



State of Wisconsin

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STEPHEN R. MILLER
CHIEF

February 9, 2009

MEMORANDUM

To: Representative Alvin Ott

From: Joseph T. Kreye, Sr. Legislative Attorney, (608) 266-2263

Subject: Technical Memorandum to **2009 AB 12** (LRB-0500/1) **by DOR**

We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

February 4, 2009

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Rebecca Boldt
Department of Revenue

SUBJECT: Technical Memorandum on AB 12 (LRB 0500/1)– Meat Processing Facility Investment Credit

The Department has the following technical concern with the above referenced bill:

Sections 71.07(3r)(c)3.a and 3.b., 71.28(3r)(c)3.a and 3.b, and 71.47(3r)(c)3.a and 3.b of the bill limit the amount of total credits that may be claimed in a fiscal year. Because of differences in due dates and filing times among taxpayers who may claim this credit, it is possible that the amount claimed may exceed the statutory limit in a given fiscal year.

For example, consider a taxpayer who is allocated a credit of \$10,000 by the Department of Commerce in May, 2010, which is in FY 2010. The taxpayer may be granted an extension to file their return and do so after July 1, 2010, in which case the credit would be claimed in FY 2011. If all of the taxpayers who are allocated credits by the Department of Commerce in FY 2011 also file their returns before July 1, 2011, then the total amount claimed in FY 2011 would be \$710,000, which would exceed the statutory limit. It is not clear from the draft what the Department should do in this case.

If the intent is to limit the annual fiscal effect of the bill, this could be accomplished by limiting the amount of credit that can be allocated by the Department of Commerce in a fiscal year as is done in the bill under s. 560.208. In addition, this limit is referenced in sections 71.07(3r)(b), 71.28(3r)(b), and 71.47(3r)(b). If the author wishes, sections 71.07(3r)(c)3.a and 3.b., 71.28(3r)(c)3.a and 3.b, and 71.47(3r)(c)3.a and 3.b of the bill could be eliminated while maintaining the limits on the fiscal effect. The actual fiscal effect may be slightly higher in one year depending on the timing of the filing of returns, but it would be offset in a following year by a slightly lower fiscal effect.

If you have any questions regarding this technical memorandum, please contact Michael Oakleaf at 261-5173 or via email at Michael.oakleaf@revenue.wi.gov.

cc: Rep. A. Ott