

## 2009 ASSEMBLY BILL 34

February 12, 2009 – Introduced by Representatives RIPP, DAVIS, A. OTT, SUDER, RHOADES, TAUCHEN, KNODL, VOS, BALLWEG, ROTH, GUNDERSON, NERISON, MURTHA, SPANBAUER, PETROWSKI, TOWNSEND, STRACHOTA, STONE, KESTELL, NYGREN, BROOKS, BIES, LEMAHIEU and KLEEFISCH, cosponsored by Senators HOPPER, ERPENBACH, HARSDFORF and SCHULTZ. Referred to Committee on Agriculture.

1     **AN ACT** *to amend* 20.835 (2) (bn), 71.07 (3p) (a) 3. (intro.), 71.07 (3p) (b), 71.07  
 2     (3p) (c) 2m. b., 71.07 (3p) (c) 3., 71.07 (3p) (d) 2., 71.28 (3p) (a) 3. (intro.), 71.28  
 3     (3p) (b), 71.28 (3p) (c) 2m. b., 71.28 (3p) (c) 3., 71.28 (3p) (d) 2., 71.47 (3p) (a) 3.  
 4     (intro.), 71.47 (3p) (b), 71.47 (3p) (c) 2m. b., 71.47 (3p) (c) 3., 71.47 (3p) (d) 2. and  
 5     560.207 (2); and *to create* 20.835 (2) (bp), 71.07 (3p) (a) 1m., 71.07 (3p) (c) 2m.  
 6     bm., 71.07 (3p) (c) 5., 71.07 (3p) (c) 6., 71.07 (3p) (d) 3., 71.28 (3p) (a) 1m., 71.28  
 7     (3p) (c) 2m. bm., 71.28 (3p) (c) 5., 71.28 (3p) (c) 6., 71.28 (3p) (d) 3., 71.47 (3p)  
 8     (a) 1m., 71.47 (3p) (c) 2m. bm., 71.47 (3p) (c) 5., 71.47 (3p) (c) 6. and 71.47 (3p)  
 9     (d) 3. of the statutes; **relating to:** allowing dairy cooperatives to claim the dairy  
 10     manufacturing facility investment credit and making an appropriation.

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### ***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.

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

1           **SECTION 1.** 20.835 (2) (bn) of the statutes is amended to read:

2           20.835 **(2)** (bn) *Dairy manufacturing facility investment credit.* The amounts  
3 in the schedule to make the payments under ss. 71.07 (3p) (d) 2., 71.28 (3p) (d) 2., and  
4 71.47 (3p) (d) 2.

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

6           20.835 **(2)** (bp) *Dairy manufacturing facility investment credit; dairy*  
7 *cooperatives.* A sum sufficient to make the payments under ss. 71.07 (3p) (d) 3., 71.28  
8 (3p) (d) 3., and 71.47 (3p) (d) 3.

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

10           71.07 **(3p)** (a) 1m. “Dairy cooperative” means a business organized under ch.  
11 185 or 193 for the purpose of obtaining or processing milk.

12           **SECTION 4.** 71.07 (3p) (a) 3. (intro.) of the statutes is amended to read:

13           71.07 **(3p)** (a) 3. (intro.) “Dairy manufacturing modernization or expansion”  
14 means constructing, improving, or acquiring buildings or facilities, or acquiring  
15 equipment, for dairy manufacturing, including the following, if used exclusively for  
16 dairy manufacturing and if acquired and placed in service in this state during  
17 taxable years that begin after December 31, 2006, and before January 1, 2015, or, in

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1 the case of dairy cooperatives, if acquired and placed in service in this state during  
2 taxable years that begin after December 31, 2008, and before January 1, 2017:

3 **SECTION 5.** 71.07 (3p) (b) of the statutes is amended to read:

4 71.07 **(3p)** (b) *Filing claims.* Subject to the limitations provided in this  
5 subsection and s. 560.207, except as provided in par. (c) 5., for taxable years  
6 beginning after December 31, 2006, and before January 1, 2015, a claimant may  
7 claim as a credit against the taxes imposed under s. 71.02 or 71.08, up to the amount  
8 of the tax, an amount equal to 10 percent of the amount the claimant paid in the  
9 taxable year for dairy manufacturing modernization or expansion related to the  
10 claimant's dairy manufacturing operation.

11 **SECTION 6.** 71.07 (3p) (c) 2m. b. of the statutes is amended to read:

12 71.07 **(3p)** (c) 2m. b. The maximum amount of the credits that may be claimed  
13 by all claimants, other than members of dairy cooperatives, under this subsection  
14 and ss. 71.28 (3p) and 71.47 (3p) in fiscal year 2008–09, and in each fiscal year  
15 thereafter, is \$700,000, as allocated under s. 560.207.

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

17 71.07 **(3p)** (c) 2m. bm. The maximum amount of the credits that may be claimed  
18 by members of dairy cooperatives under this subsection and ss. 71.28 (3p) and 71.47  
19 (3p) in fiscal year 2009–10 is \$600,000, as allocated under s. 560.207, and the  
20 maximum amount of the credits that may be claimed by members of dairy  
21 cooperatives under this subsection and ss. 71.28 (3p) and 71.47 (3p) in fiscal year  
22 2010–11, and in each fiscal year thereafter, is \$700,000, as allocated under s.  
23 560.207.

24 **SECTION 8.** 71.07 (3p) (c) 3. of the statutes is amended to read:

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1           71.07 **(3p)** (c) 3. Partnerships, limited liability companies, and tax-option  
2 corporations, and dairy cooperatives may not claim the credit under this subsection,  
3 but the eligibility for, and the amount of, the credit are based on their payment of  
4 expenses under par. (b), except that the aggregate amount of credits that the entity  
5 may compute shall not exceed \$200,000 for each of the entity's dairy manufacturing  
6 facilities. A partnership, limited liability company, ~~or tax-option corporation, or~~  
7 dairy cooperative shall compute the amount of credit that each of its partners,  
8 members, or shareholders may claim and shall provide that information to each of  
9 them. Partners, members of limited liability companies, and shareholders of  
10 tax-option corporations may claim the credit in proportion to their ownership  
11 interest. Members of a dairy cooperative may claim the credit in proportion to the  
12 amount of milk that each member delivers to the dairy cooperative, as determined  
13 by the dairy cooperative.

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

15           71.07 **(3p)** (c) 5. A claimant who is a member of a dairy cooperative may claim  
16 the credit, based on amounts described under par. (b) that are paid by the dairy  
17 cooperative, for taxable years beginning after December 31, 2008, and before  
18 January 1, 2017.

19           **SECTION 10.** 71.07 (3p) (c) 6. of the statutes is created to read:

20           71.07 **(3p)** (c) 6. No credit may be allowed under this subsection unless the  
21 claimant submits with the claimant's return a copy of the claimant's credit  
22 certification and allocation under s. 560.207.

23           **SECTION 11.** 71.07 (3p) (d) 2. of the statutes is amended to read:

24           71.07 **(3p)** (d) 2. If Except as provided in subd. 3., if the allowable amount of  
25 the claim under par. (b) exceeds the tax otherwise due under s. 71.02 or 71.08 ~~or no~~

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1 ~~tax is due under s. 71.02 or 71.08~~, the amount of the claim not used to offset the tax  
2 due shall be certified by the department of revenue to the department of  
3 administration for payment by check, share draft, or other draft drawn from the  
4 appropriation account under s. 20.835 (2) (bn).

5 **SECTION 12.** 71.07 (3p) (d) 3. of the statutes is created to read:

6 71.07 **(3p)** (d) 3. With regard to claims that are based on amounts described  
7 under par. (b) that are paid by a dairy cooperative, if the allowable amount of the  
8 claim under par. (b) exceeds the tax otherwise due under s. 71.02 or 71.08, the  
9 amount of the claim not used to offset the tax due shall be certified by the department  
10 of revenue to the department of administration for payment by check, share draft,  
11 or other draft drawn from the appropriation account under s. 20.835 (2) (bp).

12 **SECTION 13.** 71.28 (3p) (a) 1m. of the statutes is created to read:

13 71.28 **(3p)** (a) 1m. “Dairy cooperative” means a business organized under ch.  
14 185 or 193 for the purpose of obtaining or processing milk.

15 **SECTION 14.** 71.28 (3p) (a) 3. (intro.) of the statutes is amended to read:

16 71.28 **(3p)** (a) 3. (intro.) “Dairy manufacturing modernization or expansion”  
17 means constructing, improving, or acquiring buildings or facilities, or acquiring  
18 equipment, for dairy manufacturing, including the following, if used exclusively for  
19 dairy manufacturing and if acquired and placed in service in this state during  
20 taxable years that begin after December 31, 2006, and before January 1, 2015, or in  
21 the case of dairy cooperatives, if acquired and placed in service in this state during  
22 taxable years that begin after December 31, 2008, and before January 1, 2017:

23 **SECTION 15.** 71.28 (3p) (b) of the statutes is amended to read:

24 71.28 **(3p)** (b) *Filing claims.* Subject to the limitations provided in this  
25 subsection and s. 560.207, except as provided in par. (c) 5., for taxable years

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1 beginning after December 31, 2006, and before January 1, 2015, a claimant may  
2 claim as a credit against the taxes imposed under s. 71.23, up to the amount of the  
3 tax, an amount equal to 10 percent of the amount the claimant paid in the taxable  
4 year for dairy manufacturing modernization or expansion related to the claimant's  
5 dairy manufacturing operation.

6 **SECTION 16.** 71.28 (3p) (c) 2m. b. of the statutes is amended to read:

7 71.28 (3p) (c) 2m. b. The maximum amount of the credits that may be claimed  
8 by all claimants, other than members of dairy cooperatives, under this subsection  
9 and ss. 71.07 (3p) and 71.47 (3p) in fiscal year 2008–09, and in each fiscal year  
10 thereafter, is \$700,000, as allocated under s. 560.207.

11 **SECTION 17.** 71.28 (3p) (c) 2m. bm. of the statutes is created to read:

12 71.28 (3p) (c) 2m. bm. The maximum amount of the credits that may be claimed  
13 by members of dairy cooperatives under this subsection and ss. 71.07 (3p) and 71.47  
14 (3p) in fiscal year 2009–10 is \$600,000, as allocated under s. 560.207, and the  
15 maximum amount of the credits that may be claimed by members of dairy  
16 cooperatives under this subsection and ss. 71.07 (3p) and 71.47 (3p) in fiscal year  
17 2010–11, and in each fiscal year thereafter, is \$700,000, as allocated under s.  
18 560.207.

19 **SECTION 18.** 71.28 (3p) (c) 3. of the statutes is amended to read:

20 71.28 (3p) (c) 3. Partnerships, limited liability companies, and tax-option  
21 corporations, and dairy cooperatives may not claim the credit under this subsection,  
22 but the eligibility for, and the amount of, the credit are based on their payment of  
23 expenses under par. (b), except that the aggregate amount of credits that the entity  
24 may compute shall not exceed \$200,000 for each of the entity's dairy manufacturing  
25 facilities. A partnership, limited liability company, ~~or~~ tax-option corporation, or

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1 dairy cooperative shall compute the amount of credit that each of its partners,  
2 members, or shareholders may claim and shall provide that information to each of  
3 them. Partners, members of limited liability companies, and shareholders of  
4 tax-option corporations may claim the credit in proportion to their ownership  
5 interest. Members of a dairy cooperative may claim the credit in proportion to the  
6 amount of milk that each member delivers to the dairy cooperative, as determined  
7 by the dairy cooperative.

8 **SECTION 19.** 71.28 (3p) (c) 5. of the statutes is created to read:

9 71.28 (3p) (c) 5. A claimant who is a member of a dairy cooperative may claim  
10 the credit, based on amounts described under par. (b) that are paid by the dairy  
11 cooperative, for taxable years beginning after December 31, 2008, and before  
12 January 1, 2017.

13 **SECTION 20.** 71.28 (3p) (c) 6. of the statutes is created to read:

14 71.28 (3p) (c) 6. No credit may be allowed under this subsection unless the  
15 claimant submits with the claimant's return a copy of the claimant's credit  
16 certification and allocation under s. 560.207.

17 **SECTION 21.** 71.28 (3p) (d) 2. of the statutes is amended to read:

18 71.28 (3p) (d) 2. If Except as provided in subd. 3., if the allowable amount of  
19 the claim under par. (b) exceeds the tax otherwise due under s. 71.23 ~~or no tax is due~~  
20 ~~under s. 71.23~~, the amount of the claim not used to offset the tax due shall be certified  
21 by the department of revenue to the department of administration for payment by  
22 check, share draft, or other draft drawn from the appropriation account under s.  
23 20.835 (2) (bn).

24 **SECTION 22.** 71.28 (3p) (d) 3. of the statutes is created to read:

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1           71.28 **(3p)** (d) 3. With regard to claims that are based on amounts described  
2 under par. (b) that are paid by a dairy cooperative, if the allowable amount of the  
3 claim under par. (b) exceeds the tax otherwise due under s. 71.23, the amount of the  
4 claim not used to offset the tax due shall be certified by the department of revenue  
5 to the department of administration for payment by check, share draft, or other draft  
6 drawn from the appropriation account under s. 20.835 (2) (bp).

7           **SECTION 23.** 71.47 (3p) (a) 1m. of the statutes is created to read:

8           71.47 **(3p)** (a) 1m. “Dairy cooperative” means a business organized under ch.  
9 185 or 193 for the purpose of obtaining or processing milk.

10          **SECTION 24.** 71.47 (3p) (a) 3. (intro.) of the statutes is amended to read:

11          71.47 **(3p)** (a) 3. (intro.) “Dairy manufacturing modernization or expansion”  
12 means constructing, improving, or acquiring buildings or facilities, or acquiring  
13 equipment, for dairy manufacturing, including the following, if used exclusively for  
14 dairy manufacturing and if acquired and placed in service in this state during  
15 taxable years that begin after December 31, 2006, and before January 1, 2015, or, in  
16 the case of dairy cooperatives, if acquired and placed in service in this state during  
17 taxable years that begin after December 31, 2008, and before January 1, 2017:

18          **SECTION 25.** 71.47 (3p) (b) of the statutes is amended to read:

19          71.47 **(3p)** (b) *Filing claims.* Subject to the limitations provided in this  
20 subsection and s. 560.207, except as provided in par. (c) 5., for taxable years  
21 beginning after December 31, 2006, and before January 1, 2015, a claimant may  
22 claim as a credit against the taxes imposed under s. 71.43, up to the amount of the  
23 tax, an amount equal to 10 percent of the amount the claimant paid in the taxable  
24 year for dairy manufacturing modernization or expansion related to the claimant’s  
25 dairy manufacturing operation.



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1           **SECTION 26.** 71.47 (3p) (c) 2m. b. of the statutes is amended to read:

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

6           **SECTION 27.** 71.47 (3p) (c) 2m. bm. of the statutes is created to read:

7           71.47 **(3p)** (c) 2m. bm. The maximum amount of the credits that may be claimed  
8 by members of dairy cooperatives under this subsection and ss. 71.07 (3p) and 71.28  
9 (3p) in fiscal year 2009–10 is \$600,000, as allocated under s. 560.207, and the  
10 maximum amount of the credits that may be claimed by members of dairy  
11 cooperatives under this subsection and ss. 71.07 (3p) and 71.28 (3p) in fiscal year  
12 2010–11, and in each fiscal year thereafter, is \$700,000, as allocated under s.  
13 560.207.

14           **SECTION 28.** 71.47 (3p) (c) 3. of the statutes is amended to read:

15           71.47 **(3p)** (c) 3. Partnerships, limited liability companies, and tax–option  
16 corporations, and dairy cooperatives may not claim the credit under this subsection,  
17 but the eligibility for, and the amount of, the credit are based on their payment of  
18 expenses under par. (b), except that the aggregate amount of credits that the entity  
19 may compute shall not exceed \$200,000 for each of the entity's dairy manufacturing  
20 facilities. A partnership, limited liability company, or tax–option corporation, or  
21 dairy cooperative shall compute the amount of credit that each of its partners,  
22 members, or shareholders may claim and shall provide that information to each of  
23 them. Partners, members of limited liability companies, and shareholders of  
24 tax–option corporations may claim the credit in proportion to their ownership  
25 interest. Members of a dairy cooperative may claim the credit in proportion to the

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1 amount of milk that each member delivers to the dairy cooperative, as determined  
2 by the dairy cooperative.

3 **SECTION 29.** 71.47 (3p) (c) 5. of the statutes is created to read:

4 71.47 **(3p)** (c) 5. A claimant who is a member of a dairy cooperative may claim  
5 the credit, based on amounts described under par. (b) that are paid by the dairy  
6 cooperative, for taxable years beginning after December 31, 2008, and before  
7 January 1, 2017.

8 **SECTION 30.** 71.47 (3p) (c) 6. of the statutes is created to read:

9 71.47 **(3p)** (c) 6. No credit may be allowed under this subsection unless the  
10 claimant submits with the claimant's return a copy of the claimant's credit  
11 certification and allocation under s. 560.207.

12 **SECTION 31.** 71.47 (3p) (d) 2. of the statutes is amended to read:

13 71.47 **(3p)** (d) 2. If Except as provided in subd. 3., if the allowable amount of  
14 the claim under par. (b) exceeds the tax otherwise due under s. 71.43 ~~or no tax is due~~  
15 ~~under s. 71.43~~, the amount of the claim not used to offset the tax due shall be certified  
16 by the department of revenue to the department of administration for payment by  
17 check, share draft, or other draft drawn from the appropriation account under s.  
18 20.835 (2) (bn).

19 **SECTION 32.** 71.47 (3p) (d) 3. of the statutes is created to read:

20 71.47 **(3p)** (d) 3. With regard to claims that are based on amounts described  
21 under par. (b) that are paid by a dairy cooperative, if the allowable amount of the  
22 claim under par. (b) exceeds the tax otherwise due under s. 71.43, the amount of the  
23 claim not used to offset the tax due shall be certified by the department of revenue  
24 to the department of administration for payment by check, share draft, or other draft  
25 drawn from the appropriation account under s. 20.835 (2) (bp).

