

2011 DRAFTING REQUEST

Senate Substitute Amendment (SSA-SB260)

Received: 01/13/2012

Received By: **jkreye**

Wanted: **Today**

Companion to LRB:

For: **Sheila Harsdorf (608) 266-7745**

By/Representing: **matt**

May Contact:

Drafter: **jkreye**

Subject: **Tax, Business - credits**

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Harsdorf@legis.wisconsin.gov**

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

Pre Topic:

No specific pre topic given

Topic:

Allowing members of a dairy cooperative to claim the dairy manufacturing facility investment credit in the next taxable year

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> |
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| /1 | jkreye 01/13/2012 | mduchek 01/13/2012 | phenry 01/13/2012 | _____ | sbasford 01/13/2012 | sbasford 01/13/2012 | |

FE Sent For:

<END>

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Senate Substitute Amendment (SSA-SB260)

Received: 01/13/2012

Received By: jkreye

Wanted: Today

Companion to LRB:

For: Sheila Harsdorf (608) 266-7745

By/Representing: matt

May Contact:

Drafter: jkreye

Subject: Tax, Business - credits

Addl. Drafters:

Extra Copies:

Submit via email: YES

Requester's email: Sen.Harsdorf@legis.wisconsin.gov

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

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No specific pre topic given


Topic:

Allowing members of a dairy cooperative to claim the dairy manufacturing facility investment credit in the next taxable year

Instructions:

See attached

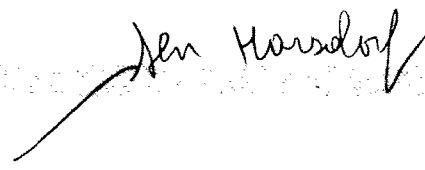
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| 1/? | jkreye |  1/13/12 11 | 1/13 ph | 1/13 ph | | | |

FE Sent For: <END>

Kreye, Joseph

From: Woebke, Matt
Sent: Friday, January 13, 2012 9:18 AM
To: Kreye, Joseph
Subject: SB 260 Sub Amendment



Hi Joe,

We are seeking a substitute amendment to SB 260, relating to the dairy manufacturing investment credit for cooperatives. The Department of Revenue provided us with a roadmap to draft the change we are seeking – I have copied and pasted their input below for your review.

Basically we are looking to change the process for this credit to allow the credit to be claimed in Year 1, applied for in Year 2, and claimed as a credit in Year 3. For example, for investments made in 2012, a cooperative could apply for the credit in 2013, and then make the credit available to their members to claim on their 2014 taxes for tax year 2013.

Please let me know if you have any questions or concerns on this. Feel free to contact DOR if you want to discuss their proposed language with them. If we could request this on a rush basis, that would be appreciated.

Thanks,
Matt

The credit is only available through December 31, 2016. So, having a delayed claim period would result in claims for 2016 arriving in 2017, but that would be after the credit has expired.

You can address that as follows:

Amend 71.07(3p)(c)5

5. A claimant who is a member of a dairy cooperative may claim the credit, based on amounts described under par. (b) that are paid by the dairy cooperative, for taxable years beginning after December 31, 2008, and before January 1, ~~2017~~ 2018.

Section 71.05(6)(a)15 provides that the credit computed must be added to income. Section 71.07(3p)(b), specifies that the credit is computed based on the amount paid in the taxable year. Since you are seeking to provide delayed claims of the credit, you will need to address this.

You could do this by taking the following three steps

Amend 71.05(6)(a)15

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

Further Amend 71.07(3p)(c)5 by adding

The amount of credits computed and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, company's, or tax-option

corporation's income under s. 71.21 (4) or 71.34 (1k)(g) shall be added to a claimant's income in the year in which the cooperative member is allowed to claim the credit.

And Amend the first part of 5 by saying

5. A claimant who is a member of a dairy cooperative may claim the credit in the year after dairy manufacturing modernization or expansion , based on amounts described...

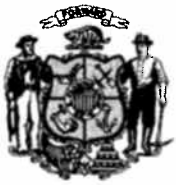
Combining all of the changes discussed above would look like this:

*Amended 71.07(3p)(c)5, that section would read:

5. A claimant who is a member of a dairy cooperative may claim the credit in the year after dairy manufacturing modernization or expansion occurs , based on amounts described under par. (b) that are paid by the dairy cooperative, for taxable years beginning after December 31, 2008, and before January 1, ~~2017~~ 2018. The amount of credits computed and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)(g) shall be added to a claimant's income in the year in which the cooperative member is allowed to claim the credit.

*Amend 71.05(6)(a)15

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



State of Wisconsin
2011 - 2012 LEGISLATURE



LRBs0290/1

JK:.....

med

SENATE SUBSTITUTE AMENDMENT,
TO 2011 SENATE BILL 260

SA

m 1-13-12

D-N

Today
Gerry

1 AN ACT...; relating to: allowing members of dairy cooperatives to claim the dairy
2 manufacturing facility investment credit in the next taxable year.

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

3 SECTION 1. 71.05 (6) (a) 15. of the statutes, as affected by 2011 Wisconsin Act
4 32, is amended to read:

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

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; 2011 a. 3, 5, 10, 32; s. 13.92 (1) (bm) 2.

1 **SECTION 2.** 71.07 (3p) (c) 5. of the statutes is amended to read:

2 71.07 (3p) (c) 5. A claimant who is a member of a dairy cooperative may claim
3 the credit in the year after the year in which the dairy manufacturing modernization
4 or expansion occurs, based on amounts described under par. (b) that are paid by the
5 dairy cooperative, for taxable years beginning after December 31, 2008, and before
6 January 1, ~~2017~~ 2018. The amount of the credits computed and not passed through
7 by a partnership, limited liability company, or tax-option corporation that has added
8 that amount to the partnership's, company's, or tax-option corporation's income
9 under s. 71.21 (4) or 71.34 (1k) (g) shall be added to a claimant's income in the year
10 in which the cooperative member is allowed to claim the credit.

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135, 183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487; 2007 a. 11, 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 15, 32, 67; s. 13.92 (1) (bm) 2; s. 35.17 correction in (2dr) (a), (5n).

11 **SECTION 3.** 71.28 (3p) (c) 5. of the statutes is amended to read:

12 71.28 (3p) (c) 5. A claimant who is a member of a dairy cooperative may claim
13 the credit in the year after the year in which the dairy manufacturing modernization
14 or expansion occurs, based on amounts described under par. (b) that are paid by the
15 dairy cooperative, for taxable years beginning after December 31, 2008, and before
16 January 1, ~~2017~~ 2018. The amount of the credits computed and not passed through
17 by a partnership, limited liability company, or tax-option corporation that has added
18 that amount to the partnership's, company's, or tax-option corporation's income
19 under s. 71.21 (4) or 71.34 (1k) (g) shall be added to a claimant's income in the year
20 in which the cooperative member is allowed to claim the credit.

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67; s. 13.92 (1) (bm) 2; s. 35.17 correction in (1dm) (a) 1.

21 **SECTION 4.** 71.47 (3p) (c) 5. of the statutes is amended to read:

22 71.47 (3p) (c) 5. A claimant who is a member of a dairy cooperative may claim
23 the credit in the year after the year in which the dairy manufacturing modernization

1 or expansion occurs, based on amounts described under par. (b) that are paid by the
2 dairy cooperative, for taxable years beginning after December 31, 2008, and before
3 January 1, 2017 2018. The amount of the credits computed and not passed through
4 by a partnership, limited liability company, or tax-option corporation that has added
5 that amount to the partnership's, company's, or tax-option corporation's income
6 under s. 71.21 (4) or 71.34 (1k) (g) shall be added to a claimant's income in the year
7 in which the cooperative member is allowed to claim the credit.

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67; s. 13.92 (1) (bm) 2.

8

(END)

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

Dante

LRBs0290/1dn

JK:.....

med

Senator Harsdorf:

The substitute amendment is based on DOR's recommendations, as specified in Matt Wobke's email from January 13, 2012.

Joseph T. Kreye
Senior Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov

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

LRBs0290/1dn
JK:med:ph

January 13, 2012

Senator Harsdorf:

The substitute amendment is based on DOR's recommendations, as specified in Matt Wuebke's email from January 13, 2012.

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Senior Legislative Attorney
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