2007 SENATE BILL 94


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 (5i), 71.10 (4) (gxx), 71.28 (5i), 71.30 (3) (epa), 71.47 (5i) and 71.49 (1) (gxx) of the statutes; relating to: an income and franchise credit for property taxes paid on restaurant kitchen machinery and equipment.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit in an amount that is equal to the amount of property taxes that a taxpayer paid in the taxable year on machinery and equipment, including refrigerators and other storage equipment, used primarily in the operation of a restaurant’s kitchen to prepare or serve food or beverages. Under the bill, a restaurant includes pizza delivery establishments, snack bars, beverage bars, takeout food shops, and mobile food services, including mobile snack stands, mobile canteens, and ice cream vendors.

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 is amended to read:
71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
(2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5d), and
(5e), (5f), and (5h), and (5i) 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 (5i) of the statutes is created to read:

71.07 (5i) RESTAURANT KITCHEN EQUIPMENT CREDIT. (a) Definitions. In this
subsection:

1. “Claimant” means a person who files a claim under this subsection.
2. “Machinery” has the meaning given in s. 70.11 (27) (a) 2.
3. “Restaurant” includes pizza delivery establishments, snack bars, beverage
bars, takeout food shops, and mobile food services, including mobile snack stands,
mobile canteens, and ice cream vendors.

(b) Filing claims. Subject to the limitations provided in this subsection, a
claimant may claim as a credit against the taxes imposed under s. 71.02, up to the
amount of those taxes, an amount that is equal to the taxes imposed under ch. 70 that
the claimant paid in the taxable year on machinery and equipment, including
refrigerators and other storage equipment, used primarily in the operation of a
restaurant’s kitchen to prepare or serve food or beverages.

(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) (gxx) of the statutes is created to read:

71.10 (4) (gxx) Restaurant kitchen equipment credit under s. 71.07 (5i).

SECTION 4. 71.21 (4) of the statutes 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), (3n), (3s), (3t), (3w), (5b), (5e), (5f), (5g), and (5h),
and (5i) and passed through to partners shall be added to the partnership's income.

SECTION 5. 71.26 (2) (a) of the statutes 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), (3n), (3t), (3w), (5b), (5e), (5f), (5g), and (5h), and (5i) 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 (5i) of the statutes is created to read:

71.28 (5i) RESTAURANT KITCHEN EQUIPMENT CREDIT. (a) Definitions. In this
subsection:

1. “Claimant” means a person who files a claim under this subsection.
2. “Machinery” has the meaning given in s. 70.11 (27) (a) 2.
3. “Restaurant” includes pizza delivery establishments, snack bars, beverage
bars, takeout food shops, and mobile food services, including mobile snack stands,
mobile canteens, and ice cream vendors.

(b) Filing claims. Subject to the limitations provided in this subsection, a
claimant may claim as a credit against the taxes imposed under s. 71.23, up to the
amount of those taxes, an amount that is equal to the taxes imposed under ch. 70 that
the claimant paid in the taxable year on machinery and equipment, including
refrigerators and other storage equipment, used primarily in the operation of a
restaurant’s kitchen to prepare or serve food or beverages.

(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) (epa) of the statutes is created to read:

71.30 (3) (epa) Restaurant kitchen equipment credit under s. 71.28 (5i).

SECTION 8. 71.34 (1) (g) of the statutes 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), (1dx), (3), (3g), (3n), (3t), (3w), (5b), (5e), (5f), (5g), and (5h), and (5i) and passed through to shareholders.

SECTION 9. 71.45 (2) (a) 10. of the statutes 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), (3n), (3w), (5b), (5e), (5f), (5g), and (5i) 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 (5i) of the statutes is created to read:

71.47 (5i) RESTAURANT KITCHEN EQUIPMENT CREDIT. (a) Definitions. In this subsection:

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

2. “Machinery” has the meaning given in s. 70.11 (27) (a) 2.
3. “Restaurant” includes pizza delivery establishments, snack bars, beverage bars, takeout food shops, and mobile food services, including mobile snack stands, mobile canteens, and ice cream vendors.

(b) Filing claims. Subject to the limitations provided in this subsection, a claimant may claim as a credit against the taxes imposed under s. 71.43, up to the amount of those taxes, an amount that is equal to the taxes imposed under ch. 70 that the claimant paid in the taxable year on machinery and equipment, including refrigerators and other storage equipment, used primarily in the operation of a restaurant’s kitchen to prepare or serve food or beverages.

(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) (gxx) of the statutes is created to read:

71.49 (1) (gxx) Restaurant kitchen equipment credit under s. 71.47 (5i).

SECTION 12. 77.92 (4) of the statutes 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), (3s), (3n), (3t), (3w), (5b), (5e), (5f), (5g), and (5h), and (5i); 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.