

2009 ASSEMBLY BILL 12

January 29, 2009 – Introduced by Representatives A. OTT, BALLWEG, BROOKS, GUNDERSON, JORGENSEN, KERKMAN, KESTELL, MOLEPSKE, PETROWSKI, RADCLIFFE, RIPP, ROTH, SPANBAUER, STRACHOTA, TAUCHEN, TOWNSEND and STEINBRINK, cosponsored by Senators KAPANKE, HARSDORF, HOPPER, KANAVAS, A. LASEE, SCHULTZ and PLALE. Referred to Committee on Agriculture.

1 **AN ACT** *to amend* 71.05 (6) (a) 15., 71.08 (1) (intro.), 71.10 (4) (i), 71.21 (4), 71.26
2 (2) (a) 4., 71.30 (3) (f), 71.34 (1k) (g), 71.45 (2) (a) 10., 71.49 (1) (f) and 77.92 (4);
3 and *to create* 20.835 (2) (bd), 71.07 (3r), 71.28 (3r), 71.47 (3r) and 560.208 of
4 the statutes; **relating to:** a meat processing facility investment income and
5 franchise tax credit, granting rule-making authority, and making an
6 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:

ASSEMBLY BILL 12**SECTION 1**

1 **SECTION 1.** 20.835 (2) (bd) of the statutes is created to read:

2 20.835 **(2)** (bd) *Meat processing facility investment credit.* A sum sufficient to
3 make the payments under ss. 71.07 (3r), 71.28 (3r), and 71.47 (3r).

4 **SECTION 2.** 71.05 (6) (a) 15. of the statutes is amended to read:

5 71.05 **(6)** (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
6 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3h), (3n), (3p), (3r), (3s), (3t), (3w),
7 (5e), (5f), (5h), (5i), (5j), and (5k) and not passed through by a partnership, limited
8 liability company, or tax-option corporation that has added that amount to the
9 partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or
10 71.34 (1k) (g).

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

12 71.07 **(3r)** MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions.* In this
13 subsection:

14 1. "Claimant" means a person who files a claim under this subsection.

15 2. "Meat processing" means processing livestock into meat products or
16 processing meat products for sale commercially.

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

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

24 b. Building additions.

ASSEMBLY BILL 12

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

3 d. Livestock intake and storage equipment.

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

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

9 g. Warehouse equipment, including storage and curing racks.

10 h. Waste treatment and waste management equipment, including tanks,
11 blowers, separators, dryers, digesters, and equipment that uses waste to produce
12 energy, fuel, or industrial products.

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

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

19 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
20 560.208, for taxable years beginning after December 31, 2008, and before January
21 1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.02
22 or 71.08, up to the amount of the tax, an amount equal to 10 percent of the amount
23 the claimant paid in the taxable year for meat processing modernization or
24 expansion related to the claimant's meat processing operation.

ASSEMBLY BILL 12**SECTION 3**

1 (c) *Limitations.* 1. No credit may be allowed under this subsection for any
2 amount that the claimant paid for expenses described under par. (b) that the
3 claimant also claimed as a deduction under section 162 of the Internal Revenue Code.

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

6 3. a. The maximum amount of the credits that may be claimed under this
7 subsection and ss. 71.28 (3r) and 71.47 (3r) in fiscal year 2009–10 is \$300,000, as
8 allocated under s. 560.208.

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

12 4. Partnerships, limited liability companies, and tax–option corporations may
13 not claim the credit under this subsection, but the eligibility for, and the amount of,
14 the credit are based on their payment of expenses under par. (b), except that the
15 aggregate amount of credits that the entity may compute shall not exceed \$200,000.
16 A partnership, limited liability company, or tax–option corporation shall compute
17 the amount of credit that each of its partners, members, or shareholders may claim
18 and shall provide that information to each of them. Partners, members of limited
19 liability companies, and shareholders of tax–option corporations may claim the
20 credit in proportion to their ownership interest.

21 5. If 2 or more persons own and operate the meat processing operation, each
22 person may claim a credit under par. (b) in proportion to his or her ownership
23 interest, except that the aggregate amount of the credits claimed by all persons who
24 own and operate the meat processing operation shall not exceed \$200,000.

ASSEMBLY BILL 12

1 6. No credit may be allowed under this subsection unless the claimant submits
2 with the claimant's return a copy of the claimant's credit certification and allocation
3 under s. 560.208.

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

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

11 **SECTION 4.** 71.08 (1) (intro.) of the statutes is amended to read:

12 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
13 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
14 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3n), (3p),
15 (3r), (3s), (3t), (3w), (5b), (5d), (5e), (5f), (6), (6e), and (9e), 71.28 (1dd), (1de), (1di),
16 (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), (3t), and (3w), and 71.47 (1dd), (1de),
17 (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), (3t), and (3w), and subchs. VIII
18 and IX and payments to other states under s. 71.07 (7), is less than the tax under this
19 section, there is imposed on that natural person, married couple filing jointly, trust
20 or estate, instead of the tax under s. 71.02, an alternative minimum tax computed
21 as follows:

22 **SECTION 5.** 71.10 (4) (i) of the statutes is amended to read:

23 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
24 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
25 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.

ASSEMBLY BILL 12**SECTION 5**

1 71.07 (2fd), dairy manufacturing facility investment credit under s. 71.07 (3p), meat
2 processing facility investment credit under s. 71.07 (3r), film production services
3 credit under s. 71.07 (5f) (b) 2., veterans and surviving spouses property tax credit
4 under s. 71.07 (6e), enterprise zone jobs credit under s. 71.07 (3w), earned income tax
5 credit under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld
6 under subch. X.

7 **SECTION 6.** 71.21 (4) of the statutes is amended to read:

8 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
9 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3h), (3n), (3p), (3r), (3s), (3t), (3w), (5e), (5f), (5g),
10 (5h), (5i), (5j), and (5k) and passed through to partners shall be added to the
11 partnership's income.

12 **SECTION 7.** 71.26 (2) (a) 4. of the statutes is amended to read:

13 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
14 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3g), (3h), (3n), (3p), (3r), (3t), (3w), (5e),
15 (5f), (5g), (5h), (5i), (5j), and (5k) and not passed through by a partnership, limited
16 liability company, or tax-option corporation that has added that amount to the
17 partnership's, limited liability company's, or tax-option corporation's income under
18 s. 71.21 (4) or 71.34 (1k) (g).

19 **SECTION 8.** 71.28 (3r) of the statutes is created to read:

20 71.28 (3r) MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions.* In this
21 subsection:

22 1. "Claimant" means a person who files a claim under this subsection.

23 2. "Meat processing" means processing livestock into meat products or
24 processing meat products for sale commercially.

ASSEMBLY BILL 12

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

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

8 b. Building additions.

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

11 d. Livestock intake and storage equipment.

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

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

17 g. Warehouse equipment, including storage and curing racks.

18 h. Waste treatment and waste management equipment, including tanks,
19 blowers, separators, dryers, digesters, and equipment that uses waste to produce
20 energy, fuel, or industrial products.

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

ASSEMBLY BILL 12**SECTION 8**

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

3 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
4 560.208, for taxable years beginning after December 31, 2008, and before January
5 1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.23,
6 up to the amount of the tax, an amount equal to 10 percent of the amount the
7 claimant paid in the taxable year for meat processing modernization or expansion
8 related to the claimant’s meat processing operation.

9 (c) *Limitations.* 1. No credit may be allowed under this subsection for any
10 amount that the claimant paid for expenses described under par. (b) that the
11 claimant also claimed as a deduction under section 162 of the Internal Revenue Code.

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

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

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

20 4. Partnerships, limited liability companies, and tax–option corporations may
21 not claim the credit under this subsection, but the eligibility for, and the amount of,
22 the credit are based on their payment of expenses under par. (b), except that the
23 aggregate amount of credits that the entity may compute shall not exceed \$200,000.
24 A partnership, limited liability company, or tax–option corporation shall compute
25 the amount of credit that each of its partners, members, or shareholders may claim

ASSEMBLY BILL 12

1 and shall provide that information to each of them. Partners, members of limited
2 liability companies, and shareholders of tax-option corporations may claim the
3 credit in proportion to their ownership interest.

4 5. If 2 or more persons own and operate the meat processing operation, each
5 person may claim a credit under par. (b) in proportion to his or her ownership
6 interest, except that the aggregate amount of the credits claimed by all persons who
7 own and operate the meat processing operation shall not exceed \$200,000.

8 6. No credit may be allowed under this subsection unless the claimant submits
9 with the claimant's return a copy of the claimant's credit certification and allocation
10 under s. 560.208.

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

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

18 **SECTION 9.** 71.30 (3) (f) of the statutes 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 10.** 71.34 (1k) (g) of the statutes is amended to read:

ASSEMBLY BILL 12**SECTION 10**

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

5 **SECTION 11.** 71.45 (2) (a) 10. of the statutes is amended to read:

6 71.45 **(2)** (a) 10. By adding to federal taxable income the amount of credit
7 computed under s. 71.47 (1dd) to (1dx), (3h), (3n), (3p), (3r), (3w), (5e), (5f), (5g), (5h),
8 (5i), (5j), and (5k) and not passed through by a partnership, limited liability company,
9 or tax-option corporation that has added that amount to the partnership's, limited
10 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)
11 (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

12 **SECTION 12.** 71.47 (3r) of the statutes is created to read:

13 71.47 **(3r)** MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions.* In this
14 subsection:

15 1. "Claimant" means a person who files a claim under this subsection.

16 2. "Meat processing" means processing livestock into meat products or
17 processing meat products for sale commercially.

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

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

25 b. Building additions.

ASSEMBLY BILL 12

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

3 d. Livestock intake and storage equipment.

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

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

9 g. Warehouse equipment, including storage and curing racks.

10 h. Waste treatment and waste management equipment, including tanks,
11 blowers, separators, dryers, digesters, and equipment that uses waste to produce
12 energy, fuel, or industrial products.

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

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

19 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
20 560.208, for taxable years beginning after December 31, 2008, and before January
21 1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.43,
22 up to the amount of the tax, an amount equal to 10 percent of the amount the
23 claimant paid in the taxable year for meat processing modernization or expansion
24 related to the claimant's meat processing operation.

ASSEMBLY BILL 12**SECTION 12**

1 (c) *Limitations.* 1. No credit may be allowed under this subsection for any
2 amount that the claimant paid for expenses described under par. (b) that the
3 claimant also claimed as a deduction under section 162 of the Internal Revenue Code.

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

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

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

12 4. Partnerships, limited liability companies, and tax–option corporations may
13 not claim the credit under this subsection, but the eligibility for, and the amount of,
14 the credit are based on their payment of expenses under par. (b), except that the
15 aggregate amount of credits that the entity may compute shall not exceed \$200,000.
16 A partnership, limited liability company, or tax–option corporation shall compute
17 the amount of credit that each of its partners, members, or shareholders may claim
18 and shall provide that information to each of them. Partners, members of limited
19 liability companies, and shareholders of tax–option corporations may claim the
20 credit in proportion to their ownership interest.

21 5. If 2 or more persons own and operate the meat processing operation, each
22 person may claim a credit under par. (b) in proportion to his or her ownership
23 interest, except that the aggregate amount of the credits claimed by all persons who
24 own and operate the meat processing operation shall not exceed \$200,000.

ASSEMBLY BILL 12

1 6. No credit may be allowed under this subsection unless the claimant submits
2 with the claimant's return a copy of the claimant's credit certification and allocation
3 under s. 560.208.

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

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

11 **SECTION 13.** 71.49 (1) (f) of the statutes is amended to read:

12 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
13 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
14 s. 71.47 (2m), dairy manufacturing facility investment credit under s. 71.47 (3p),
15 meat processing facility investment credit under s. 71.47 (3r), enterprise zone jobs
16 credit under s. 71.47 (3w), film production services credit under s. 71.47 (5f) (b) 2.,
17 and estimated tax payments under s. 71.48.

18 **SECTION 14.** 77.92 (4) of the statutes is amended to read:

19 77.92 (4) "Net business income," with respect to a partnership, means taxable
20 income as calculated under section 703 of the Internal Revenue Code; plus the items
21 of income and gain under section 702 of the Internal Revenue Code, including taxable
22 state and municipal bond interest and excluding nontaxable interest income or
23 dividend income from federal government obligations; minus the items of loss and
24 deduction under section 702 of the Internal Revenue Code, except items that are not
25 deductible under s. 71.21; plus guaranteed payments to partners under section 707

ASSEMBLY BILL 12**SECTION 14**

1 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
2 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3h), (3s), (3n), (3p), (3r), (3t), (3w),
3 (5e), (5f), (5g), (5h), (5i), (5j), and (5k); and plus or minus, as appropriate, transitional
4 adjustments, depreciation differences, and basis differences under s. 71.05 (13), (15),
5 (16), (17), and (19); but excluding income, gain, loss, and deductions from farming.
6 “Net business income,” with respect to a natural person, estate, or trust, means profit
7 from a trade or business for federal income tax purposes and includes net income
8 derived as an employee as defined in section 3121 (d) (3) of the Internal Revenue
9 Code.

10 **SECTION 15.** 560.208 of the statutes is created to read:

11 **560.208 Meat processing facility investment credit. (1)** The department
12 of commerce shall implement a program to certify taxpayers as eligible for the meat
13 processing facility investment credit under ss. 71.07 (3r), 71.28 (3r), and 71.47 (3r).

14 **(2)** If the department of commerce certifies a taxpayer under sub. (1), the
15 department of commerce shall determine the amount of credits to allocate to that
16 taxpayer. The total amount of meat processing facility investment credits allocated
17 to taxpayers in fiscal year 2009–10 may not exceed \$300,000 and the total amount
18 of meat processing facility investment credits allocated to taxpayers in fiscal year
19 2010–11, and in each fiscal year thereafter, may not exceed \$700,000.

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

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

25 **(END)**