

2011 DRAFTING REQUEST

Bill

Received: 01/12/2011

Received By: jkreye

Wanted: As time permits

Companion to LRB:

For: Donna Seidel (608) 266-0654

By/Representing: chris

May Contact:

Drafter: jkreye

Subject: Tax, Business - credits

Addl. Drafters:

Extra Copies:

Submit via email: YES

Requester's email: Rep.Seidel@legis.wisconsin.gov

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

Pre Topic:

No specific pre topic given

Topic:

Supply chain tax credits

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 01/12/2011	jdye 01/13/2011		_____			State
/1			jfrantze 01/13/2011	_____	sbasford 01/13/2011	mbarman 01/20/2011	

FE Sent For:

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intro

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/?	jkreye	1/13 jld		7/11/13			

FE Sent For:

<END>



State of Wisconsin
2011 - 2012 LEGISLATURE



1004/1

LRB-0906/P1

JK:jld:ph

↑ keep

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 1-12-11

due Friday 1-14-11

Regen

AN ACT *to amend* 71.05 (6) (a) 15., 71.08 (1) (intro.), 71.10 (4) (i), 71.21 (4), 71.26
(2) (a) 4., 71.30 (3) (f), 71.34 (1k) (g), 71.45 (2) (a) 10., 71.49 (1) (f) and 77.92 (4);
and *to create* 20.835 (2) (cp), 71.07 (6g), 71.28 (6g) and 71.47 (6g) of the
statutes; **relating to:** an income and franchise tax credit for businesses that
purchase goods and services from Wisconsin vendors and making an
appropriation. ✓

Analysis by the Legislative Reference Bureau

Under current law, a business located in an enterprise zone may claim an income and franchise tax credit in an amount up to 1 percent of the amount that the business paid in the taxable year to purchase tangible personal property, goods, or services from a vendor located in this state. If the credit amount exceeds the tax liability of the business, the business receives a refund.

Under this bill, a business located in this state, but not in an enterprise zone, may also claim a credit equal to 1 percent of the amount that the business paid in the taxable year to purchase tangible personal property, goods, or services from a vendor located in this state. If the credit amount exceeds the tax liability of the business, the business receives a refund.

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.** 20.835 (2) (cp) of the statutes is created to read:

2 20.835 **(2)** (cp) *Supply chain credit.* A sum sufficient to make the payments
3 under ss. 71.07 (6g) (d) 2., 71.28 (6g) (d) 2., and 71.47 (6g) (d) 2.

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

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

11 **SECTION 3.** 71.07 (6g) of the statutes is created to read:

12 71.07 **(6g)** SUPPLY CHAIN CREDIT. (a) *Definitions.* In this subsection:

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

14 2. "Wisconsin vendor" means a business located in this state that sells tangible
15 personal property, items, property, or goods under s. 77.52 (1) (b), (c), or (d).

16 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
17 taxable years beginning after December 31, 2010, a claimant may claim as a credit
18 against the tax imposed under s. 71.02 or 71.08, 1 percent of the amount that the
19 claimant paid in the taxable year to purchase tangible personal property, items,
20 property, or goods under s. 77.52 (1) (b), (c), or (d), or services from Wisconsin vendors,

1 except that the claimant may not claim the credit under this subsection and sub. (3w)
2 (bm) 3. and 4. for the same expenditures.

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

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 this subsection exceeds the taxes
14 otherwise due on the claimant's income under s. 71.02 or 71.08, the amount of the
15 claim that is not used to offset those taxes shall be certified by the department of
16 revenue to the department of administration for payment by check, share draft, or
17 other draft drawn from the appropriation under s. 20.835 (2) (cp).

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

19 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
20 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
21 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3m), (3n), (3p),
22 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (6), (6e), (6g),
23 (8r), and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (2m), (3), (3n),
24 (3t), and (3w), 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (2m), (3), (3n),
25 (3t), and (3w), 71.57 to 71.61, and 71.613 and subch. VIII and payments to other

1 states under s. 71.07 (7), is less than the tax under this section, there is imposed on
2 that natural person, married couple filing jointly, trust or estate, instead of the tax
3 under s. 71.02, an alternative minimum tax computed as follows:

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

5 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
6 preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and
7 beyond under s. 71.613, homestead credit under subch. VIII, farmland tax relief
8 credit under s. 71.07 (3m), dairy manufacturing facility investment credit under s.
9 71.07 (3p), jobs tax credit under s. 71.07 (3q), meat processing facility investment
10 credit under s. 71.07 (3r), woody biomass harvesting and processing credit under s.
11 71.07 (3rm), food processing plant and food warehouse investment credit under s.
12 71.07 (3rn), film production services credit under s. 71.07 (5f), film production
13 company investment credit under s. 71.07 (5h), veterans and surviving spouses
14 property tax credit under s. 71.07 (6e), supply chain credit under s. 71.07 (6g),
15 enterprise zone jobs credit under s. 71.07 (3w), beginning farmer and farm asset
16 owner tax credit under s. 71.07 (8r), earned income tax credit under s. 71.07 (9e),
17 estimated tax payments under s. 71.09, and taxes withheld under subch. X.

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

19 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
20 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s),
21 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6g), and (8r) and passed
22 through to partners shall be added to the partnership's income.

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

24 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
25 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r),

1 (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6g), and (8r) and
2 not passed through by a partnership, limited liability company, or tax-option
3 corporation that has added that amount to the partnership's, limited liability
4 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

5 **SECTION 8.** 71.28 (6g) of the statutes is created to read:

6 71.28 **(6g)** SUPPLY CHAIN CREDIT. (a) *Definitions.* In this subsection:

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

8 2. "Wisconsin vendor" means a business located in this state that sells tangible
9 personal property, items, property, or goods under s. 77.52 (1) (b), (c), or (d).

10 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
11 taxable years beginning after December 31, 2010, a claimant may claim as a credit
12 against the tax imposed under s. 71.23, 1 percent of the amount that the claimant
13 paid in the taxable year to purchase tangible personal property, items, property, or
14 goods under s. 77.52 (1) (b), (c), or (d), or services from Wisconsin vendors, except that
15 the claimant may not claim the credit under this subsection and sub. (3w) (bm) 3. and
16 4. for the same expenditures.

17 (c) *Limitations.* Partnerships, limited liability companies, and tax-option
18 corporations may not claim the credit under this subsection, but the eligibility for,
19 and the amount of, the credit are based on their payment of amounts under par. (b).
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 interests.

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

3 2. If the allowable amount of the claim under this subsection exceeds the taxes
4 otherwise due on the claimant's income under s. 71.23, the amount of the claim that
5 is not used to offset those taxes shall be certified by the department of revenue to the
6 department of administration for payment by check, share draft, or other draft
7 drawn from the appropriation under s. 20.835 (2) (cp).

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

9 71.30 **(3)** (f) The total of farmland preservation credit under subch. IX,
10 farmland tax relief credit under s. 71.28 (2m), dairy manufacturing facility
11 investment credit under s. 71.28 (3p), jobs credit under s. 71.28 (3q), meat processing
12 facility investment credit under s. 71.28 (3r), woody biomass harvesting and
13 processing credit under s. 71.28 (3rm), food processing plant and food warehouse
14 investment credit under s. 71.28 (3rn), enterprise zone jobs credit under s. 71.28
15 (3w), film production services credit under s. 71.28 (5f), film production company
16 investment credit under s. 71.28 (5h), supply chain credit under s. 71.28 (6g),
17 beginning farmer and farm asset owner tax credit under s. 71.28 (8r), and estimated
18 tax payments under s. 71.29.

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

20 71.34 **(1k)** (g) An addition shall be made for credits computed by a tax-option
21 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
22 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j),
23 (5k), (5r), (5rm), (6g), and (8r) and passed through to shareholders.

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

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), (3rm), (3rn),
3 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), ~~(6g)~~, and (8r) and not passed
4 through by a partnership, limited liability company, or tax-option corporation that
5 has added that amount to the partnership's, limited liability company's, or
6 tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and the amount
7 of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

8 **SECTION 12.** 71.47 (6g) of the statutes is created to read:

9 71.47 (6g) SUPPLY CHAIN CREDIT. (a) *Definitions.* In this subsection:

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

11 2. "Wisconsin vendor" means a business located in this state that sells tangible
12 personal property, items, property, or goods under s. 77.52 (1) (b), (c), or (d).

13 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
14 taxable years beginning after December 31, 2010, a claimant may claim as a credit
15 against the tax imposed under s. 71.43, 1 percent of the amount that the claimant
16 paid in the taxable year to purchase tangible personal property, items, property, or
17 goods under s. 77.52 (1) (b), (c), or (d), or services from Wisconsin vendors, except that
18 the claimant may not claim the credit under this subsection and sub. (3w) (bm) 3. and
19 4. for the same expenditures.

20 (c) *Limitations.* Partnerships, limited liability companies, and tax-option
21 corporations may not claim the credit under this subsection, but the eligibility for,
22 and the amount of, the credit are based on their payment of amounts under par. (b).
23 A partnership, limited liability company, or tax-option corporation shall compute
24 the amount of credit that each of its partners, members, or shareholders may claim
25 and shall provide that information to each of them. Partners, members of limited

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

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

5 2. If the allowable amount of the claim under this subsection exceeds the taxes
6 otherwise due on the claimant's income under s. 71.43, the amount of the claim that
7 is not used to offset those taxes shall be certified by the department of revenue to the
8 department of administration for payment by check, share draft, or other draft
9 drawn from the appropriation under s. 20.835 (2) (cp).

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

11 71.49 (1) (f) The total of farmland preservation credit under subch. IX,
12 farmland tax relief credit under s. 71.47 (2m), dairy manufacturing facility
13 investment credit under s. 71.47 (3p), jobs credit under s. 71.47 (3q), meat processing
14 facility investment credit under s. 71.47 (3r), woody biomass harvesting and
15 processing credit under s. 71.47 (3rm), food processing plant and food warehouse
16 investment credit under s. 71.47 (3rn), enterprise zone jobs credit under s. 71.47
17 (3w), film production services credit under s. 71.47 (5f), film production company
18 investment credit under s. 71.47 (5h), supply chain credit under s. 71.47 (6g),
19 beginning farmer and farm asset owner tax credit under s. 71.47 (8r), and estimated
20 tax payments under s. 71.48.

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

22 77.92 (4) "Net business income," with respect to a partnership, means taxable
23 income as calculated under section 703 of the Internal Revenue Code; plus the items
24 of income and gain under section 702 of the Internal Revenue Code, including taxable
25 state and municipal bond interest and excluding nontaxable interest income or

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

13

(END)

Barman, Mike

From: McKinny, Chris
Sent: Wednesday, January 19, 2011 6:09 PM
To: LRB.Legal
Subject: Draft Review: LRB 11-1004/1 Topic: Supply chain tax credits

Please Jacket LRB 11-1004/1 for the ASSEMBLY.

Thank you!