2011 ASSEMBLY BILL 15

February 4, 2011 – Introduced by Representatives SEIDEL, BARCA, MOLEPSKE JR, TURNER, MILROY, FIELDS, PARISI, HINTZ, BERCEAU, BERNARD SCHABER, POPE-ROBERTS, JORGENSEN and CLARK, cosponsored by Senators HANSEN, HOLPERIN and TAYLOR. Referred to Committee on Jobs, Economy and Small Business.

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:

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

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

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

71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (5r), (5rm), (6g), 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).

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

71.07 (6g) Supply chain credit. (a) Definitions. In this subsection:

1. “Claimant” means a person who files a claim under this subsection.

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

(b) Filing claims. Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2010, a claimant may claim as a credit against the tax imposed under s. 71.02 or 71.08, 1 percent of the amount that the claimant paid in the taxable year to purchase tangible personal property, items, property, or goods under s. 77.52 (1) (b), (c), or (d), or services from Wisconsin vendors,
except that the claimant may not claim the credit under this subsection and sub. (3w)
(bm) 3. and 4. for the same expenditures.

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

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

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

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

71.08 (1) **IMPOSITION.** (intro.) If the tax imposed on a natural person, married
couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3m), (3n), (3p),
(3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (6), (6e), (6g),
(8r), and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (2m), (3), (3n),
(3t), and (3w), 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (2m), (3), (3n),
(3t), and (3w), 71.57 to 71.61, and subch. VIII and payments to other
states under s. 71.07 (7), is less than the tax under this section, there is imposed on that natural person, married couple filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

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

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

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

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

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

71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r),
not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership’s, limited liability company’s, or tax-option corporation’s income under s. 71.21 (4) or 71.34 (1k) (g).

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

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

1. “Claimant” means a person who files a claim under this subsection.

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

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

(c) **Limitations.** Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.
(d) *Administration.* 1. Subsection (4) (e), (g), and (h), as it applies to the credit under sub. (4), applies to the credit under this subsection.

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

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

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

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

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

**SECTION 11.** 71.45 (2) (a) 10. of the statutes is amended to read:
71.45 (2) (a) 10. By adding to federal taxable income the amount of credit computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6g) 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, limited liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

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

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

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

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

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

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

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

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

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

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

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

77.92 (4) “Net business income,” with respect to a partnership, means taxable
income as calculated under section 703 of the Internal Revenue Code; plus the items
of income and gain under section 702 of the Internal Revenue Code, including taxable
state and municipal bond interest and excluding nontaxable interest income or
dividend income from federal government obligations; minus the items of loss and
deduction under section 702 of the Internal Revenue Code, except items that are not
deductible under s. 71.21; plus guaranteed payments to partners under section 707
(c) of the Internal Revenue Code; plus the credits claimed 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), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6g), and
(8r); and plus or minus, as appropriate, transitional adjustments, depreciation
differences, and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but
excluding income, gain, loss, and deductions from farming. “Net business income,”
with respect to a natural person, estate, or trust, means profit from a trade or
business for federal income tax purposes and includes net income derived as an
employee as defined in section 3121 (d) (3) of the Internal Revenue Code.