

**2009 DRAFTING REQUEST**

**Bill**

Received: **09/01/2009**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **John Townsend (608) 266-3156**

By/Representing: **matt**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Townsend@legis.wisconsin.gov**

Carbon copy (CC:) to: **joseph.kreye@legis.wisconsin.gov**

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Tax credit for sales tax paid on certain purchases

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**Instructions:**

See attached

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			State
/1	jkreye 09/01/2009	nmatzke 09/03/2009	phenry 09/03/2009	_____	lparisi 09/03/2009		State
/2	jkreye 09/14/2009	nmatzke 09/14/2009	mduchek 09/14/2009	_____	mbarman 09/14/2009		State
/3	jkreye 09/16/2009	nmatzke 09/16/2009	rschluet 09/16/2009	_____	cduerst 09/16/2009		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/4	jkreye 11/03/2009	nmatzke 11/03/2009	mduchek 11/03/2009	_____	mbarman 11/03/2009	cduerst 11/16/2009	

FE Sent For: **09/24/2009.**

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14 at intro

<END>

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Identical to LRB:

For: John Townsend (608) 266-3156

By/Representing: matt

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Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Business - credits

Extra Copies:

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/3	jkreye 09/16/2009	nmatzke 09/16/2009 /4 nwn 11/3	rschluet 09/16/2009 11/3		cduerst 09/16/2009		

Vers.    Drafted    Reviewed    Typed    Proofed    Submitted    Jacketed    Required

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<END>

→ 09-24-2009  
    (1/3")

Requested  
by Matt

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FE Sent For:

1/3 nwn  
9/16  


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FE Sent For:

1/2 nwn 9/14  
 9/14 plh  
 18  
 <END>  
 mn



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Identical to LRB:

For: John Townsend (608) 266-3156

By/Representing: matt

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May Contact:

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Extra Copies:

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1?	jkreye	1/1 nwn 9/2	a 3 ph	9/13 md jk			
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FE Sent For:

<END>

## Kreye, Joseph

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**From:** Pulda, Matt  
**Sent:** Tuesday, August 25, 2009 9:01 AM  
**To:** Kreye, Joseph  
**Subject:** Drafting request (Townsend)

Joe,

Hello again!

In addition to the ASA to AB 350 I requested in my previous e-mail, we would also like a separate bill, also along the lines of SB 138, but applied to the following products:

Motorcycles

All-terrain vehicles

Personal watercraft

Generators

Lawn and garden implements with motors (things like lawnmowers, chainsaws, weed whackers, etc.)

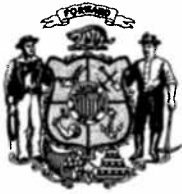
Snowmobiles

Boats and marine motors

In this case, a purchaser would be able to claim a nonrefundable income tax credit equal to the amount of the sales tax paid, up to \$1,000, on an individual purchase.

Please let me know if you have any questions. Thanks!

Matt Pulda  
Research Assistant  
Office of State Rep. John Townsend  
(608) 266-3156



## 2009 BILL

in 9-1-09

SA ✓  
x-ref ✓

- 1      <sup>Gen.</sup> AN ACT ...; relating to: an income and franchise tax credit for the sales tax paid
- 2              on certain products. ✓

### *Analysis by the Legislative Reference Bureau*

This bill creates an income and franchise tax credit for the sales tax paid on any of the following: ✓

- 1. Motorcycles. ✓
- \* 2. All-terrain vehicles. ✓
- 3. Personal watercraft. ✓
- 4. Generators. ✓
- 5. Motorized lawn or garden equipment. ✓
- 6. Snowmobiles. ✓
- 7. Boats. ✓
- 8. Inboard or outboard boat motors. ✓

If the amount of a taxpayer's claim exceeds the taxpayer's tax liability, the taxpayer does not receive a refund, but, instead, may claim the amount of the unused credit in subsequent taxable years. ✓

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:***

**BILL**

**SECTION 1**



**SECTION 1.** 71.05 (6) (a) 15. of the statutes, as affected by 2009 Wisconsin Act 5

2 and 28, 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), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w), (3x), (5e), (5f), (5h), (5i), (5j), (5k), and (8r) 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 (1k) (g).

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 43, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28.

**SECTION 2.** 71.07 (3x) of the statutes is created to read:

71.07 (3x) SALES TAX CREDIT. (a) *Definition.* In this subsection, "claimant" means a person who files a claim under this subsection.

(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 the taxes, an amount that is equal to the amount of the taxes imposed under subch. III of ch. 77 that the claimant paid in the taxable year on the purchase of of any of the following:

1. Motorcycles.
2. All-terrain vehicles.
3. Personal watercraft.
4. Generators.
5. Motorized lawn or garden equipment.
6. Snowmobiles.
7. Boats.
8. Inboard or outboard boat motors.



**BILL**

1 (c) *Limitations.* 1. The maximum amount of the credit that a claimant may  
 2 claim under this subsection in a taxable year is \$1,000 for each single purchase of an  
 3 item described in par. (a) (b)

4 2. Partnerships, limited liability companies, and tax-option corporations may  
 5 not claim the credit under this subsection, but the eligibility for, and the amount of,  
 6 the credit are based on their payment of amounts under par. (b). A partnership,  
 7 limited liability company, or tax-option corporation shall compute the amount of  
 8 credit that each of its partners, members, or shareholders may claim and shall  
 9 provide that information to each of them. Partners, members of limited liability  
 10 companies, and shareholders of tax-option corporations may claim the credit in  
 11 proportion to their ownership interests.

12 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under  
 13 s. 71.28 (4), applies to the credit under this subsection.

14 **SECTION 3.** 71.10 (4) (cr) of the statutes is created to read:

15 71.10 (4) (cr) Sales tax credit under s. 71.07 (3x).

16 **SECTION 4.** 71.21 (4) of the statutes, as affected by 2009 Wisconsin Acts 2 and  
 17 28, is amended to read:

18 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
 19 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w),  
 20 (3x), (5e), (5f), (5g), (5h), (5i), (5j), (5k), and (8r) and passed through to partners shall  
 21 be added to the partnership's income.

22 History: 1987 a. 312, 411; 1989 a. 31; 1993 a. 112; 1995 a. 27, 400; 1997 a. 27; 2001 a. 16; 2003 a. 99, 135, 255, 326; 2005 a. 74, 361, 479, 483; 2007 a. 20, 96; 2009 a. 2, 28.

23 **SECTION 5.** 71.26 (2) (a) 4. of the statutes, as affected by 2009 Wisconsin Acts  
 2 and 28, is amended to read:

**BILL****SECTION 5**

1           71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),  
 2 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3t),  
 3 (3w), (3x), (5e), (5f), (5g), (5h), (5i), (5j), (5k), and (8r) and not passed through by a  
 4 partnership, limited liability company, or tax-option corporation that has added that  
 5 amount to the partnership's, limited liability company's, or tax-option corporation's  
 6 income under s. 71.21 (4) or 71.34 (1k) (g).✓

History: 1987 a. 312; 1987 a. 411 ss. 22, 124 to 129; 1989 a. 31, 336; 1991 a. 37, 39, 221, 269; 1993 a. 16, 112, 246, 263, 399, 437, 491; 1995 a. 27, 56, 351, 371, 380, 428;  
 1997 a. 27, 37, 184, 237; 1999 a. 9, 65; 1999 a. 159 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 106, 109; 2003 a. 33, 85, 99, 135, 255, 326; 2005 a. 25, 74, 335, 361, 362, 479,  
 483; 2007 a. 20, 96, 97, 151, 226; 2009 a. 2, 28. ✓

7           **SECTION 6.** 71.28 (3x) of the statutes is created to read:

8           71.28 (3x) SALES TAX CREDIT. (a) *Definition.* In this subsection, "claimant"  
 9 means a person who files a claim under this subsection.✓

10           (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
 11 claimant may claim as a credit against the taxes imposed under s. 71.23,✓ up to the  
 12 amount of the taxes, an amount that is equal to the amount of the taxes imposed  
 13 under subch. III of ch. 77 that the claimant paid in the taxable year on the purchase  
 14 of of any of the following:

- 15           1. Motorcycles.
- 16           2. All-terrain vehicles.
- 17           3. Personal watercraft.
- 18           4. Generators.
- 19           5. Motorized lawn or garden equipment.
- 20           6. Snowmobiles.
- 21           7. Boats.
- 22           8. Inboard or outboard boat motors.

**BILL**

1 (c) *Limitations.* 1. The maximum amount of the credit that a claimant may  
 2 claim under this subsection<sup>✓</sup> in a taxable year is \$1,000 for each single purchase of an  
 3 item described in par. (a)<sup>e</sup> (b)<sup>✓</sup>.

4 2. Partnerships, limited liability companies, and tax-option corporations may  
 5 not claim the credit under this subsection, but the eligibility for, and the amount of,  
 6 the credit are based on their payment of amounts under par. (b)<sup>✓</sup>. A partnership,  
 7 limited liability company, or tax-option corporation shall compute the amount of  
 8 credit that each of its partners, members, or shareholders may claim and shall  
 9 provide that information to each of them. Partners, members of limited liability  
 10 companies, and shareholders of tax-option corporations may claim the credit in  
 11 proportion to their ownership interests.<sup>✓</sup>

12 (d) *Administration.* Subsection (4) (e) to (h)<sup>✓</sup>, as it applies to the credit under  
 13 sub. (4), applies to the credit under this subsection.<sup>✓</sup>

14 **SECTION 7.** 71.30 (3) (dr) of the statutes is created to read:<sup>✓^</sup>

15 71.30 (3) (dr) Sales tax credit under s. 71.28 (3x).<sup>✓</sup>

16 **SECTION 8.** 71.34 (1k) (g) of the statutes, as affected by 2009 Wisconsin Acts 2  
 17 and 28, is amended to read:

18 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option  
 19 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),  
 20 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3t), (3w), (3x), (5e), (5f), (5g), (5h), (5i), (5j), (5k),  
 21 and (8r) and passed through to shareholders.<sup>✓</sup>

**History:** 1987 a. 312; 1987 a. 411 ss. 18, 23, 146; 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 16,  
 109; 2003 a. 33, 99, 135, 255, 326; 2005 a. 2<sup>✓</sup>, 49, 74, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28.

22 **SECTION 9.** 71.45 (2) (a) 10. of the statutes, as affected by 2009 Wisconsin Acts

23 2 and 28, is amended to read:

**BILL****SECTION 9**

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

**History:** 1987 a. 312; 1989 a. 31, 336, 359; 1991 a. 37, 39, 269; 1993 a. 16, 112, 263, 437; 1995 a. 27, 56, 371, 380; 1997 a. 27, 37, 237; 1999 a. 9, 65; 1999 a. 150 s. 672;  
 1999 a. 167, 194; 2001 a. 16, 38, 109; 2003 a. 37, 85, 135, 255, 326; 2005 a. 74, 297, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28.

8           **SECTION 10.** 71.47 (3x) of the statutes is created to read:

9           71.47 (3x) SALES TAX CREDIT. (a) *Definition.* In this subsection, "claimant"  
 10          means a person who files a claim under this subsection.<sup>✓</sup>

11          (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
 12          claimant may claim as a credit against the taxes imposed under s. 71.43<sup>✓</sup>, up to the  
 13          amount of the taxes, an amount that is equal to the amount of the taxes imposed  
 14          under subch. III of ch. 77<sup>✓</sup> that the claimant paid in the taxable year on the purchase  
 15          of of any of the following:

- 16           1. Motorcycles.
- 17           2. All-terrain vehicles.
- 18           3. Personal watercraft.
- 19           4. Generators.
- 20           5. Motorized lawn or garden equipment.
- 21           6. Snowmobiles.
- 22           7. Boats.
- 23           8. Inboard or outboard boat motors.



**BILL**

1 (c) *Limitations.* 1. The maximum amount of the credit that a claimant may  
2 claim under this subsection in a taxable year is \$1,000 for each single purchase of an  
3 item described in par. (a).<sup>e</sup> (b) ✓

4 2. Partnerships, limited liability companies, and tax-option corporations may  
5 not claim the credit under this subsection, but the eligibility for, and the amount of,  
6 the credit are based on their payment of amounts under par. (b).<sup>f</sup> A partnership,  
7 limited liability company, or tax-option corporation shall compute the amount of  
8 credit that each of its partners, members, or shareholders may claim and shall  
9 provide that information to each of them. Partners, members of limited liability  
10 companies, and shareholders of tax-option corporations may claim the credit in  
11 proportion to their ownership interests.<sup>g</sup>

12 (d) *Administration.* Section 71.28 (4) (e) to (h),<sup>h</sup> as it applies to the credit under  
13 s. 71.28 (4),<sup>i</sup> applies to the credit under this subsection.<sup>j</sup>

14 **SECTION 11.** <sup>k</sup> 71.49 (1) (dr) of the statutes is created to read:

15 71.49 (1) (dr) Sales tax credit under s. 71.47 (3x).<sup>l</sup>

16 **SECTION 12.** <sup>m</sup> 77.92 (4) of the statutes, as affected by 2009 Wisconsin Acts 2 and  
17 28, is amended to read:

18 77.92 (4) "Net business income," with respect to a partnership, means taxable  
19 income as calculated under section 703 of the Internal Revenue Code; plus the items  
20 of income and gain under section 702 of the Internal Revenue Code, including taxable  
21 state and municipal bond interest and excluding nontaxable interest income or  
22 dividend income from federal government obligations; minus the items of loss and  
23 deduction under section 702 of the Internal Revenue Code, except items that are not  
24 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
25 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),

**BILL****SECTION 12**

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

History: 1989 a. 335; 1991 a. 39, 269; 1993 a. 16, 112, 490; 1995 a. 27, 209; 1997 a. 27; 1999 a. 9; 2001 a. 16; 2003 a. 99, 135, 255, 326; 2005 a. 74, 361, 479, 483; 2007 a. 20, 96; 2009 a. 2, 28.

**SECTION 13. Initial applicability.**

10 (1) This act first applies to taxable years beginning on January 1, 2010. ✓

11 (END)



RMR

## 2009 BILL

SA ✓

in 9-14-09  
due Mon 9-21

Regen.

- 1 **AN ACT to amend** 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45  
 2 (2) (a) 10. and 77.92 (4); and **to create** 71.07 (3x), 71.10 (4) (cr), 71.28 (3x), 71.30  
 3 (3) (dr), 71.47 (3x) and 71.49 (1) (dr) of the statutes; **relating to:** an income and  
 4 franchise tax credit for the sales tax paid on certain products.

### *Analysis by the Legislative Reference Bureau*

This bill creates an income and franchise tax credit for the sales tax paid on any of the following:

1. Motorcycles.
2. All-terrain vehicles.
3. Personal watercraft.
4. Generators.
5. Motorized lawn or garden equipment.
6. Snowmobiles.
7. ~~Boats.~~
8. Inboard or outboard boat motors.

If the amount of a taxpayer's claim exceeds the taxpayer's tax liability, the taxpayer does not receive a refund, but, instead, may claim the amount of the unused credit in subsequent taxable years.

**BILL**

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.** <sup>√</sup>71.05 (6) (a) 15. of the statutes, as affected by 2009 Wisconsin Acts  
2 and 28, is amended to read:

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

9           **SECTION 2.** <sup>√</sup>71.07 (3x) of the statutes is created to read:

10          71.07 **(3x)** SALES TAX CREDIT. (a) *Definition.* In this subsection, "claimant"  
11 means a person who files a claim under this subsection.

12          (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
13 claimant may claim as a credit against the taxes imposed under s. 71.02, up to the  
14 amount of the taxes, an amount that is equal to the amount of the taxes imposed  
15 under subch. III of ch. 77 that the claimant paid in the taxable year on the purchase  
16 of of any of the following:

- 17           1. Motorcycles.
- 18           2. All-terrain vehicles.
- 19           3. Personal watercraft.
- 20           4. Generators.
- 21           5. Motorized lawn or garden equipment.

**BILL**

1           6. Snowmobiles.

2           7. Boats.

3           8. Inboard or outboard boat motors.

4           (c) *Limitations.* 1. The maximum amount of the credit that a claimant may  
5 claim under this subsection in a taxable year is \$1,000 for each single purchase of an  
6 item described in par. (b).

7           2. Partnerships, limited liability companies, and tax-option corporations may  
8 not claim the credit under this subsection, but the eligibility for, and the amount of,  
9 the credit are based on their payment of amounts under par. (b). A partnership,  
10 limited liability company, or tax-option corporation shall compute the amount of  
11 credit that each of its partners, members, or shareholders may claim and shall  
12 provide that information to each of them. Partners, members of limited liability  
13 companies, and shareholders of tax-option corporations may claim the credit in  
14 proportion to their ownership interests.

15           (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under  
16 s. 71.28 (4), applies to the credit under this subsection.

17           **SECTION 3.** <sup>✓</sup>71.10 (4) (cr) of the statutes is created to read:

18           71.10 (4) (cr) Sales tax credit under s. 71.07 (3x).

19           **SECTION 4.** <sup>✓</sup>71.21 (4) of the statutes, as affected by 2009 Wisconsin Acts 2 and  
20 28, is amended to read:

21           71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
22 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w),  
23 (3x), (5e), (5f), (5g), (5h), (5i), (5j), (5k), and (8r) and passed through to partners shall  
24 be added to the partnership's income.

**BILL**

1           **SECTION 5.** <sup>✓</sup> 71.26 (2) (a) 4. of the statutes, as affected by 2009 Wisconsin Acts  
2 and 28, is amended to read:

3           71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),  
4 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3t),  
5 (3w), (3x), (5e), (5f), (5g), (5h), (5i), (5j), (5k), and (8r) and not passed through by a  
6 partnership, limited liability company, or tax-option corporation that has added that  
7 amount to the partnership's, limited liability company's, or tax-option corporation's  
8 income under s. 71.21 (4) or 71.34 (1k) (g).

9           **SECTION 6.** <sup>✓</sup> 71.28 (3x) of the statutes is created to read:

10           71.28 (3x) SALES TAX CREDIT. (a) *Definition.* In this subsection, "claimant"  
11 means a person who files a claim under this subsection.

12           (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
13 claimant may claim as a credit against the taxes imposed under s. 71.23, up to the  
14 amount of the taxes, an amount that is equal to the amount of the taxes imposed  
15 under subch. III of ch. 77 that the claimant paid in the taxable year on the purchase  
16 of of any of the following:

- 17           1. Motorcycles.
- 18           2. All-terrain vehicles.
- 19           3. Personal watercraft.
- 20           4. Generators.
- 21           5. Motorized lawn or garden equipment.
- 22           6. Snowmobiles.
- 23           7. Boats.
- 24           8. Inboard or outboard boat motors.

**BILL**

1 (c) *Limitations.* 1. The maximum amount of the credit that a claimant may  
2 claim under this subsection in a taxable year is \$1,000 for each single purchase of an  
3 item described in par. (b).

4 2. Partnerships, limited liability companies, and tax-option corporations may  
5 not claim the credit under this subsection, but the eligibility for, and the amount of,  
6 the credit are based on their payment of amounts under par. (b). A partnership,  
7 limited liability company, or tax-option corporation shall compute the amount of  
8 credit that each of its partners, members, or shareholders may claim and shall  
9 provide that information to each of them. Partners, members of limited liability  
10 companies, and shareholders of tax-option corporations may claim the credit in  
11 proportion to their ownership interests.

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

14 **SECTION 7.** <sup>✓</sup>71.30 (3) (dr) of the statutes is created to read:

15 71.30 (3) (dr) Sales tax credit under s. 71.28 (3x).

16 **SECTION 8.** <sup>✓</sup>71.34 (1k) (g) of the statutes, as affected by 2009 Wisconsin Acts 2  
17 and 28, is amended to read:

18 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option  
19 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),  
20 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3t), (3w), (3x), (5e), (5f), (5g), (5h), (5i), (5j), (5k),  
21 and (8r) and passed through to shareholders.

22 **SECTION 9.** <sup>✓</sup>71.45 (2) (a) 10. of the statutes, as affected by 2009 Wisconsin Acts  
23 2 and 28, is amended to read:

24 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
25 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3w), (3x), (5e),

**BILL**

1 (5f), (5g), (5h), (5i), (5j), (5k), and (8r) and not passed through by a partnership,  
2 limited liability company, or tax-option corporation that has added that amount to  
3 the partnership's, limited liability company's, or tax-option corporation's income  
4 under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47  
5 (1), (3), (3t), (4), (4m), and (5).

6 **SECTION 10.** <sup>√</sup>71.47 (3x) of the statutes is created to read:

7 71.47 (3x) SALES TAX CREDIT. (a) *Definition.* In this subsection, "claimant"  
8 means a person who files a claim under this subsection.

9 (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
10 claimant may claim as a credit against the taxes imposed under s. 71.43, up to the  
11 amount of the taxes, an amount that is equal to the amount of the taxes imposed  
12 under subch. III of ch. 77 that the claimant paid in the taxable year on the purchase  
13 of of any of the following:

- 14 1. Motorcycles.
- 15 2. All-terrain vehicles.
- 16 3. Personal watercraft.
- 17 4. Generators.
- 18 5. Motorized lawn or garden equipment.
- 19 6. Snowmobiles.
- 20 7. Boats.
- 21 8. Inboard or outboard boat motors.

22 (c) *Limitations.* 1. The maximum amount of the credit that a claimant may  
23 claim under this subsection in a taxable year is \$1,000 for each single purchase of an  
24 item described in par. (b).



**BILL**

1           2. Partnerships, limited liability companies, and tax-option corporations may  
2 not claim the credit under this subsection, but the eligibility for, and the amount of,  
3 the credit are based on their payment of amounts under par. (b). A partnership,  
4 limited liability company, or tax-option corporation shall compute the amount of  
5 credit that each of its partners, members, or shareholders may claim and shall  
6 provide that information to each of them. Partners, members of limited liability  
7 companies, and shareholders of tax-option corporations may claim the credit in  
8 proportion to their ownership interests.

9           (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under  
10 s. 71.28 (4), applies to the credit under this subsection.

11           **SECTION 11.** <sup>✓</sup> 71.49 (1) (dr) of the statutes is created to read:

12           71.49 (1) (dr) Sales tax credit under s. 71.47 (3x).

13           **SECTION 12.** <sup>✓</sup> 77.92 (4) of the statutes, as affected by 2009 Wisconsin Acts 2 and  
14 28, is amended to read:

15           77.92 (4) "Net business income," with respect to a partnership, means taxable  
16 income as calculated under section 703 of the Internal Revenue Code; plus the items  
17 of income and gain under section 702 of the Internal Revenue Code, including taxable  
18 state and municipal bond interest and excluding nontaxable interest income or  
19 dividend income from federal government obligations; minus the items of loss and  
20 deduction under section 702 of the Internal Revenue Code, except items that are not  
21 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
22 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),  
23 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s),  
24 (3t), (3w), (3x), (5e), (5f), (5g), (5h), (5i), (5j), (5k), and (8r); and plus or minus, as  
25 appropriate, transitional adjustments, depreciation differences, and basis

**BILL****SECTION 12**

1 differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain,  
2 loss, and deductions from farming. "Net business income," with respect to a natural  
3 person, estate, or trust, means profit from a trade or business for federal income tax  
4 purposes and includes net income derived as an employee as defined in section 3121  
5 (d) (3) of the Internal Revenue Code.

6 **SECTION 13. Initial applicability.**

7 (1) This act first applies to taxable years beginning on January 1, 2010.

8 (END)

## Kreye, Joseph

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**From:** Pulda, Matt  
**Sent:** Monday, September 14, 2009 1:42 PM  
**To:** Kreye, Joseph  
**Subject:** Revision to LRB 3351

Joe,

We've reviewed the draft, and we would like to delete the references to boats and inboard and outboard boat motors (items 7 and 8 on the list).

Thanks!

Matt Pulda  
Research Assistant  
Office of State Rep. John Townsend  
(608) 266-3156

## Kreye, Joseph

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**From:** Pulda, Matt  
**Sent:** Wednesday, September 16, 2009 11:12 AM  
**To:** Kreye, Joseph  
**Subject:** Further changes to LRB 3351

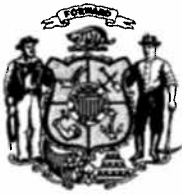
Joe,

Sorry to bug you again, but after meeting with the requesting party this morning, we would like to make the following additional changes to LRB 3351:

Put **motor**boats and inboard and outboard motors back in  
Increase the credit from \$1000 to \$1500  
Limit the bill to one year – the same as it is with LRB-s0109 (ASA to AB 350) (beginning on the effective date, claim only for taxable year in which purchase made)

Thanks!

Matt Pulda  
Research Assistant  
Office of State Rep. John Townsend  
(608) 266-3156



RMR

2009 BILL

m 9-16-09

due Fri. 9-18

SA ✓  
X-CLF

Regen.

1 AN ACT *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45  
 2 (2) (a) 10. and 77.92 (4); and *to create* 71.07 (3x), 71.10 (4) (cr), 71.28 (3x), 71.30  
 3 (3) (dr), 71.47 (3x) and 71.49 (1) (dr) of the statutes; **relating to:** an income and  
 4 franchise tax credit for the sales tax paid on certain products.

**Analysis by the Legislative Reference Bureau**

This bill creates an income and franchise tax credit for the sales tax paid on any of the following:

1. Motorcycles.
2. All-terrain vehicles.
3. Personal watercraft.
4. Generators.
5. Motorized lawn or garden equipment.
6. Snowmobiles.

If the amount of a taxpayer's claim exceeds the taxpayer's tax liability, the taxpayer does not receive a refund, but, instead, may claim the amount of the unused credit in subsequent taxable years.

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:**

7. Motorboats.
8. Inboard or outboard boat motors. <sup>motors</sup> ✓

BILL

1 SECTION 1. 71.05 (6) (a) 15. of the statutes, as affected by 2009 Wisconsin Acts  
2 2 and 28, is amended to read:

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

9 SECTION 2. 71.07 (3x) of the statutes is created to read:

10 71.07 (3x) SALES TAX CREDIT. (a) Definition. In this subsection, "claimant"  
11 means a person who files a claim under this subsection.

12 (b) Filing claims. Subject to the limitations provided in this subsection, a  
13 claimant may claim as a credit against the taxes imposed under s. 71.02, up to the  
14 amount of the taxes, an amount that is equal to the amount of the taxes imposed  
15 under subch. III of ch. 77 that the claimant paid in the taxable year on the purchase  
16 of of any of the following:

- 17 1. Motorcycles.
- 18 2. All-terrain vehicles.
- 19 3. Personal watercraft.
- 20 4. Generators.
- 21 5. Motorized lawn or garden equipment.
- 22 6. Snowmobiles.

7. Motorboats ✓  
8. Inboard or outboard boat motor ✓

23 (c) Limitations. 1. The maximum amount of the credit that a claimant may  
24 claim under this subsection in a taxable year is \$1,000 for each single purchase of an  
25 item described in par. (b). ✓

\$1,000  
\$1,500

INSERT  
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**BILL**

1 <sup>3 ✓</sup>~~2~~ Partnerships, limited liability companies, and tax-option corporations may  
2 not claim the credit under this subsection, but the eligibility for, and the amount of,  
3 the credit are based on their payment of amounts under par. (b). A partnership,  
4 limited liability company, or tax-option corporation shall compute the amount of  
5 credit that each of its partners, members, or shareholders may claim and shall  
6 provide that information to each of them. Partners, members of limited liability  
7 companies, and shareholders of tax-option corporations may claim the credit in  
8 proportion to their ownership interests.

9 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under  
10 s. 71.28 (4), applies to the credit under this subsection.

11 **SECTION 3.** 71.10 (4) (cr) of the statutes is created to read:

12 71.10 (4) (cr) Sales tax credit under s. 71.07 (3x).

13 **SECTION 4.** 71.21 (4) of the statutes, as affected by 2009 Wisconsin Acts 2 and  
14 28, is amended to read:

15 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
16 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w),  
17 (3x), (5e), (5f), (5g), (5h), (5i), (5j), (5k), and (8r) and passed through to partners shall  
18 be added to the partnership's income.

19 **SECTION 5.** 71.26 (2) (a) 4. of the statutes, as affected by 2009 Wisconsin Acts  
20 2 and 28, is amended to read:

21 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),  
22 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3t),  
23 (3w), (3x), (5e), (5f), (5g), (5h), (5i), (5j), (5k), and (8r) and not passed through by a  
24 partnership, limited liability company, or tax-option corporation that has added that

**BILL**

1 amount to the partnership's, limited liability company's, or tax-option corporation's  
2 income under s. 71.21 (4) or 71.34 (1k) (g).

3 **SECTION 6.** 71.28 (3x) of the statutes is created to read:

4 71.28 (3x) SALES TAX CREDIT. (a) *Definition.* In this subsection, "claimant"  
5 means a person who files a claim under this subsection.

6 (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
7 claimant may claim as a credit against the taxes imposed under s. 71.23, up to the  
8 amount of the taxes, an amount that is equal to the amount of the taxes imposed  
9 under subch. III of ch. 77 that the claimant paid in the taxable year on the purchase  
10 of of any of the following:

- 11 1. Motorcycles.
- 12 2. All-terrain vehicles.
- 13 3. Personal watercraft.
- 14 4. Generators.
- 15 5. Motorized lawn or garden equipment.
- 16 6. Snowmobiles.

7. Motorboats. ✓  
8. Inboard or outboard boat motors. ✓

17 (c) *Limitations.* 1. The maximum amount of the credit that a claimant may  
18 claim under this subsection in a taxable year is \$1,000 for each single purchase of an  
19 item described in par. (b). ✓

\$1,000  
\$1,500

20 2. 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 amounts under par. (b). A partnership,  
23 limited liability company, or tax-option corporation shall compute the amount of  
24 credit that each of its partners, members, or shareholders may claim and shall  
25 provide that information to each of them. Partners, members of limited liability

(INSERT)  
A



**BILL**

1 companies, and shareholders of tax-option corporations may claim the credit in  
2 proportion to their ownership interests.

3 (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under  
4 sub. (4), applies to the credit under this subsection.

5 **SECTION 7.** 71.30 (3) (dr) of the statutes is created to read:

6 71.30 (3) (dr) Sales tax credit under s. 71.28 (3x).

7 **SECTION 8.** 71.34 (1k) (g) of the statutes, as affected by 2009 Wisconsin Acts 2  
8 and 28, is amended to read:

9 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option  
10 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),  
11 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3t), (3w), (3x), (5e), (5f), (5g), (5h), (5i), (5j), (5k),  
12 and (8r) and passed through to shareholders.

13 **SECTION 9.** 71.45 (2) (a) 10. of the statutes, as affected by 2009 Wisconsin Acts  
14 2 and 28, is amended to read:

15 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
16 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3w), (3x), (5e),  
17 (5f), (5g), (5h), (5i), (5j), (5k), and (8r) and not passed through by a partnership,  
18 limited liability company, or tax-option corporation that has added that amount to  
19 the partnership's, limited liability company's, or tax-option corporation's income  
20 under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47  
21 (1), (3), (3t), (4), (4m), and (5).

22 **SECTION 10.** 71.47 (3x) of the statutes is created to read:

23 71.47 (3x) SALES TAX CREDIT. (a) *Definition.* In this subsection, "claimant"  
24 means a person who files a claim under this subsection.

**BILL**

(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 the taxes, an amount that is equal to the amount of the taxes imposed under subch. III of ch. 77 that the claimant paid in the taxable year on the purchase of of any of the following:

1. Motorcycles.
2. All-terrain vehicles.
3. Personal watercraft.
4. Generators.
5. Motorized lawn or garden equipment.
6. Snowmobiles.

7. Motorboats.  
 8. Inboard or outboard boat motor.

(c) *Limitations.* 1. The maximum amount of the credit that a claimant may claim under this subsection in a taxable year is \$1,000 for each single purchase of an item described in par. (b).

\$1,500

2. 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) (dr) of the statutes is created to read:

(INSERT A)

**BILL**

1           71.49 (1) (dr) Sales tax credit under s. 71.47 (3x).

2           **SECTION 12.** 77.92 (4) of the statutes, as affected by 2009 Wisconsin Acts 2 and  
3 28, is amended to read:

4           77.92 (4) "Net business income," with respect to a partnership, means taxable  
5 income as calculated under section 703 of the Internal Revenue Code; plus the items  
6 of income and gain under section 702 of the Internal Revenue Code, including taxable  
7 state and municipal bond interest and excluding nontaxable interest income or  
8 dividend income from federal government obligations; minus the items of loss and  
9 deduction under section 702 of the Internal Revenue Code, except items that are not  
10 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
11 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),  
12 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s),  
13 (3t), (3w), ~~(3x)~~, (5e), (5f), (5g), (5h), (5i), (5j), (5k), and (8r); and plus or minus, as  
14 appropriate, transitional adjustments, depreciation differences, and basis  
15 differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain,  
16 loss, and deductions from farming. "Net business income," with respect to a natural  
17 person, estate, or trust, means profit from a trade or business for federal income tax  
18 purposes and includes net income derived as an employee as defined in section 3121  
19 (d) (3) of the Internal Revenue Code.

20           **SECTION 13. Initial applicability.**

21           (1) This act first applies to taxable years beginning on January 1, 2010.

22

(END)

(A)

~~2~~  
9

1 amount to the partnership's, company's, or tax-option corporation's income under s.  
2 71.21 (4) or 71.34 (1k) (g).

3 SECTION 2. 71.07 (3x) of the statutes is created to read:

4 71.07 (3x) MOTORBOAT CREDIT. (a) *Definition.* In this subsection, "claimant"  
5 means a person who files a claim under this subsection.

6 (b) *Filing claims.* Subject to the limitations provided under this subsection, a  
7 claimant may claim as a credit against the taxes imposed under s. 71.02, up to the  
8 amount of the taxes, an amount that is equal to the amount of the taxes imposed  
9 under subch. III of ch. 77 that the claimant paid in the taxable year on the purchase  
10 of an outboard motor, a motorboat sold with an outboard or inboard motor, or a  
11 motorboat trailer.

12 (c) *Limitations.* 1. The maximum amount of the credit that a claimant may  
13 claim under par. (b) is \$1,500 for each transaction involving the purchase of one item  
14 described in par. (b) or 2 or more such items.

15 2. The credit under par. (b) <sup>✓</sup> may be claimed only for items that are purchased  
16 during the period beginning on the effective date of this subdivision .... [LRB inserts  
17 date], and ending on the date that is 12 months after the effective date of this  
18 subdivision .... [LRB inserts date], and may be claimed only for the taxable year in  
19 which the purchase is made. <sup>✓</sup>

20 3. 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 amounts under par. (b). A partnership,  
23 limited liability company, or tax-option corporation shall compute the amount of  
24 credit that each of its partners, members, or shareholders may claim and shall  
25 provide that information to each of them. Partners, members of limited liability

INVERT  
A

2

# Memo

To: Representative **Townsend**

(The Draft's Requester)

**Per your request ... the attached fiscal estimate was prepared for your un-introduced 2009 session draft.**

**LRB Number: 2009 LRB-3351**

**Version: " /3 "**

**Fiscal Estimate Prepared By: (agency abbr.) DOR**

If you have questions about the enclosed fiscal estimate, you may contact the representative that prepared the fiscal estimate. If you disagree with the estimate, please contact the LRB drafter of your proposal to discuss the fiscal estimate procedure.

**Entered In Computer And Copy Sent To Requester Via E-Mail:**

**\* \* \* \* \***

**To: LRB - Legal Section PA's**

**Subject:** *Fiscal Estimate Received For An Unintroduced Draft*

- > **If redrafted** ... please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version.
- > **If introduced** ... and the version of the attached fiscal estimate is for a **previous version** ... please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version. Have Mike (or Christina) get the ball rolling on getting a fiscal estimate prepared for the introduced version.
- > **If introduced** ... and the version of the attached fiscal estimate is for the **current version** ... please write the draft's introduction number below and give to Mike (or Christina) to process.

**THIS DRAFT WAS INTRODUCED AS: 2009 \_\_\_\_\_**

introduced.  
Thanks,  
if "/3" gets  
Mike to Process  
Give To  
Both

**Barman, Mike**

---

**From:** Barman, Mike  
**Sent:** Monday, November 02, 2009 9:28 AM  
**To:** Rep.Townsend  
**Cc:** Pulda, Matt  
**Subject:** LRB 09-3351/3 (un-introduced) (FE by DOR - attached - for your review)

**Attachments:** FE\_Townsend.PDF



FE\_Townsend.PDF  
(115 KB)

**Mike Barman (Senior Program Assistant)**  
State of Wisconsin - Legislative Reference Bureau  
Legal Section - Front Office  
1 East Main Street, Suite 200, Madison, WI 53703  
(608) 266-3561 / [mike.barman@legis.wisconsin.gov](mailto:mike.barman@legis.wisconsin.gov)

## Fiscal Estimate - 2009 Session

Original       Updated       Corrected       Supplemental

<b>LRB Number</b> <b>09-3351/3</b>		<b>Introduction Number</b>	
<b>Description</b> An income and franchise tax credit for the sales tax paid on certain products			
<b>Fiscal Effect</b>			
<b>State:</b>			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Decrease Costs			
<b>Local:</b>			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village <input type="checkbox"/> Cities	
<input type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b>		<b>Affected Ch. 20 Appropriations</b>	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	
DOR/ Paul Ziegler (608) 266-5773		Paul Ziegler (608) 266-5773	
		<b>Date</b>	
		10/30/2009	

**Fiscal Estimate Narratives**  
**DOR 10/30/2009**

LRB Number	<b>09-3351/3</b>	Introduction Number	Estimate Type	<b>Original</b>
<b>Description</b> An income and franchise tax credit for the sales tax paid on certain products				

**Assumptions Used in Arriving at Fiscal Estimate**

Under current law, Wisconsin imposes a sales or use tax on most items of tangible personal property, unless an exemption applies. In general, no credit is available against income taxes otherwise due for the amount of the sales tax paid.

This bill creates a nonrefundable income and franchise tax credit for state sales and use tax paid on motorcycles, all-terrain vehicles, personal watercraft, generators, motorized lawn or garden equipment, snowmobiles, motorboats, and inboard or outboard boat motors. Unused credits may be carried-forward for up to 15 years. The maximum amount of the credit is \$1,500 for each single purchase. The credit is available for items that are purchased within 12 months after the effective date of the bill. The bill is effective the day after publication.

Local sales taxes (county and/or stadium district sales taxes) are not eligible for the credit.

**Select vehicles and recreational equipment**

According to the 2002 Census of Retail Trade, sales by motorcycle, boat, and other motor vehicle dealers in Wisconsin (including ATV, personal watercraft, snowmobile, aircraft, and utility trailer dealers but excluding auto, RV, and light truck dealers) were \$1.00 billion in 2002. Assuming that Wisconsin sales by these dealers grew by the U.S. average during the 2002 to 2007 period (41.4%), an estimated \$1.42 billion of sales by such dealers occurred in Wisconsin in 2007.

According to estimates from the Annual Retail Trade Survey, national sales of motorcycles, all-terrain vehicles, personal watercraft, snowmobiles, motorboats, and inboard or outboard boat motors declined by 20.9% in 2008. Assuming that Wisconsin's sales follow the national pattern, it is estimated that 2008 sales in Wisconsin for the dealerships above were \$1.12 billion (\$1.42 billion x (1-20.9%)).

Assuming that 30% of these sales relate to replacement parts, service, or sales of dealerships included in the figures above, but not impacted by the bill (such as aircraft and utility trailer dealers), it is estimated that \$783.9 million of sales by these dealers would pertain to the bill in 2008 (\$1.12 billion x 70%).

During this same year, 2008, approximately \$237.1 million of sales of boats, ATVs, and snowmobiles were reported between individuals or other non-dealers in Wisconsin. In addition, assuming 5% of the dollar total of vehicle transactions between individuals or other non-dealers pertained to motorcycles, \$109.6 million of such motorcycle transactions occurred in the state in 2008.

Consequently, total dealer and non-dealer sales of the vehicles and recreational equipment impacted by the bill in 2008 are estimated at \$1.13 billion (\$739.9 million + \$237.1 million + \$109.6 million). The state sales tax on this amount that would become eligible for the credit under the bill is estimated at \$56.5 million (\$1.13 billion x 5%).

While estimates from the Annual Retail Trade Survey suggest that sales of these products fell by an additional 14.0% in 2009 (based on partial year data), it is assumed that for the 12 month period for which this bill is effective, sales will rebound to the 2008 amount estimated above.

**Lawnmowers**

Based on the number of claimants for the state lottery and gaming credit (which may be claimed by individuals for their primary residence), it is estimated that there are approximately 1.5 million homeowner properties in the state. Assuming that 1/12th of these households purchase a lawnmower in any given year at an average cost of \$500, state sales tax payments of \$3.1 million (1.5 million x (1/12) x \$500 x 5%) would be eligible for the lawnmower portion of the bill. Lawnmower purchases by businesses would increase this



estimate by an unknown amount.

#### Generators

Assuming that generators are purchased by 1% of the homeowners in the state on an annual basis at an average cost of \$1000, state sales tax payments of \$0.8 million (1.5 million x 1% x \$1000 x 5%) would become eligible to be claimed under the credit in the bill. Generator purchases by businesses would increase this estimate by an unknown amount.

#### Total

The combined state sales taxes that are expected to become eligible for the income tax credit under the bill are expected to be \$60.4 million (\$56.5 million + \$3.1 million + \$0.8 million). Since the credit is non-refundable and unused credits may be carried-forward for 15 years, the reduction in income tax revenue created by the bill may be spread over several years. Assuming the bill is first effective January 1, 2010, however, the bill would primarily impact tax year 2010 filings and thereby reduce state FY11 tax collections.

While the bill caps the amount of sales tax eligible for the credit on each single purchase at \$1,500, this cap would not be binding except where an individual item is sold for more than \$30,000 (\$1,500/5%). While information is not available as to what share of the items eligible for credit under the bill would be sold in excess of \$30,000, no reduction to the revenue loss estimated above has been made for this provision.

DOR administrative expenses under the bill are expected to be absorbed within existing budget authority.

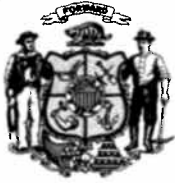
#### **Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 09-3351/3		<b>Introduction Number</b>	
<b>Description</b> An income and franchise tax credit for the sales tax paid on certain products			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  One-time \$60.4 million reduction in income tax collections.			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$	\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$One-Time Reduction	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Paul Ziegler (608) 266-5773		Paul Ziegler (608) 266-5773	10/30/2009



# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

1 EAST MAIN, SUITE 200  
P. O. BOX 2037  
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561  
REFERENCE SECTION: (608) 266-0341  
FAX: (608) 264-6948

STEPHEN R. MILLER  
CHIEF

November 2, 2009

## MEMORANDUM

**To:** Representative Townsend

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

**Subject:** Technical Memorandum to **2009 un-introduced** (LRB-3351/3) 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

October 19, 2009

**TO:** Joseph Kreye  
Legislative Reference Bureau

**FROM:** Paul Ziegler  
Department of Revenue

**SUBJECT:** Technical memorandum on LRB 09-3351/3 – an income and franchise tax credit for the sales tax paid on certain products.

This bill creates a nonrefundable income tax credit for state sales and use tax paid during a twelve month period on motorcycles, all-terrain vehicles, personal watercraft, generators, motorized lawn or garden equipment, snowmobiles, motorboats, and inboard or outboard boat motors.

The Department of Revenue has the following concerns regarding the bill:

1. Several questions may be raised about the items intended to be eligible for the credit.
  - Motorcycles - Does a motorcycle include items such as mopeds, motor bikes, and motor scooters?
  - All-terrain vehicles – Certain cars and pick-up trucks may be advertised as for “all terrains.” Is the credit meant to include cars and pick-up trucks that can be licensed for highway use? Does an all-terrain vehicle include a mountain bike?
  - Personal watercraft - Most of the items listed in the bill are motorized. Does personal watercraft include only motorized items such as jet skis or does it also include canoes, kayaks, and sail boats that are not motorized?
  - Generators – Is this meant to include generators for business use?
  - Does it matter if items are used when purchased? Or do they have to be brand new items?
2. According to the bill, the credit applies to purchases made within 12 months after the day of publication. In addition, the credit is to be claimed in the taxable year that the purchase is made. If the bill is enacted late in the year, however, the department would not have a sufficient amount of time to change the income tax forms and prepare instructions for claiming the credit for that year. Consequently, the department recommends that if the bill is enacted after July 1<sup>st</sup>, the bill first apply to purchases on the following January 1<sup>st</sup>.

If you have questions regarding this technical memorandum, please contact Jacek Cianciara at (608) 266-8133 or [jcianciara@dor.state.wi.us](mailto:jcianciara@dor.state.wi.us).

## Barman, Mike

---

**From:** Barman, Mike  
**Sent:** Monday, November 02, 2009 9:30 AM  
**To:** Rep.Townsend  
**Subject:** LRB 09-3351/3 (un-introduced) (Tech Memo by DOR - attached - for your review)

**Attachments:** Tech\_Memo\_Townsend.PDF



Tech\_Memo\_Townsend.PDF (27 KB)...

**Mike Barman (Senior Program Assistant)**  
State of Wisconsin - Legislative Reference Bureau  
Legal Section - Front Office  
1 East Main Street, Suite 200, Madison, WI 53703  
(608) 266-3561 / [mike.barman@legis.wisconsin.gov](mailto:mike.barman@legis.wisconsin.gov)



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRB-3351/3  
JK:nwn:rs

RMR

2009 BILL

SA ✓

*items if they are new when purchased by the taxpayer*

*in Tru 11-3  
due Tru 11-5*

*Regen.*

1 AN ACT *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45  
2 (2) (a) 10. and 77.92 (4); and *to create* 71.07 (3x), 71.10 (4) (cr), 71.28 (3x), 71.30  
3 (3) (dr), 71.47 (3x) and 71.49 (1) (dr) of the statutes; **relating to:** an income and  
4 franchise tax credit for the sales tax paid on certain products.

**Analysis by the Legislative Reference Bureau**

This bill creates an income and franchise tax credit for the sales tax paid on any of the following:

1. Motorcycles.
2. All-terrain vehicles.
3. Personal watercraft.
4. Generators.
5. Motorized lawn or garden equipment.
6. Snowmobiles.
7. Motorboats.
8. Inboard or outboard boat motors.

If the amount of a taxpayer's claim exceeds the taxpayer's tax liability, the taxpayer does not receive a refund, but, instead, may claim the amount of the unused credit in subsequent taxable years.

**BILL**

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:*

1           **SECTION 1.** 71.05 (6) (a) 15. of the statutes, as affected by 2009 Wisconsin Acts  
2           2 and 28, is amended to read:

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

9           **SECTION 2.** 71.07 (3x) of the statutes is created to read:

10           71.07 (3x) SALES TAX CREDIT. (a) *Definition.* In this subsection, "claimant"  
11           means a person who files a claim under this subsection.

12           (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
13           claimant may claim as a credit against the taxes imposed under s. 71.02, up to the  
14           amount of the taxes, an amount that is equal to the amount of the taxes imposed  
15           under subch. III of ch. 77 that the claimant paid in the taxable year on the purchase

- 16           of any of the following: that are <sup>new</sup> when purchased by the claimant ✓
  - 17           1. Motorcycles registered under ch. 341 ✓
  - 18           2. All-terrain vehicles not including automobiles or trucks ✓
  - 19           3. Personal watercraft, as defined in s. 30.50(9d) ✓
  - 20           4. Generators ✓
  - 21           5. Motorized lawn or garden equipment.
- regardless of whether they are used for personal or business purposes ✓

**BILL**

1           6. Snowmobiles

2           7. Motorboats.

3           8. Inboard or outboard boat motors.

4           (c) *Limitations.* 1. The maximum amount of the credit that a claimant may  
5 claim under this subsection in a taxable year is \$1,500 for each single purchase of an  
6 item described in par. (b).

7           2. The credit under par. (b) may be claimed only for items that are purchased  
8 during the period beginning on the effective date of this subdivision ... [LRB inserts  
9 date], and ending on the date that is 12 months after the effective date of this  
10 subdivision ... [LRB inserts date], and may be claimed only for the taxable year in  
11 which the purchase is made.

12           3. 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 amounts under par. (b). A partnership,  
15 limited liability company, or tax-option corporation shall compute the amount of  
16 credit that each of its partners, members, or shareholders may claim and shall  
17 provide that information to each of them. Partners, members of limited liability  
18 companies, and shareholders of tax-option corporations may claim the credit in  
19 proportion to their ownership interests.

20           (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under  
21 s. 71.28 (4), applies to the credit under this subsection.

22           **SECTION 3.** 71.10 (4) (cr) of the statutes is created to read:

23           71.10 (4) (cr) Sales tax credit under s. 71.07 (3x).

24           **SECTION 4.** 71.21 (4) of the statutes, as affected by 2009 Wisconsin Acts 2 and  
25 28, is amended to read:



**BILL**

1           71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
2           (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w),  
3           (3x), (5e), (5f), (5g), (5h), (5i), (5j), (5k), and (8r) and passed through to partners shall  
4           be added to the partnership's income.

5           SECTION 5. 71.26 (2) (a) 4. of the statutes, as affected by 2009 Wisconsin Acts  
6           2 and 28, is amended to read:

7           71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),  
8           (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3t),  
9           (3w), (3x), (5e), (5f), (5g), (5h), (5i), (5j), (5k), and (8r) and not passed through by a  
10          partnership, limited liability company, or tax-option corporation that has added that  
11          amount to the partnership's, limited liability company's, or tax-option corporation's  
12          income under s. 71.21 (4) or 71.34 (1k) (g).

13          SECTION 6. 71.28 (3x) of the statutes is created to read:

14          71.28 (3x) SALES TAX CREDIT. (a) *Definition.* In this subsection, "claimant"  
15          means a person who files a claim under this subsection.

16          (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
17          claimant may claim as a credit against the taxes imposed under s. 71.23, up to the  
18          amount of the taxes, an amount that is equal to the amount of the taxes imposed  
19          under subch. III of ch. 77 that the claimant paid in the taxable year on the purchase

- 20          of any of the following that are new when purchased by the claimant ✓
- 21           1. Motorcycles registered under ch. 341 ✓
- 22           2. All-terrain vehicles not including automobiles or trucks ✓
- 23           3. Personal watercraft or defined in s. 30.50(9d) ✓
- 24           4. Generators ✓
- 25           5. Motorized lawn or garden equipment.

regardless of whether they are used for personal or business purposes ✓

**BILL**

1           6. Snowmobiles.

2           7. Motorboats.

3           8. Inboard or outboard boat motors.

4           (c) *Limitations.* 1. The maximum amount of the credit that a claimant may  
5 claim under this subsection in a taxable year is \$1,500 for each single purchase of an  
6 item described in par. (b).

7           2. The credit under par. (b) may be claimed only for items that are purchased  
8 during the period beginning on the effective date of this subdivision .... [LRB inserts  
9 date], and ending on the date that is 12 months after the effective date of this  
10 subdivision .... [LRB inserts date], and may be claimed only for the taxable year in  
11 which the purchase is made.

12           3. 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 amounts under par. (b). A partnership,  
15 limited liability company, or tax-option corporation shall compute the amount of  
16 credit that each of its partners, members, or shareholders may claim and shall  
17 provide that information to each of them. Partners, members of limited liability  
18 companies, and shareholders of tax-option corporations may claim the credit in  
19 proportion to their ownership interests.

20           (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under  
21 sub. (4), applies to the credit under this subsection.

22           **SECTION 7.** <sup>√</sup> 71.30 (3) (dr) of the statutes is created to read:

23           71.30 (3) (dr) Sales tax credit under s. 71.28 (3x).

24           **SECTION 8.** <sup>√</sup> 71.34 (1k) (g) of the statutes, as affected by 2009 Wisconsin Acts 2  
25 and 28, is amended to read:

**BILL**

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), (1dy),  
3 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3t), (3w), (3x), (5e), (5f), (5g), (5h), (5i), (5j), (5k),  
4 and (8r) and passed through to shareholders.

5           **SECTION 9.** <sup>✓</sup> 71.45 (2) (a) 10. of the statutes, as affected by 2009 Wisconsin Acts  
6 2 and 28, is amended to read:

7           71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
8 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3w), (3x), (5e),  
9 (5f), (5g), (5h), (5i), (5j), (5k), and (8r) and not passed through by a partnership,  
10 limited liability company, or tax-option corporation that has added that amount to  
11 the partnership's, limited liability company's, or tax-option corporation's income  
12 under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47  
13 (1), (3), (3t), (4), (4m), and (5).

14           **SECTION 10.** 71.47 (3x) of the statutes is created to read:

15           71.47 (3x) SALES TAX CREDIT. (a) *Definition.* In this subsection, "claimant"  
16 means a person who files a claim under this subsection.

17           (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
18 claimant may claim as a credit against the taxes imposed under s. 71.43, up to the  
19 amount of the taxes, an amount that is equal to the amount of the taxes imposed  
20 under subch. III of ch. 77 that the claimant paid in the taxable year on the purchase

(21) of any of the following: that are new when purchased by the claimant ✓  
(22) 1. Motorcycles registered under ch. 341 ✓  
(23) 2. All-terrain vehicles, not including automobiles or trucks ✓  
(24) 3. Personal watercraft, as defined in s. 30.50(9d) ✓  
(25) 4. Generators, regardless of whether they are used for personal or business purposes ✓

**BILL**

1           5. Motorized lawn or garden equipment.

2           6. Snowmobiles.

3           7. Motorboats.

4           8. Inboard or outboard boat motors.

5           (c) *Limitations.* 1. The maximum amount of the credit that a claimant may  
6 claim under this subsection in a taxable year is \$1,500 for each single purchase of an  
7 item described in par. (b).

8           2. The credit under par. (b) may be claimed only for items that are purchased  
9 during the period beginning on the effective date of this subdivision .... [LRB inserts  
10 date], and ending on the date that is 12 months after the effective date of this  
11 subdivision .... [LRB inserts date], and may be claimed only for the taxable year in  
12 which the purchase is made.

13           3. Partnerships, limited liability companies, and tax-option corporations may  
14 not claim the credit under this subsection, but the eligibility for, and the amount of,  
15 the credit are based on their payment of amounts under par. (b). A partnership,  
16 limited liability company, or tax-option corporation shall compute the amount of  
17 credit that each of its partners, members, or shareholders may claim and shall  
18 provide that information to each of them. Partners, members of limited liability  
19 companies, and shareholders of tax-option corporations may claim the credit in  
20 proportion to their ownership interests.

21           (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under  
22 s. 71.28 (4), applies to the credit under this subsection.

23           **SECTION 11.** <sup>✓</sup> 71.49 (1) (dr) of the statutes is created to read:

24           71.49 (1) (dr) Sales tax credit under s. 71.47 (3x).



## Kreye, Joseph

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**From:** Buhrandt, Katie  
**Sent:** Monday, November 02, 2009 4:15 PM  
**To:** Kreye, Joseph  
**Subject:** Motor bill

3351/3

Hi Joe,

We received the technical memo on LRB 09-3651/3 and the gentleman we are working with would like to clarify a few things to possibly help with the fiscal. I'm not certain whether these things were considered or not, but wanted to make sure that we clarified.

Motorcycles do not include mopeds. Motorcycles are motor vehicles, which are used "upon a highway."

All-terrain vehicles does not includes automobiles or trucks.

Personal watercraft does not include canoes or sailboats. He suggested that we specify that in the draft anyway.

Generators can be used for businesses as well as for homes.

Items which qualify under this bill must be purchased new.

Please let me know if you have any questions. Again, I'm not certain that the above information was not already considered when determining the fiscal. Would you expect that we would need to redraft the bill if there are changes to be made? Would we just let DOR know so they can recalculate the fiscal? I'm not as certain of the process once it has been determined that additional clarification should be included.

Thank you for any help you can offer.

Katie

Katie Buhrandt  
Office of State Senator Jeff Plale  
katie.buhrandt@legis.wisconsin.gov  
608.266.7505

**Parisi, Lori**

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**From:** Pulda, Matt  
**Sent:** Monday, November 16, 2009 9:03 AM  
**To:** LRB.Legal  
**Subject:** Draft Review: LRB 09-3351/4 Topic: Tax credit for sales tax paid on certain purchases

Please Jacket LRB 09-3351/4 for the ASSEMBLY.