (3p) (a) 3. (intro.), 71.47 (3p) (b), 71.47 (3p) (c) 2m. b., 71.47 (3p) (c) 3., 71.47 (3p) (d) 2. and 560.207 (2); and to create 20.835 (2) (bp), 71.07 (3p) (a) 1m., 71.07 (3p) (c) 2m. b., 71.07 (3p) (c) 5., 71.07 (3p) (d) 3., 71.28 (3p) (a) 1m., 71.28 (3p) (c) 2m. b., 71.28 (3p) (c) 5., 71.28 (3p) (d) 3., 71.47 (3p) (a) 1m., 71.47 (3p) (c) 2m. b., 71.47 (3p) (c) 5. and 71.47 (3p) (d) 3. of the statutes; relating to: allowing dairy cooperatives to claim the dairy manufacturing facility investment credit and making an appropriation.

Analysis by the Legislative Reference Bureau

Under current law, a person may claim a credit against the person’s income or franchise tax liability that is equal to 10 percent of the amount that the person paid in the taxable year for dairy manufacturing modernization or expansion related to the claimant’s dairy manufacturing operation. If the amount of the credit exceeds the amount of the person’s tax liability, the person receives a refund. Under current
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law, dairy cooperatives are, generally, not subject to state income or franchise taxes and, therefore, are not eligible to claim the credit for dairy manufacturing modernization or expansion.

This bill allows the members of a dairy cooperative to claim the credit for the dairy manufacturing modernization or expansion expenses paid by the cooperative. The dairy cooperative determines the amount of the credit that each member may claim, based on the amount of milk each member delivers to the cooperative.

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) (bn) of the statutes, as created by 2007 Wisconsin Act 20, is amended to read:

20.835 (2) (bn) Dairy manufacturing facility investment credit. The amounts in the schedule to make the payments under ss. 71.07 (3p) (d) 2., 71.28 (3p) (d) 2., and 71.47 (3p) (d) 2.

SECTION 2. 20.835 (2) (bp) of the statutes is created to read:

20.835 (2) (bp) Dairy manufacturing facility investment credit; dairy cooperatives. A sum sufficient to make the payments under ss. 71.07 (3p) (d) 3., 71.28 (3p) (d) 3., and 71.47 (3p) (d) 3.

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

71.07 (3p) (a) 1m. “Dairy cooperative” means a business organized under ch. 185 or 193 for the purpose of obtaining or processing milk.

SECTION 4. 71.07 (3p) (a) 3. (intro.) of the statutes, as created by 2007 Wisconsin Act 20, is amended to read:

71.07 (3p) (a) 3. (intro.) “Dairy manufacturing modernization or expansion” means constructing, improving, or acquiring buildings or facilities, or acquiring equipment, for dairy manufacturing, including the following, if used exclusively for
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Section 4. Dairy manufacturing and if acquired and placed in service in this state during taxable years that begin after December 31, 2006, and before January 1, 2015, or, in the case of dairy cooperatives, if acquired and placed in service in this state during taxable years that begin after December 31, 2008, and before January 1, 2017:

Section 5. 71.07 (3p) (b) of the statutes, as created by 2007 Wisconsin Act 20, is amended to read:

71.07 (3p) (b) Filing claims. Subject to the limitations provided in this subsection and s. 560.207, except as provided in par. (c) 5., for taxable years beginning after December 31, 2006, and before January 1, 2015, 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 dairy manufacturing modernization or expansion related to the claimant’s dairy manufacturing operation.

Section 6. 71.07 (3p) (c) 2m. b. of the statutes, as created by 2007 Wisconsin Act 20, is amended to read:

71.07 (3p) (c) 2m. b. The maximum amount of the credits that may be claimed by all claimants, other than members of dairy cooperatives, under this subsection and ss. 71.28 (3p) and 71.47 (3p) in fiscal year 2008–09, and in each fiscal year thereafter, is $700,000, as allocated under s. 560.207.

Section 7. 71.07 (3p) (c) 2m. bm. of the statutes is created to read:

71.07 (3p) (c) 2m. bm. The maximum amount of the credits that may be claimed by members of dairy cooperatives under this subsection and ss. 71.28 (3p) and 71.47 (3p) in fiscal year 2009–10 is $600,000, as allocated under s. 560.207, and the maximum amount of the credits that may be claimed by members of dairy cooperatives under this subsection and ss. 71.28 (3p) and 71.47 (3p) in fiscal year
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2010-11, and in each fiscal year thereafter, is $700,000, as allocated under s. 560.207.

SECTION 8. 71.07 (3p) (c) 3. of the statutes, as created by 2007 Wisconsin Act 20, is amended to read:

71.07 (3p) (c) 3. Partnerships, limited liability companies, and tax-option corporations, and dairy cooperatives 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 for each of the entity's dairy manufacturing facilities. A partnership, limited liability company, or tax-option corporation, or dairy cooperative 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. Members of a dairy cooperative may claim the credit in proportion to the amount of milk that each member delivers to the dairy cooperative, as determined by the dairy cooperative.

SECTION 9. 71.07 (3p) (c) 5. of the statutes is created to read:

71.07 (3p) (c) 5. A claimant who is a member of a dairy cooperative may claim the credit, based on amounts described under par. (b) that are paid by the dairy cooperative, for taxable years beginning after December 31, 2008, and before January 1, 2017.

SECTION 10. 71.07 (3p) (d) 2. of the statutes, as created by 2007 Wisconsin Act 20, is amended to read:
71.07 (3p) (d) 2. If Except as provided in subd. 3., if the allowable amount of
the claim under par. (b) exceeds the tax otherwise due under s. 71.02 or 71.08 or no
tax is 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) (bn).

SECTION 11. 71.07 (3p) (d) 3. of the statutes is created to read:

71.07 (3p) (d) 3. With regard to claims that are based on amounts described
under par. (b) that are paid by a dairy cooperative, 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) (bp).

SECTION 12. 71.28 (3p) (a) 1m. of the statutes is created to read:

71.28 (3p) (a) 1m. “Dairy cooperative” means a business organized under ch.
185 or 193 for the purpose of obtaining or processing milk.

SECTION 13. 71.28 (3p) (a) 3. (intro.) of the statutes, as created by 2007
Wisconsin Act 20, is amended to read:

71.28 (3p) (a) 3. (intro.) “Dairy manufacturing modernization or expansion”
means constructing, improving, or acquiring buildings or facilities, or acquiring
equipment, for dairy manufacturing, including the following, if used exclusively for
dairy manufacturing and if acquired and placed in service in this state during
taxable years that begin after December 31, 2006, and before January 1, 2015, or, in
the case of dairy cooperatives, if acquired and placed in service in this state during
taxable years that begin after December 31, 2008, and before January 1, 2017:
SECTION 14. 71.28 (3p) (b) of the statutes, as created by 2007 Wisconsin Act 20, is amended to read:

71.28 (3p) (b) **Filing claims.** Subject to the limitations provided in this subsection and s. 560.207, except as provided in par. (c) 5., for taxable years beginning after December 31, 2006, and before January 1, 2015, 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 dairy manufacturing modernization or expansion related to the claimant’s dairy manufacturing operation.

SECTION 15. 71.28 (3p) (c) 2m. b. of the statutes, as created by 2007 Wisconsin Act 20, is amended to read:

71.28 (3p) (c) 2m. b. The maximum amount of the credits that may be claimed by all claimants, other than members of dairy cooperatives, under this subsection and ss. 71.07 (3p) and 71.47 (3p) in fiscal year 2008–09, and in each fiscal year thereafter, is $700,000, as allocated under s. 560.207.

SECTION 16. 71.28 (3p) (c) 2m. bm. of the statutes is created to read:

71.28 (3p) (c) 2m. bm. The maximum amount of the credits that may be claimed by members of dairy cooperatives under this subsection and ss. 71.07 (3p) and 71.47 (3p) in fiscal year 2009–10 is $600,000, as allocated under s. 560.207, and the maximum amount of the credits that may be claimed by members of dairy cooperatives under this subsection and ss. 71.07 (3p) and 71.47 (3p) in fiscal year 2010–11, and in each fiscal year thereafter, is $700,000, as allocated under s. 560.207.

SECTION 17. 71.28 (3p) (c) 3. of the statutes, as created by 2007 Wisconsin Act 20, is amended to read:
71.28 (3p) (c) 3. Partnerships, limited liability companies, and tax-option corporations, and dairy cooperatives 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 for each of the entity's dairy manufacturing facilities. A partnership, limited liability company, or tax-option corporation, or dairy cooperative 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. Members of a dairy cooperative may claim the credit in proportion to the amount of milk that each member delivers to the dairy cooperative, as determined by the dairy cooperative.

SECTION 18. 71.28 (3p) (c) 5. of the statutes is created to read:

71.28 (3p) (c) 5. A claimant who is a member of a dairy cooperative may claim the credit, based on amounts described under par. (b) that are paid by the dairy cooperative, for taxable years beginning after December 31, 2008, and before January 1, 2017.

SECTION 19. 71.28 (3p) (d) 2. of the statutes, as created by 2007 Wisconsin Act 20, is amended to read:

71.28 (3p) (d) 2. If Except as provided in subd. 3., if the allowable amount of the claim under par. (b) exceeds the tax otherwise due under s. 71.23 or no tax is 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) (bn).

**SECTION 20.** 71.28 (3p) (d) 3. of the statutes is created to read:

71.28 (3p) (d) 3. With regard to claims that are based on amounts described under par. (b) that are paid by a dairy cooperative, 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) (bp).

**SECTION 21.** 71.47 (3p) (a) 1m. of the statutes is created to read:

71.47 (3p) (a) 1m. “Dairy cooperative” means a business organized under ch. 185 or 193 for the purpose of obtaining or processing milk.

**SECTION 22.** 71.47 (3p) (a) 3. (intro.) of the statutes, as created by 2007 Wisconsin Act 20, is amended to read:

71.47 (3p) (a) 3. (intro.) “Dairy manufacturing modernization or expansion” means constructing, improving, or acquiring buildings or facilities, or acquiring equipment, for dairy manufacturing, including the following, if used exclusively for dairy manufacturing and if acquired and placed in service in this state during taxable years that begin after December 31, 2006, and before January 1, 2015, or, in the case of dairy cooperatives, if acquired and placed in service in this state during taxable years that begin after December 31, 2008, and before January 1, 2017:

**SECTION 23.** 71.47 (3p) (b) of the statutes, as created by 2007 Wisconsin Act 20, is amended to read:

71.47 (3p) (b) *Filing claims.* Subject to the limitations provided in this subsection and s. 560.207, except as provided in par. (c) 5., for taxable years
beginning after December 31, 2006, and before January 1, 2015, 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 dairy manufacturing modernization or expansion related to the claimant’s dairy manufacturing operation.

**SECTION 24.** 71.47 (3p) (c) 2m. b. of the statutes, as created by 2007 Wisconsin Act 20, is amended to read:

71.47 (3p) (c) 2m. b. The maximum amount of the credits that may be claimed by all claimants, other than members of dairy cooperatives, under this subsection and ss. 71.07 (3p) and 71.28 (3p) in fiscal year 2008–09, and in each fiscal year thereafter, is $700,000, as allocated under s. 560.207.

**SECTION 25.** 71.47 (3p) (c) 2m. bm. of the statutes is created to read:

71.47 (3p) (c) 2m. bm. The maximum amount of the credits that may be claimed by members of dairy cooperatives under this subsection and ss. 71.07 (3p) and 71.28 (3p) in fiscal year 2009–10 is $600,000, as allocated under s. 560.207, and the maximum amount of the credits that may be claimed by members of dairy cooperatives under this subsection and ss. 71.07 (3p) and 71.28 (3p) in fiscal year 2010–11, and in each fiscal year thereafter, is $700,000, as allocated under s. 560.207.

**SECTION 26.** 71.47 (3p) (c) 3. of the statutes, as created by 2007 Wisconsin Act 20, is amended to read:

71.47 (3p) (c) 3. Partnerships, limited liability companies, and tax-option corporations, and dairy cooperatives 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 for each of the entity’s dairy manufacturing facilities. A partnership, limited liability company, or tax-option corporation, or dairy cooperative 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. Members of a dairy cooperative may claim the credit in proportion to the amount of milk that each member delivers to the dairy cooperative, as determined by the dairy cooperative.

**SECTION 27.** 71.47 (3p) (c) 5. of the statutes is created to read:

71.47 (3p) (c) 5. A claimant who is a member of a dairy cooperative may claim the credit, based on amounts described under par. (b) that are paid by the dairy cooperative, for taxable years beginning after December 31, 2008, and before January 1, 2017.

**SECTION 28.** 71.47 (3p) (d) 2. of the statutes, as created by 2007 Wisconsin Act 20, is amended to read:

71.47 (3p) (d) 2. If except as provided in subd. 3., if the allowable amount of the claim under par. (b) exceeds the tax otherwise due under s. 71.43 or no tax is 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) (bn).

**SECTION 29.** 71.47 (3p) (d) 3. of the statutes is created to read:

71.47 (3p) (d) 3. With regard to claims that are based on amounts described under par. (b) that are paid by a dairy cooperative, 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) (bp).

SECTION 30. 560.207 (2) of the statutes, as created by 2007 Wisconsin Act 20,
is amended to read:

560.207 (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 dairy manufacturing facility investment credits
allocated to taxpayers in fiscal year 2007–08 may not exceed $600,000 and the total
amount of dairy manufacturing facility investment credits allocated to taxpayers
who are not members of dairy cooperatives in fiscal year 2008–09, and in each fiscal
year thereafter, may not exceed $700,000. The total amount of dairy manufacturing
facility investment credits allocated to taxpayers who are members of dairy
cooperatives in fiscal year 2009–10 may not exceed $600,000 and the total amount
of dairy manufacturing facility investment credits allocated to taxpayers who are
members of dairy cooperatives in fiscal year 2010–11, and in each fiscal year
thereafter, may not exceed $700,000.

(END)