

2009 DRAFTING REQUEST

Bill

Received: 02/04/2009

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Administration-Budget

By/Representing: Miner

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Business - credits

Extra Copies:

Submit via email: NO

Pre Topic:

DOA:.....Miner, BAB -

Topic:

Meat processing facility tax credit

Instructions:

See attached

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>
/?	jkreye 02/04/2009	jdyer 02/04/2009		_____			State
/P1	tkuczens 02/06/2009	kfollett 02/06/2009	mduchek 02/04/2009	_____	cduerst 02/04/2009		State
/P2			rschluet 02/06/2009	_____	mbarman 02/06/2009		

FE Sent For:

<END>

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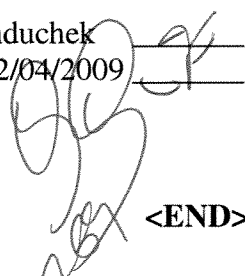
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/?	jkreye 02/04/2009	jdye 02/04/2009		_____ _____			State
/P1			mduchek 02/04/2009		cduerst 02/04/2009		

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/?	jkreye	1/11 2/4 jkd	ND	ND			
				2/4			

FE Sent For:

<END>

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LPS - request sheet fixed

BAB

1947/P1

DOA:.....Miner, (BB0260) - Meat processing facility tax credit

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

in 2-4-09

X

don't gen

1 AN ACT ...; relating to: the budget. ✓

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, a person may claim an income and franchise tax credit for 10 percent of the amount that the person paid in the taxable year for dairy manufacturing modernization and expansion related to the person's dairy manufacturing operation. This bill provides an income and franchise tax credit for 10 percent of the amount that a person pays in the taxable year for meat processing modernization or expansion related to the person's meat processing operation.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

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

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

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

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

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

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

9 71.07 (3r) MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions.* In this
10 subsection:

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

12 2. "Meat processing" means processing livestock into meat products or
13 processing meat products for sale commercially.

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

19 a. Building construction, including livestock handling, product intake, storage,
20 and warehouse facilities.

21 b. Building additions.

22 c. Upgrades to utilities, including water, electric, heat, refrigeration, freezing,
23 and waste facilities.

1 d. Livestock intake and storage equipment.

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

5 f. Packaging and handling equipment, including sealing, bagging, boxing,
6 labeling, conveying, and product movement equipment.

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

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

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

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

17 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
18 560.208, for taxable years beginning after December 31, 2008, and before January
19 1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.02
20 or 71.08, up to the amount of the tax, an amount equal to 10 percent of the amount
21 the claimant paid in the taxable year for meat processing modernization or
22 expansion related to the claimant's meat processing operation.

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

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

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

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

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

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

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

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

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

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

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

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

20 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
21 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
22 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
23 71.07 (2fd), dairy manufacturing facility investment credit under s. 71.07 (3p), meat
24 processing facility investment credit under s. 71.07 (3r), film production services
25 credit under s. 71.07 (5f) (b) 2., veterans and surviving spouses property tax credit

1 under s. 71.07 (6e), enterprise zone jobs credit under s. 71.07 (3w), earned income tax
2 credit under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld
3 under subch. X.

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

5 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
6 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3h), (3n), (3p), (3r), (3s), (3t), (3w), (5e), (5f), (5g),
7 (5h), (5i), (5j), and (5k) and passed through to partners shall be added to the
8 partnership's income.

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

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

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

17 71.28 (3r) MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions.* In this
18 subsection:

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

20 2. "Meat processing" means processing livestock into meat products or
21 processing meat products for sale commercially.

22 3. "Meat processing modernization or expansion" means constructing,
23 improving, or acquiring buildings or facilities, or acquiring equipment, for meat
24 processing, including the following, if used exclusively for meat processing and if

1 acquired and placed in service in this state during taxable years that begin after
2 December 31, 2008, and before January 1, 2017:

3 a. Building construction, including livestock handling, product intake, storage,
4 and warehouse facilities.

5 b. Building additions.

6 c. Upgrades to utilities, including water, electric, heat, refrigeration, freezing,
7 and waste facilities.

8 d. Livestock intake and storage equipment.

9 e. Processing and manufacturing equipment, including cutting equipment,
10 mixers, grinders, sausage stuffers, meat smokers, curing equipment, cooking
11 equipment, pipes, motors, pumps, and valves.

12 f. Packaging and handling equipment, including sealing, bagging, boxing,
13 labeling, conveying, and product movement equipment.

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

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

18 i. Computer software and hardware used for managing the claimant's meat
19 processing operation, including software and hardware related to logistics,
20 inventory management, production plant controls, and temperature monitoring
21 controls.

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

24 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
25 560.208, for taxable years beginning after December 31, 2008, and before January

1 1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.23,
2 up to the amount of the tax, an amount equal to 10 percent of the amount the
3 claimant paid in the taxable year for meat processing modernization or expansion
4 related to the claimant's meat processing operation.

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

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

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

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

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

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

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

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

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

15 **SECTION 9.** 71.30 (3) (f) of the statutes is amended to read:

16 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28
17 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
18 s. 71.28 (2m), dairy manufacturing facility investment credit under s. 71.28 (3p),
19 meat processing facility investment credit under s. 71.28 (3r), enterprise zone jobs
20 credit under s. 71.28 (3w), film production services credit under s. 71.28 (5f) (b) 2.,
21 and estimated tax payments under s. 71.29.

22 **SECTION 10.** 71.34 (1k) (g) of the statutes is amended to read:

23 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
24 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),

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

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

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

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

11 71.47 (3r) MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions.* In this
12 subsection:

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

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

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

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

23 b. Building additions.

24 c. Upgrades to utilities, including water, electric, heat, refrigeration, freezing,
25 and waste facilities.

1 d. Livestock intake and storage equipment.

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

5 f. Packaging and handling equipment, including sealing, bagging, boxing,
6 labeling, conveying, and product movement equipment.

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

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

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

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

17 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
18 560.208, for taxable years beginning after December 31, 2008, and before January
19 1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.43,
20 up to the amount of the tax, an amount equal to 10 percent of the amount the
21 claimant paid in the taxable year for meat processing modernization or expansion
22 related to the claimant's meat processing operation.

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

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

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

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

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

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

22 6. No credit may be allowed under this subsection unless the claimant submits
23 with the claimant’s return a copy of the claimant’s credit certification and allocation
24 under s. 560.208.

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

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

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

9 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
10 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
11 s. 71.47 (2m), dairy manufacturing facility investment credit under s. 71.47 (3p),
12 meat processing facility investment credit under s. 71.47 (3r), enterprise zone jobs
13 credit under s. 71.47 (3w), film production services credit under s. 71.47 (5f) (b) 2.,
14 and estimated tax payments under s. 71.48.

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

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

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

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

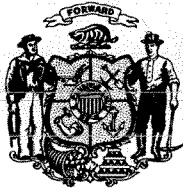
8 **560.208 Meat processing facility investment credit.** (1) The department
9 of commerce shall implement a program to certify taxpayers as eligible for the meat
10 processing facility investment credit under ss. 71.07 (3r), 71.28 (3r), and 71.47 (3r).

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

17 (3) The department of commerce shall inform the department of revenue of
18 every taxpayer certified under sub. (1) and the amount of credits allocated to the
19 taxpayer.

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

22 (END)



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1948/P1

JKcjd/nd

d note
insert

P2

Handwritten initials and notes, including 'GF' and a large 'U'.

DOA:.....Miner, BAB - Meat processing facility tax credit

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

Don't Gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, a person may claim an income and franchise tax credit for 10 percent of the amount that the person paid in the taxable year for dairy manufacturing modernization and expansion related to the person's dairy manufacturing operation. This bill provides an income and franchise tax credit for 10 percent of the amount that a person pays in the taxable year for meat processing modernization or expansion related to the person's meat processing operation.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

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

3 20.835 (2) (bd) *Meat processing facility investment credit.* A sum sufficient to

4 make the payments under ss. 71.07 (3r), 71.28 (3r), and 71.47 (3r).

(2dy)^h

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

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

Insert 2-8

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

9 71.07 (3r) MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions*. In this
10 subsection:

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

12 2. "Meat processing" means processing livestock into meat products or
13 processing meat products for sale commercially.

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

19 a. Building construction, including livestock handling, product intake, storage,
20 and warehouse facilities.

21 b. Building additions.

22 c. Upgrades to utilities, including water, electric, heat, refrigeration, freezing,
23 and waste facilities.

24 d. Livestock intake and storage equipment.

1 e. Processing and manufacturing equipment, including cutting equipment,
2 mixers, grinders, sausage stuffers, meat smokers, curing equipment, cooking
3 equipment, pipes, motors, pumps, and valves.

4 f. Packaging and handling equipment, including sealing, bagging, boxing,
5 labeling, conveying, and product movement equipment.

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

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

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

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

16 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
17 560.208, for taxable years beginning after December 31, 2008, and before January
18 1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.02
19 or 71.08, up to the amount of the tax, an amount equal to 10 percent of the amount
20 the claimant paid in the taxable year for meat processing modernization or
21 expansion related to the claimant's meat processing operation.

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

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

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

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

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

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

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

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

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

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

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

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

20 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
21 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
22 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
23 71.07 (2fd), dairy manufacturing facility investment credit under s. 71.07 (3p), meat
24 processing facility investment credit under s. 71.07 (3r), film production services
25 credit under s. 71.07 (5f) (b) 2., veterans and surviving spouses property tax credit

Insect 5-19

1 under s. 71.07 (6e), enterprise zone jobs credit under s. 71.07 (3w), earned income tax
2 credit under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld
3 under subch. X.

(2dy)✓

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

5 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
6 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3h), (3n), (3p), (3r), (3s), (3t), (3w), (5e), (5f), (5g),
7 (5h), (5i), (5j), and (5k) and passed through to partners shall be added to the
8 partnership's income.

Invent 6-9

(1dy)✓

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

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

Invent 6-16

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

17 71.28 (3r) MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions*. In this
18 subsection:

- 19 1. "Claimant" means a person who files a claim under this subsection.
- 20 2. "Meat processing" means processing livestock into meat products or
21 processing meat products for sale commercially.
- 22 3. "Meat processing modernization or expansion" means constructing,
23 improving, or acquiring buildings or facilities, or acquiring equipment, for meat
24 processing, including the following, if used exclusively for meat processing and if

1 acquired and placed in service in this state during taxable years that begin after
2 December 31, 2008, and before January 1, 2017:

3 a. Building construction, including livestock handling, product intake, storage,
4 and warehouse facilities.

5 b. Building additions.

6 c. Upgrades to utilities, including water, electric, heat, refrigeration, freezing,
7 and waste facilities.

8 d. Livestock intake and storage equipment.

9 e. Processing and manufacturing equipment, including cutting equipment,
10 mixers, grinders, sausage stuffers, meat smokers, curing equipment, cooking
11 equipment, pipes, motors, pumps, and valves.

12 f. Packaging and handling equipment, including sealing, bagging, boxing,
13 labeling, conveying, and product movement equipment.

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

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

18 i. Computer software and hardware used for managing the claimant's meat
19 processing operation, including software and hardware related to logistics,
20 inventory management, production plant controls, and temperature monitoring
21 controls.

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

24 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
25 560.208, for taxable years beginning after December 31, 2008, and before January

1 1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.23,
2 up to the amount of the tax, an amount equal to 10 percent of the amount the
3 claimant paid in the taxable year for meat processing modernization or expansion
4 related to the claimant's meat processing operation.

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

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

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

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

16 4. Partnerships, limited liability companies, and tax-option corporations may
17 not claim the credit under this subsection, but the eligibility for, and the amount of,
18 the credit are based on their payment of expenses under par. (b), except that the
19 aggregate amount of credits that the entity may compute shall not exceed \$200,000.

20 A partnership, limited liability company, or tax-option corporation shall compute
21 the amount of credit that each of its partners, members, or shareholders may claim
22 and shall provide that information to each of them. Partners, members of limited
23 liability companies, and shareholders of tax-option corporations may claim the
24 credit in proportion to their ownership interest.

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

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

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

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

15 **SECTION 9.** 71.30 (3) (f) of the statutes is amended to read:

16 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28
17 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
18 s. 71.28 (2m), dairy manufacturing facility investment credit under s. 71.28 (3p),
19 meat processing facility investment credit under s. 71.28 (3r), enterprise zone jobs
20 credit under s. 71.28 (3w), film production services credit under s. 71.28 (5f) (b) 2.,
21 and estimated tax payments under s. 71.29.

22 **SECTION 10.** 71.34 (1k) (g) of the statutes is amended to read:

23 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
24 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy)[^], (3), (3g),

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

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

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

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

11 71.47 (3r) MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions.* In this
 12 subsection:

- 13 1. "Claimant" means a person who files a claim under this subsection.
- 14 2. "Meat processing" means processing livestock into meat products or
 15 processing meat products for sale commercially.
- 16 3. "Meat processing modernization or expansion" means constructing,
 17 improving, or acquiring buildings or facilities, or acquiring equipment, for meat
 18 processing, including the following, if used exclusively for meat processing and if
 19 acquired and placed in service in this state during taxable years that begin after
 20 December 31, 2008, and before January 1, 2017:

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

23 b. Building additions.

24 c. Upgrades to utilities, including water, electric, heat, refrigeration, freezing,
 25 and waste facilities.

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

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

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

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

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

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

1 d. Livestock intake and storage equipment.

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

5 f. Packaging and handling equipment, including sealing, bagging, boxing,
6 labeling, conveying, and product movement equipment.

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

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

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

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

17 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
18 560.208, for taxable years beginning after December 31, 2008, and before January
19 1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.43,
20 up to the amount of the tax, an amount equal to 10 percent of the amount the
21 claimant paid in the taxable year for meat processing modernization or expansion
22 related to the claimant's meat processing operation.

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

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

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

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

9 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
10 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
11 s. 71.47 (2m), dairy manufacturing facility investment credit under s. 71.47 (3p),
12 meat processing facility investment credit under s. 71.47 (3r), enterprise zone jobs
13 credit under s. 71.47 (3w), film production services credit under s. 71.47 (5f) (b) 2.,
14 and estimated tax payments under s. 71.48.

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

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

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

Insert 14-7
 →

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

8 **560.208 Meat processing facility investment credit.** (1) The department
 9 of commerce shall implement a program to certify taxpayers as eligible for the meat
 10 processing facility investment credit under ss. 71.07 (3r), 71.28 (3r), and 71.47 (3r).

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

17 (3) The department of commerce shall inform the department of revenue of
 18 every taxpayer certified under sub. (1) and the amount of credits allocated to the
 19 taxpayer.

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

22 (END)

D-Note

2009-2010 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1948/P1ins

JK:jld:md

TKK

1 INSERT 2-8

****NOTE: This is reconciled s. 71.05 (6) (a) 15. This SECTION has been affected by drafts with the following LRB numbers: -1942/P2 and -1948/P2.

2 INSERT 5-19

****NOTE: This is reconciled s. 71.08 (1) (intro.). This SECTION has been affected by drafts with the following LRB numbers: -1942/P2 and -1948/P2.

3 INSERT 6-9

****NOTE: This is reconciled s. 71.21 (4). This SECTION has been affected by drafts with the following LRB numbers: -1942/P2 and -1948/P2.

4 INSERT 6-16

****NOTE: This is reconciled s. 71.26 (2) (a) 4. This SECTION has been affected by drafts with the following LRB numbers: -1942/P2 and -1948/P2.

5 INSERT 10-3

****NOTE: This is reconciled s. 71.34 (1k) (g). This SECTION has been affected by drafts with the following LRB numbers: -1942/P2 and -1948/P2.

6 INSERT 10-10

****NOTE: This is reconciled s. 71.45 (2) (a) 10. This SECTION has been affected by drafts with the following LRB numbers: -1942/P2, -1948/P2, and -1992/2.

7 INSERT 14-7

****NOTE: This is reconciled s. 77.92 (4). This SECTION has been affected by drafts with the following LRB numbers: -1942/P2 and -1948/P2.

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

1948/P2
LRB-1942/P1dn
TKK&dk:bjk.ph

kgf

Date

, and LRB-1992/1

✓ PI 2
This draft reconciles LRB-1942/P2, LRB-1899/P4, and, LRB-1948/P2. All of these drafts should continue to appear in the compiled bill. - PI stays

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**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1948/P2dn
TKK:kjf:rs

February 6, 2009

This draft reconciles LRB-1942/P1, LRB-1948/P1, and LRB-1992/1. All of these drafts should continue to appear in the compiled bill.

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DOA:.....Miner, BAB - Meat processing facility tax credit

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, a person may claim an income and franchise tax credit for 10 percent of the amount that the person paid in the taxable year for dairy manufacturing modernization and expansion related to the person's dairy manufacturing operation. This bill provides an income and franchise tax credit for 10 percent of the amount that a person pays in the taxable year for meat processing modernization or expansion related to the person's meat processing operation.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

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

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

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

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

 ****NOTE: This is reconciled s. 71.05 (6) (a) 15. This SECTION has been affected by
 drafts with the following LRB numbers: -1942/P2 and -1948/P2.

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

9 71.07 **(3r)** MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions.* In this
10 subsection:

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

12 2. "Meat processing" means processing livestock into meat products or
13 processing meat products for sale commercially.

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

19 a. Building construction, including livestock handling, product intake, storage,
20 and warehouse facilities.

21 b. Building additions.

22 c. Upgrades to utilities, including water, electric, heat, refrigeration, freezing,
23 and waste facilities.

1 d. Livestock intake and storage equipment.

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

5 f. Packaging and handling equipment, including sealing, bagging, boxing,
6 labeling, conveying, and product movement equipment.

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

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

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

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

17 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
18 560.208, for taxable years beginning after December 31, 2008, and before January
19 1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.02
20 or 71.08, up to the amount of the tax, an amount equal to 10 percent of the amount
21 the claimant paid in the taxable year for meat processing modernization or
22 expansion related to the claimant's meat processing operation.

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

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

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

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

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

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

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

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

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

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

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

****NOTE: This is reconciled s. 71.08 (1) (intro.). This SECTION has been affected by
drafts with the following LRB numbers: -1942/P2 and -1948/P2.

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

20 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
21 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
22 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
23 71.07 (2fd), dairy manufacturing facility investment credit under s. 71.07 (3p), meat

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

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

7 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
8 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3r), (3s), (3t), (3w), (5e),
9 (5f), (5g), (5h), (5i), (5j), and (5k) and passed through to partners shall be added to
10 the partnership's income.

****NOTE: This is reconciled s. 71.21 (4). This SECTION has been affected by drafts
with the following LRB numbers: -1942/P2 and -1948/P2.

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

12 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
13 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3r), (3t), (3w),
14 (5e), (5f), (5g), (5h), (5i), (5j), and (5k) and not passed through by a partnership,
15 limited liability company, or tax-option corporation that has added that amount to
16 the partnership's, limited liability company's, or tax-option corporation's income
17 under s. 71.21 (4) or 71.34 (1k) (g).

****NOTE: This is reconciled s. 71.26 (2) (a) 4. This SECTION has been affected by
drafts with the following LRB numbers: -1942/P2 and -1948/P2.

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

19 71.28 (3r) MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions.* In this
20 subsection:

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

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

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

8 a. Building construction, including livestock handling, product intake, storage,
9 and warehouse facilities.

10 b. Building additions.

11 c. Upgrades to utilities, including water, electric, heat, refrigeration, freezing,
12 and waste facilities.

13 d. Livestock intake and storage equipment.

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

17 f. Packaging and handling equipment, including sealing, bagging, boxing,
18 labeling, conveying, and product movement equipment.

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

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

23 i. Computer software and hardware used for managing the claimant's meat
24 processing operation, including software and hardware related to logistics,

1 inventory management, production plant controls, and temperature monitoring
2 controls.

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

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

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

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

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

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

22 4. Partnerships, limited liability companies, and tax-option corporations may
23 not claim the credit under this subsection, but the eligibility for, and the amount of,
24 the credit are based on their payment of expenses under par. (b), except that the
25 aggregate amount of credits that the entity may compute shall not exceed \$200,000.

1 A partnership, limited liability company, or tax-option corporation shall compute
2 the amount of credit that each of its partners, members, or shareholders may claim
3 and shall provide that information to each of them. Partners, members of limited
4 liability companies, and shareholders of tax-option corporations may claim the
5 credit in proportion to their ownership interest.

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

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

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

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

20 **SECTION 9.** 71.30 (3) (f) of the statutes is amended to read:

21 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28
22 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
23 s. 71.28 (2m), dairy manufacturing facility investment credit under s. 71.28 (3p),
24 meat processing facility investment credit under s. 71.28 (3r), enterprise zone jobs

1 credit under s. 71.28 (3w), film production services credit under s. 71.28 (5f) (b) 2.,
2 and estimated tax payments under s. 71.29.

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

4 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
5 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
6 (3), (3g), (3h), (3n), (3p), (3r), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), and (5k) and
7 passed through to shareholders.

****NOTE: This is reconciled s. 71.34 (1k) (g). This SECTION has been affected by
drafts with the following LRB numbers: -1942/P2 and -1948/P2.

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

9 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
10 computed under s. 71.47 (1dd) to ~~(1dx), (1dy)~~, (3h), (3n), (3p), (3r), (3w), (5e), (5f), (5g),
11 (5h), (5i), (5j), and (5k) and not passed through by a partnership, limited liability
12 company, or tax-option corporation that has added that amount to the partnership's,
13 limited liability company's, or tax-option corporation's income under s. 71.21 (4) or
14 71.34 (1k) (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m),
15 and (5).

****NOTE: This is reconciled s. 71.45 (2) (a) 10. This SECTION has been affected by
drafts with the following LRB numbers: -1942/P2, -1948/P2, and -1992/2.

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

17 71.47 (3r) MEAT PROCESSING FACILITY INVESTMENT CREDIT. (a) *Definitions.* In this
18 subsection:

- 19 1. "Claimant" means a person who files a claim under this subsection.
20 2. "Meat processing" means processing livestock into meat products or
21 processing meat products for sale commercially.

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

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

8 b. Building additions.

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

11 d. Livestock intake and storage equipment.

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

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

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

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

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

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

3 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
4 560.208, for taxable years beginning after December 31, 2008, and before January
5 1, 2017, a claimant may claim as a credit against the taxes imposed under s. 71.43,
6 up to the amount of the tax, an amount equal to 10 percent of the amount the
7 claimant paid in the taxable year for meat processing modernization or expansion
8 related to the claimant's meat processing operation.

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

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

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

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

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

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

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

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

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

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

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

19 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
20 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
21 s. 71.47 (2m), dairy manufacturing facility investment credit under s. 71.47 (3p),
22 meat processing facility investment credit under s. 71.47 (3r), enterprise zone jobs
23 credit under s. 71.47 (3w), film production services credit under s. 71.47 (5f) (b) 2.,
24 and estimated tax payments under s. 71.48.

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

1 77.92 (4) "Net business income," with respect to a partnership, means taxable
2 income as calculated under section 703 of the Internal Revenue Code; plus the items
3 of income and gain under section 702 of the Internal Revenue Code, including taxable
4 state and municipal bond interest and excluding nontaxable interest income or
5 dividend income from federal government obligations; minus the items of loss and
6 deduction under section 702 of the Internal Revenue Code, except items that are not
7 deductible under s. 71.21; plus guaranteed payments to partners under section 707
8 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
9 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), ~~(3s)~~, (3n), (3p), (3r), (3s),
10 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), and (5k); and plus or minus, as appropriate,
11 transitional adjustments, depreciation differences, and basis differences under s.
12 71.05 (13), (15), (16), (17), and (19); but excluding income, gain, loss, and deductions
13 from farming. "Net business income," with respect to a natural person, estate, or
14 trust, means profit from a trade or business for federal income tax purposes and
15 includes net income derived as an employee as defined in section 3121 (d) (3) of the
16 Internal Revenue Code.

****NOTE: This is reconciled s. 77.92 (4). This SECTION has been affected by drafts
with the following LRB numbers: -1942/P2 and -1948/P2.

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

18 **560.208 Meat processing facility investment credit.** (1) The department
19 of commerce shall implement a program to certify taxpayers as eligible for the meat
20 processing facility investment credit under ss. 71.07 (3r), 71.28 (3r), and 71.47 (3r).

21 (2) If the department of commerce certifies a taxpayer under sub. (1), the
22 department of commerce shall determine the amount of credits to allocate to that
23 taxpayer. The total amount of meat processing facility investment credits allocated

1 to taxpayers in fiscal year 2009-10 may not exceed \$300,000 and the total amount
2 of meat processing facility investment credits allocated to taxpayers in fiscal year
3 2010-11, and in each fiscal year thereafter, may not exceed \$700,000.

4 (3) The department of commerce shall inform the department of revenue of
5 every taxpayer certified under sub. (1) and the amount of credits allocated to the
6 taxpayer.

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

9 (END)