



State of Wisconsin
2015 - 2016 LEGISLATURE



LRB-1018/P1
JK:eev:rs

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due TODAY

DOA:.....Quinn, BB0353 – Repeal development zone credits and related appropriations

FOR 2015-2017 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, no person may claim the following development zone tax credits because they expired in 1997, 1998, or 1999: the investment credit, the location credit, the day care credit, the environmental remediation credit, the research credit, the jobs credit, and the sales credit. This bill repeals those credits.

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

2 SECTION 1. 20.835 (2) (ci) of the statutes is repealed.

3 SECTION 2. 20.835 (2) (cL) of the statutes is repealed.

4 SECTION 3. 20.835 (2) (cm) of the statutes is repealed.

5 SECTION 4. 20.835 (2) (cn) of the statutes is repealed.

1 **SECTION 5.** 71.05 (6) (a) 15. [✓] of the statutes is amended to read:

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

9 **SECTION 6.** 71.05 (6) (b) 11. of the statutes is repealed.

10 **SECTION 7.** 71.05 (6) (b) 47. b. of the statutes is amended to read:

11 71.05 (6) (b) 47. b. With respect to partners and members of limited liability
12 companies, for taxable years beginning after December 31, 2010, and before January
13 1, 2014, for 2 consecutive taxable years beginning with the taxable year in which the
14 partnership's or limited liability company's business locates to this state from
15 another state or another country and begins doing business in this state, as defined
16 in s. 71.22 (1r), and subject to the limitations provided under subd. 47. d., dm., and
17 e., the partner's or member's distributive share of taxable income as calculated under
18 section 703 of the Internal Revenue Code; plus the items of income and gain under
19 section 702 of the Internal Revenue Code, including taxable state and municipal
20 bond interest and excluding nontaxable interest income or dividend income from
21 federal government obligations; minus the items of loss and deduction under section
22 702 of the Internal Revenue Code, except items that are not deductible under s.
23 71.21; plus guaranteed payments to partners under section 707 (c) of the Internal
24 Revenue Code; plus the credits claimed under s. 71.07 (~~2dd~~), (~~2de~~), (~~2di~~), (~~2dj~~), (~~2dL~~),
25 (~~2dm~~), (~~2dr~~), (~~2ds~~), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t),

1 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), and (8r); and plus or minus, as
2 appropriate, transitional adjustments, depreciation differences, and basis
3 differences under s. 71.05 (13), (15), (16), (17), and (19), multiplied by the
4 apportionment fraction determined in s. 71.04 (4) and subject to s. 71.04 (7) or by
5 separate accounting. No amounts subtracted under this subd. 47. b. may be included
6 in the modification under par. (b) 9. or 9m.

7 **SECTION 8.** 71.07 (2dd) of the statutes is repealed.

8 **SECTION 9.** 71.07 (2de) of the statutes is repealed.

9 **SECTION 10.** 71.07 (2di) of the statutes is repealed.

10 **SECTION 11.** 71.07 (2dj) of the statutes is repealed.

11 **SECTION 12.** 71.07 (2dL) of the statutes is repealed.

12 **SECTION 13.** 71.07 (2dr) of the statutes is repealed.

13 **SECTION 14.** 71.07 (2ds) of the statutes is repealed.

14 **SECTION 15.** 71.07 (2dx) (a) 3. of the statutes is amended to read:

15 71.07 (2dx) (a) 3. “Environmental remediation” means removal or
16 containment of environmental pollution, as defined in s. 299.01 (4), and restoration
17 of soil or groundwater that is affected by environmental pollution, as defined in s.
18 299.01 (4), in a brownfield if that removal, containment or restoration fulfills the
19 requirement under sub. (2de) (a) 1., 2013 stats., and investigation unless the
20 investigation determines that remediation is required and that remediation is not
21 undertaken.

22 **SECTION 16.** 71.07 (2dx) (a) 5. of the statutes is amended to read:

23 71.07 (2dx) (a) 5. “Member of a targeted group” means a person who resides
24 in an area designated by the federal government as an economic revitalization area,
25 a person who is employed in an unsubsidized job but meets the eligibility

1 requirements under s. 49.145 (2) and (3) for a Wisconsin Works employment position,
2 a person who is employed in a trial job, as defined in s. 49.141 (1) (n), 2011 stats., or
3 in a trial employment match program job, as defined in s. 49.141 (1) (n), a person who
4 is eligible for child care assistance under s. 49.155, a person who is a vocational
5 rehabilitation referral, an economically disadvantaged youth, an economically
6 disadvantaged veteran, a supplemental security income recipient, a general
7 assistance recipient, an economically disadvantaged ex-convict, a qualified summer
8 youth employee, as defined in 26 USC 51 (d) (7), a dislocated worker, as defined in
9 29 USC 2801 (9), or a food stamp recipient, if the person has been certified in the
10 manner under sub. (2dj) (am) 3., 2013 stats., by a designated local agency, as defined
11 in sub. (2dj) (am) 2., 2013 stats.

12 **SECTION 17.** 71.07 (2dx) (b) 4. of the statutes is amended to read:

13 71.07 (2dx) (b) 4. The amount determined by multiplying the amount
14 determined under s. 238.385 (1) (bm) or s. 560.785 (1) (bm), 2009 stats., by the
15 number of full-time jobs retained, as provided in the rules under s. 238.385 or s.
16 560.785, 2009 stats., ~~excluding jobs for which a credit has been claimed under sub.~~
17 ~~(2dj),~~ in an enterprise development zone under s. 238.397 or s. 560.797, 2009 stats.,
18 and for which significant capital investment was made and by then subtracting the
19 subsidies paid under s. 49.147 (3) (a) for those jobs.

20 **SECTION 18.** 71.07 (2dx) (b) 5. of the statutes is amended to read:

21 71.07 (2dx) (b) 5. The amount determined by multiplying the amount
22 determined under s. 238.385 (1) (c) or s. 560.785 (1) (c), 2009 stats., by the number
23 of full-time jobs retained, as provided in the rules under s. 238.385 or s. 560.785,
24 2009 stats., ~~excluding jobs for which a credit has been claimed under sub. (2dj), in~~

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1 a development zone and not filled by a member of a targeted group and by then
2 subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

3 **SECTION 19.** 71.07 (2dx) (e) of the statutes is renumbered 71.07 (2dx) (e) 1. and
4 amended to read:

5 71.07 (2dx) (e) 1. Section 71.28 (4) (e) to (h), as it applies to the credit under
6 s. 71.28 (4), applies to the credit under this subsection. ~~Subsection (2dj) (e), as it~~
7 ~~applies to the credit under sub. (2dj), applies to the credit under this subsection.~~
8 Claimants shall include with their returns a copy of their certification for tax benefits
9 and a copy of the department of commerce's verification of their expenses.

10 **SECTION 20.** 71.07 (2dx) (e) 2. of the statutes is created to read:

11 71.07 (2dx) (e) 2. The credit under this subsection may not be claimed by
12 partnerships, limited liability companies and tax-option corporations but the
13 eligibility for, and the amount of, that credit shall be determined on the basis of their
14 economic activity, not that of their shareholders, partners or members. The
15 corporation, partnership or limited liability company shall compute the amount of
16 credit that may be claimed by each of its shareholders, partners or members and
17 shall provide that information to each of its shareholders, partners or members.
18 That credit may be claimed by partners, members of limited liability companies and
19 shareholders of tax-option corporations in proportion to their ownership interests.

20 **SECTION 21.** 71.07 (4k) (b) 1. of the statutes is amended to read:

21 71.07 (4k) (b) 1. Subject to the limitations provided in this subsection, and
22 except as provided in subds. 2. and 3., for taxable years beginning after December
23 31, 2012, an individual, a partner of a partnership, a shareholder of a tax-option
24 corporation, or a member of a limited liability company may claim a credit against
25 the tax imposed under s. 71.02 or 71.08, as allocated under par. (d), an amount equal

1 to 5 percent of the amount obtained by subtracting from the individual's,
2 partnership's, tax-option corporation's, or limited liability company's qualified
3 research expenses, as defined in section 41 of the Internal Revenue Code, except that
4 "qualified research expenses" includes only expenses incurred by the individual,
5 partnership, tax-option corporation, or the limited liability company, incurred for
6 research conducted in this state for the taxable year, except that a taxpayer may elect
7 the alternative computation under section 41 (c) (4) of the Internal Revenue Code
8 and that election applies until the department permits its revocation, except as
9 provided in par. (c), and except that "qualified research expenses" does not include
10 compensation used in computing the credit under ~~subs. (2dj)~~ and sub. (2dx), the
11 entity's base amount, as defined in section 41 (c) of the Internal Revenue Code, except
12 that gross receipts used in calculating the base amount means gross receipts from
13 sales attributable to Wisconsin under ss. 71.04 (7) (b) 1. and 2., (df), (dh), (dj), and
14 (dk). Section 41 (h) of the Internal Revenue Code does not apply to the credit under
15 this subdivision.

16 **SECTION 22.** 71.07 (4k) (b) 2. of the statutes is amended to read:

17 71.07 (4k) (b) 2. For taxable years beginning after December 31, 2012, an
18 individual, a partner of a partnership, a shareholder of a tax-option corporation, or
19 a member of a limited liability company may claim a credit against the tax imposed
20 under s. 71.02, as allocated under par. (d), an amount equal to 10 percent of the
21 amount obtained by subtracting from the individual's, partnership's, tax-option
22 corporation's, or limited liability company's qualified research expenses, as defined
23 in section 41 of the Internal Revenue Code, except that "qualified research expenses"
24 includes only expenses incurred by the individual, partnership, tax-option
25 corporation, or limited liability company for research related to designing internal

1 combustion engines for vehicles, including expenses related to designing vehicles
2 that are powered by such engines and improving production processes for such
3 engines and vehicles, incurred for research conducted in this state for the taxable
4 year, except that a taxpayer may elect the alternative computation under section 41
5 (c) (4) of the Internal Revenue Code and that election applies until the department
6 permits its revocation, except as provided in par. (c), and except that “qualified
7 research expenses” does not include compensation used in computing the credit
8 under ~~sub. (2dj)~~ and sub. (2dx), the entity’s base amount, as defined in section 41
9 (c) of the Internal Revenue Code, except that gross receipts used in calculating the
10 base amount means gross receipts from sales attributable to Wisconsin under ss.
11 71.04 (7) (b) 1. and 2., (df), (dh), (dj), and (dk). Section 41 (h) of the Internal Revenue
12 Code does not apply to the credit under this subdivision.

13 **SECTION 23.** 71.07 (4k) (b) 3. of the statutes is amended to read:

14 71.07 (4k) (b) 3. For taxable years beginning after December 31, 2012, an
15 individual, a partner of a partnership, a shareholder of a tax-option corporation, or
16 a member of a limited liability company may claim a credit against the tax imposed
17 under s. 71.02, as allocated under par. (d), an amount equal to 10 percent of the
18 amount obtained by subtracting from the individual’s, partnership’s, tax-option
19 corporation’s, or limited liability company’s qualified research expenses, as defined
20 in section 41 of the Internal Revenue Code, except that “qualified research expenses”
21 includes only expenses incurred by the individual, partnership, tax-option
22 corporation, or limited liability company for research related to the design and
23 manufacturing of energy efficient lighting systems, building automation and control
24 systems, or automotive batteries for use in hybrid-electric vehicles, that reduce the
25 demand for natural gas or electricity or improve the efficiency of its use, incurred for

1 research conducted in this state for the taxable year, except that a taxpayer may elect
2 the alternative computation under section 41 (c) (4) of the Internal Revenue Code
3 and that election applies until the department permits its revocation, except as
4 provided in par. (c), and except that “qualified research expenses” does not include
5 compensation used in computing the credit under ~~subs. (2dj)~~ and sub. (2dx), the
6 entity’s base amount, as defined in section 41 (c) of the Internal Revenue Code, except
7 that gross receipts used in calculating the base amount means gross receipts from
8 sales attributable to Wisconsin under ss. 71.04 (7) (b) 1. and 2., (df), (dh), (dj), and
9 (dk). Section 41 (h) of the Internal Revenue Code does not apply to the credit under
10 this subdivision.

11 **SECTION 24.** 71.08 (1) (intro.) of the statutes is amended to read:

12 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
13 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
14 ss. 71.07 (1), ~~(2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3m), (3n), (3p),~~
15 ~~(3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (4k), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (5n), (6),~~
16 ~~(6e), (8r), (9e), (9m), and (9r), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy),~~
17 ~~(2m), (3), (3n), (3t), and (3w), 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy),~~
18 ~~(2m), (3), (3n), (3t), and (3w), 71.57 to 71.61, and 71.613 and subch. VIII and~~
19 payments to other states under s. 71.07 (7), is less than the tax under this section,
20 there is imposed on that natural person, married couple filing jointly, trust or estate,
21 instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

22 **SECTION 25.** 71.10 (4) (gd) of the statutes is repealed.

23 **SECTION 26.** 71.10 (4) (ge) of the statutes is repealed.

24 **SECTION 27.** 71.10 (4) (gg) of the statutes is repealed.

25 **SECTION 28.** 71.10 (4) (gm) of the statutes is repealed.

1 SECTION 29. 71.10 (4) (gn) of the statutes is repealed.

2 SECTION 30. 71.10 (4) (gr) of the statutes is repealed.

3 SECTION 31. 71.10 (4) (gs) of the statutes is repealed.

4 SECTION 32. 71.10 (4) (gt) of the statutes is repealed.

5 SECTION 33. 71.21 (4) (a) of the statutes is amended to read:

6 71.21 (4) (a) The amount of the credits computed by a partnership under s.
7 71.07 ~~(2dd), (2de), (2di), (2dj), (2dL),~~ (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p),
8 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r),
9 (5rm), (6n), and (8r) and passed through to partners shall be added to the
10 partnership's income.

11 SECTION 34. 71.26 (2) (a) 1. of the statutes is repealed.

12 SECTION 35. 71.26 (2) (a) 4. of the statutes is amended to read:

13 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 ~~(1dd),~~
14 ~~(1de), (1di), (1dj), (1dL),~~ (1dm), ~~(1ds),~~ (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r),
15 (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), and
16 (9s) and not passed through by a partnership, limited liability company, or
17 tax-option corporation that has added that amount to the partnership's, limited
18 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)
19 (g).

20 SECTION 36. 71.26 (3) (n) of the statutes is amended to read:

21 71.26 (3) (n) Sections 381, 382 and 383 (relating to carry-overs in certain
22 corporate acquisitions) are modified so that they apply to losses under sub. (4) and
23 credits under s. 71.28 ~~(1di), (1dL),~~ (1dm), (1dx), (3), (4), (4m), and (5) instead of to
24 federal credits and federal net operating losses.

25 SECTION 37. 71.28 (1dd) of the statutes is repealed.

1 **SECTION 38.** 71.28 (1de) of the statutes is repealed.

2 **SECTION 39.** 71.28 (1di) of the statutes is repealed.

3 **SECTION 40.** 71.28 (1dj) of the statutes is repealed.

4 **SECTION 41.** 71.28 (1dL) of the statutes is repealed.

5 **SECTION 42.** 71.28 (1dr) of the statutes is repealed.

6 **SECTION 43.** 71.28 (1ds) of the statutes is repealed.

7 **SECTION 44.** 71.28 (1dx) (a) 3. of the statutes is amended to read:

8 71.28 (1dx) (a) 3. “Environmental remediation” means removal or
9 containment of environmental pollution, as defined in s. 299.01 (4), and restoration
10 of soil or groundwater that is affected by environmental pollution, as defined in s.
11 299.01 (4), in a brownfield if that removal, containment or restoration fulfills the
12 requirement under sub. (1de) (a) 1., 2013 stats., and investigation unless the
13 investigation determines that remediation is required and that remediation is not
14 undertaken.

15 **SECTION 45.** 71.28 (1dx) (a) 5. of the statutes is amended to read:

16 71.28 (1dx) (a) 5. “Member of a targeted group” means a person who resides
17 in an area designated by the federal government as an economic revitalization area,
18 a person who is employed in an unsubsidized job but meets the eligibility
19 requirements under s. 49.145 (2) and (3) for a Wisconsin Works employment position,
20 a person who is employed in a trial job, as defined in s. 49.141 (1) (n), 2011 stats., or
21 in a trial employment match program job, as defined in s. 49.141 (1) (n), a person who
22 is eligible for child care assistance under s. 49.155, a person who is a vocational
23 rehabilitation referral, an economically disadvantaged youth, an economically
24 disadvantaged veteran, a supplemental security income recipient, a general
25 assistance recipient, an economically disadvantaged ex-convict, a qualified summer

1 youth employee, as defined in 26 USC 51 (d) (7), a dislocated worker, as defined in
2 29 USC 2801 (9), or a food stamp recipient, if the person has been certified in the
3 manner under sub. (1dj) (am) 3., 2013 stats., by a designated local agency, as defined
4 in sub. (1dj) (am) 2., 2013 stats.

5 **SECTION 46.** 71.28 (1dx) (b) 4. of the statutes is amended to read:

6 71.28 (1dx) (b) 4. The amount determined by multiplying the amount
7 determined under s. 238.385 (1) (bm) or s. 560.785 (1) (bm), 2009 stats., by the
8 number of full-time jobs retained, as provided in the rules under s. 238.385 or s.
9 560.785, 2009 stats., ~~excluding jobs for which a credit has been claimed under sub.~~
10 ~~(1dj)~~, in an enterprise development zone under s. 238.397 or s. 560.797, 2009 stats.,
11 and for which significant capital investment was made and by then subtracting the
12 subsidies paid under s. 49.147 (3) (a) for those jobs.

13 **SECTION 47.** 71.28 (1dx) (b) 5. of the statutes is amended to read:

14 71.28 (1dx) (b) 5. The amount determined by multiplying the amount
15 determined under s. 238.385 (1) (c) or s. 560.785 (1) (c), 2009 stats., by the number
16 of full-time jobs retained, as provided in the rules under s. 238.385 or s. 560.785,
17 2009 stats., ~~excluding jobs for which a credit has been claimed under sub. (1dj)~~, in
18 a development zone and not filled by a member of a targeted group and by then
19 ~~subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.~~

20 **SECTION 48.** 71.28 (1dx) (e) of the statutes is renumbered 71.28 (1dx) (e) 1. and
21 amended to read:

22 71.28 (1dx) (e) 1. Subsection (4) (e) to (h), as it applies to the credit under sub.
23 (4), applies to the credit under this subsection. ~~Subsection (1dj) (e), as it applies to~~
24 ~~the credit under sub. (1dj), applies to the credit under this subsection.~~ Claimants

1 shall include with their returns a copy of their certification for tax benefits and a copy
2 of the department of commerce's verification of their expenses.

3 **SECTION 49.** 71.28 (1dx) (e) 2. of the statutes is created to read:

4 71.28 (1dx) (e) 2. The credit under this subsection may not be claimed by
5 partnerships, limited liability companies and tax-option corporations but the
6 eligibility for, and the amount of, that credit shall be determined on the basis of their
7 economic activity, not that of their shareholders, partners or members. The
8 corporation, partnership or limited liability company shall compute the amount of
9 credit that may be claimed by each of its shareholders, partners or members and
10 shall provide that information to each of its shareholders, partners or members.
11 That credit may be claimed by partners, members of limited liability companies and
12 shareholders of tax-option corporations in proportion to their ownership interests.

13 **SECTION 50.** 71.28 (4) (ad) 1. of the statutes is amended to read:

14 71.28 (4) (ad) 1. Except as provided in subs. 2. and 3., any corporation may
15 credit against taxes otherwise due under this chapter an amount equal to 5 percent
16 of the amount obtained by subtracting from the corporation's qualified research
17 expenses, as defined in section 41 of the Internal Revenue Code, except that
18 "qualified research expenses" includes only expenses incurred by the claimant,
19 incurred for research conducted in this state for the taxable year, except that a
20 taxpayer may elect the alternative computation under section 41 (c) (4) of the
21 Internal Revenue Code and that election applies until the department permits its
22 revocation, except as provided in par. (af), and except that "qualified research
23 expenses" does not include compensation used in computing the credit under subs.
24 ~~(1dj)~~ and sub. (1dx), the corporation's base amount, as defined in section 41 (c) of the
25 Internal Revenue Code, except that gross receipts used in calculating the base

1 amount means gross receipts from sales attributable to Wisconsin under s. 71.25 (9)
2 (b) 1. and 2., (df) 1. and 2., (dh) 1., 2., and 3., (dj), and (dk). Section 41 (h) of the
3 Internal Revenue Code does not apply to the credit under this paragraph.

4 **SECTION 51.** 71.28 (4) (ad) 2. of the statutes is amended to read:

5 71.28 (4) (ad) 2. For taxable years beginning after June 30, 2007, any
6 corporation may credit against taxes otherwise due under this chapter an amount
7 equal to 10 percent of the amount obtained by subtracting from the corporation's
8 qualified research expenses, as defined in section 41 of the Internal Revenue Code,
9 except that "qualified research expenses" includes only expenses incurred by the
10 claimant for research related to designing internal combustion engines for vehicles,
11 including expenses related to designing vehicles that are powered by such engines
12 and improving production processes for such engines and vehicles, incurred for
13 research conducted in this state for the taxable year, except that a taxpayer may elect
14 the alternative computation under section 41 (c) (4) of the Internal Revenue Code
15 and that election applies until the department permits its revocation, except as
16 provided in par. (af), and except that "qualified research expenses" does not include
17 compensation used in computing the credit under ~~subs. (1dj)~~ and sub. (1dx), the
18 corporation's base amount, as defined in section 41 (c) of the Internal Revenue Code,
19 except that gross receipts used in calculating the base amount means gross receipts
20 from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2., (df) 1. and 2., (dh)
21 1., 2., and 3., (dj), and (dk). Section 41 (h) of the Internal Revenue Code does not apply
22 to the credit under this paragraph.

23 **SECTION 52.** 71.28 (4) (ad) 3. of the statutes is amended to read:

24 71.28 (4) (ad) 3. For taxable years beginning after June 30, 2007, any
25 corporation may credit against taxes otherwise due under this chapter an amount

1 equal to 10 percent of the amount obtained by subtracting from the corporation's
2 qualified research expenses, as defined in section 41 of the Internal Revenue Code,
3 except that "qualified research expenses" includes only expenses incurred by the
4 claimant for research related to the design and manufacturing of energy efficient
5 lighting systems, building automation and control systems, or automotive batteries
6 for use in hybrid-electric vehicles, that reduce the demand for natural gas or
7 electricity or improve the efficiency of its use, incurred for research conducted in this
8 state for the taxable year, except that a taxpayer may elect the alternative
9 computation under section 41 (c) (4) of the Internal Revenue Code and that election
10 applies until the department permits its revocation, except as provided in par. (af),
11 and except that "qualified research expenses" does not include compensation used
12 in computing the credit under ~~subs. (1dj)~~ and sub. (1dx), the corporation's base
13 amount, as defined in section 41 (c) of the Internal Revenue Code, except that gross
14 receipts used in calculating the base amount means gross receipts from sales
15 attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2., (df), 1. and 2., (dh) 1., 2., and
16 3., (dj), and (dk). Section 41 (h) of the Internal Revenue Code does not apply to the
17 credit under this paragraph.

18 **SECTION 53.** 71.28 (4) (am) 1. of the statutes is amended to read:

19 71.28 (4) (am) 1. In addition to the credit under par. (ad), any corporation may
20 credit against taxes otherwise due under this chapter an amount equal to 5 percent
21 of the amount obtained by subtracting from the corporation's qualified research
22 expenses, as defined in section 41 of the Internal Revenue Code, except that
23 "qualified research expenses" include only expenses incurred by the claimant in a
24 development zone under subch. II of ch. 238 or subch. VI of ch. 560, 2009 stats., except
25 that a taxpayer may elect the alternative computation under section 41 (c) (4) of the

1 Internal Revenue Code and that election applies until the department permits its
2 revocation and except that “qualified research expenses” ~~do~~ does not include
3 ~~compensation used in computing the credit under sub. (1dj) nor~~ research expenses
4 incurred before the claimant is certified for tax benefits under s. 238.365 (3) or s.
5 560.765 (3), 2009 stats., or the corporation’s base amount, as defined in section 41 (c)
6 of the Internal Revenue Code, in a development zone, except that gross receipts used
7 in calculating the base amount means gross receipts from sales attributable to
8 Wisconsin under s. 71.25 (9) (b) 1. and 2., (df) 1. and 2., (dh) 1., 2., and 3., (dj), and
9 (dk) and research expenses used in calculating the base amount include research
10 expenses incurred before the claimant is certified for tax benefits under s. 238.365
11 (3) or s. 560.765 (3), 2009 stats., in a development zone, if the claimant submits with
12 the claimant’s return a copy of the claimant’s certification for tax benefits under s.
13 238.365 (3) or s. 560.765 (3), 2009 stats., and a statement from the department of
14 commerce or the Wisconsin Economic Development Corporation verifying the
15 claimant’s qualified research expenses for research conducted exclusively in a
16 development zone. The rules under s. 73.03 (35) apply to the credit under this
17 subdivision. ~~The rules under sub. (1di) (f) and (g) as they apply to the credit under~~
18 ~~that subsection apply to claims under this subdivision.~~ Section 41 (h) of the Internal
19 Revenue Code does not apply to the credit under this subdivision.

20 **SECTION 54.** 71.28 (4m) (a) of the statutes is amended to read:

21 71.28 (4m) (a) *Definition.* In this subsection, “qualified research expenses”
22 means qualified research expenses as defined in section 41 of the Internal Revenue
23 Code, except that “qualified research expenses” includes only expenses incurred by
24 the claimant for research conducted in this state for the taxable year and except that

1 “qualified research expenses” ~~do~~ does not include compensation used in computing
2 the credits credit under ~~subs. (1dj)~~ and sub. (1dx).

3 SECTION 55. 71.30 (3) (eb) of the statutes is repealed.

4 SECTION 56. 71.30 (3) (ec) of the statutes is repealed.

5 SECTION 57. 71.30 (3) (eg) of the statutes is repealed.

6 SECTION 58. 71.30 (3) (eh) of the statutes is repealed.

7 SECTION 59. 71.30 (3) (ej) of the statutes is repealed.

8 SECTION 60. 71.30 (3) (ek) of the statutes is repealed.

9 SECTION 61. 71.34 (1k) (g) of the statutes is amended to read:

10 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
11 corporation under s. 71.28 (~~1dd~~), (~~1de~~), (~~1di~~), (~~1dj~~), (~~1dL~~), (1dm), (1ds), (1dx), (1dy),
12 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (4), (5), (5e), (5f), (5g), (5h),
13 (5i), (5j), (5k), (5r), (5rm), (6n), and (8r) and passed through to shareholders.

14 SECTION 62. 71.45 (2) (a) 10. of the statutes is amended to read:

15 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
16 computed under s. 71.47 (~~1dd~~) (1dm) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm),
17 (3rn), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), and (9s) and not
18 passed through by a partnership, limited liability company, or tax-option
19 corporation that has added that amount to the partnership's, limited liability
20 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and
21 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

22 SECTION 63. 71.45 (2) (a) 11. of the statutes is repealed.

23 SECTION 64. 71.47 (1dd) of the statutes is repealed.

24 SECTION 65. 71.47 (1de) of the statutes is repealed.

25 SECTION 66. 71.47 (1di) of the statutes is repealed.

1 **SECTION 67.** 71.47 (1dj) of the statutes is repealed.

2 **SECTION 68.** 71.47 (1dL) of the statutes is repealed.

3 **SECTION 69.** 71.47 (1dr) of the statutes is repealed.

4 **SECTION 70.** 71.47 (1ds) of the statutes is repealed.

5 **SECTION 71.** 71.47 (1dx) (a) 3. of the statutes is amended to read:

6 71.47 (1dx) (a) 3. “Environmental remediation” means removal or
7 containment of environmental pollution, as defined in s. 299.01 (4), and restoration
8 of soil or groundwater that is affected by environmental pollution, as defined in s.
9 299.01 (4), in a brownfield if that removal, containment or restoration fulfills the
10 requirement under sub. (1de) (a) 1., 2013 stats., and investigation unless the
11 investigation determines that remediation is required and that remediation is not
12 undertaken.

13 **SECTION 72.** 71.47 (1dx) (a) 5. of the statutes is amended to read:

14 71.47 (1dx) (a) 5. “Member of a targeted group” means a person who resides
15 in an area designated by the federal government as an economic revitalization area,
16 a person who is employed in an unsubsidized job but meets the eligibility
17 requirements under s. 49.145 (2) and (3) for a Wisconsin Works employment position,
18 a person who is employed in a trial job, as defined in s. 49.141 (1) (n), 2011 stats., or
19 in a trial employment match program job, as defined in s. 49.141 (1) (n), a person who
20 is eligible for child care assistance under s. 49.155, a person who is a vocational
21 rehabilitation referral, an economically disadvantaged youth, an economically
22 disadvantaged veteran, a supplemental security income recipient, a general
23 assistance recipient, an economically disadvantaged ex-convict, a qualified summer
24 youth employee, as defined in 26 USC 51 (d) (7), a dislocated worker, as defined in
25 29 USC 2801 (9), or a food stamp recipient, if the person has been certified in the

1 manner under sub. (1dj) (am) 3., 2013 stats., by a designated local agency, as defined
2 in sub. (1dj) (am) 2., 2013 stats.

3 **SECTION 73.** 71.47 (1dx) (b) 4. of the statutes is amended to read:

4 71.47 (1dx) (b) 4. The amount determined by multiplying the amount
5 determined under s. 238.385 (1) (bm) or s. 560.785 (1) (bm), 2009 stats., by the
6 number of full-time jobs retained, as provided in the rules under s. 238.385 or s.
7 560.785, 2009 stats., ~~excluding jobs for which a credit has been claimed under sub.~~
8 ~~(1dj),~~ in an enterprise development zone under s. 238.397 or s. 560.797, 2009 stats.,
9 and for which significant capital investment was made and by then subtracting the
10 subsidies paid under s. 49.147 (3) (a) for those jobs.

11 **SECTION 74.** 71.47 (1dx) (b) 5. of the statutes is amended to read:

12 71.47 (1dx) (b) 5. The amount determined by multiplying the amount
13 determined under s. 238.385 (1) (c) or s. 560.785 (1) (c), 2009 stats., by the number
14 of full-time jobs retained, as provided in the rules under s. 238.385 or s. 560.785,
15 2009 stats., ~~excluding jobs for which a credit has been claimed under sub. (1dj),~~ in
16 a development zone and not filled by a member of a targeted group and by then
17 ~~subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.~~

18 **SECTION 75.** 71.47 (1dx) (e) of the statutes is renumbered 71.47 (1dx) (e) 1. and
19 amended to read:

20 71.47 (1dx) (e) 1. Section 71.28 (4) (e) to (h), as it applies to the credit under
21 s. 71.28 (4), applies to the credit under this subsection. ~~Subsection (1dj) (e), as it~~
22 ~~applies to the credit under sub. (1dj), applies to the credit under this subsection.~~
23 Claimants shall include with their returns a copy of their certification for tax benefits
24 and a copy of the department of commerce's verification of their expenses.

25 **SECTION 76.** 71.47 (1dx) (e) 2. of the statutes is created to read:

1 71.47 (1dx) (e) 2. The credit under this subsection may not be claimed by
2 partnerships, limited liability companies and tax-option corporations but the
3 eligibility for, and the amount of, that credit shall be determined on the basis of their
4 economic activity, not that of their shareholders, partners or members. The
5 corporation, partnership or limited liability company shall compute the amount of
6 credit that may be claimed by each of its shareholders, partners or members and
7 shall provide that information to each of its shareholders, partners or members.
8 That credit may be claimed by partners, members of limited liability companies and
9 shareholders of tax-option corporations in proportion to their ownership interests.

10 **SECTION 77.** 71.47 (4) (ad) 1. of the statutes is amended to read:

11 71.47 (4) (ad) 1. Except as provided in subds. 2. and 3., any corporation may
12 credit against taxes otherwise due under this chapter an amount equal to 5 percent
13 of the amount obtained by subtracting from the corporation's qualified research
14 expenses, as defined in section 41 of the Internal Revenue Code, except that
15 "qualified research expenses" includes only expenses incurred by the claimant,
16 incurred for research conducted in this state for the taxable year, except that a
17 taxpayer may elect the alternative computation under section 41 (c) (4) of the
18 Internal Revenue Code and that election applies until the department permits its
19 revocation, except as provided in par. (af), and except that "qualified research
20 expenses" does not include compensation used in computing the credit under sub-
21 ~~(1dj) and sub.~~ (1dx), the corporation's base amount, as defined in section 41 (c) of the
22 Internal Revenue Code, except that gross receipts used in calculating the base
23 amount means gross receipts from sales attributable to Wisconsin under s. 71.25 (9)
24 (b) 1. and 2., (df) 1. and 2., (dh) 1., 2., and 3., (dj), and (dk). Section 41 (h) of the
25 Internal Revenue Code does not apply to the credit under this paragraph.

1 **SECTION 78.** 71.47 (4) (ad) 2. of the statutes is amended to read:

2 71.47 (4) (ad) 2. For taxable years beginning after June 30, 2007, any
3 corporation may credit against taxes otherwise due under this chapter an amount
4 equal to 10 percent of the amount obtained by subtracting from the corporation's
5 qualified research expenses, as defined in section 41 of the Internal Revenue Code,
6 except that "qualified research expenses" includes only expenses incurred by the
7 claimant for research related to designing internal combustion engines for vehicles,
8 including expenses related to designing vehicles that are powered by such engines
9 and improving production processes for such engines and vehicles, incurred for
10 research conducted in this state for the taxable year, except that a taxpayer may elect
11 the alternative computation under section 41 (c) (4) of the Internal Revenue Code
12 and that election applies until the department permits its revocation, except as
13 provided in par. (af), and except that "qualified research expenses" does not include
14 compensation used in computing the credit under ~~subs. (1dj) and sub. (1dx)~~, the
15 corporation's base amount, as defined in section 41 (c) of the Internal Revenue Code,
16 except that gross receipts used in calculating the base amount means gross receipts
17 from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2., (df) 1. and 2., (dh)
18 1., 2., and 3., (dj), and (dk). Section 41 (h) of the Internal Revenue Code does not apply
19 to the credit under this paragraph.

20 **SECTION 79.** 71.47 (4) (ad) 3. of the statutes is amended to read:

21 71.47 (4) (ad) 3. For taxable years beginning after June 30, 2007, any
22 corporation may credit against taxes otherwise due under this chapter an amount
23 equal to 10 percent of the amount obtained by subtracting from the corporation's
24 qualified research expenses, as defined in section 41 of the Internal Revenue Code,
25 except that "qualified research expenses" includes only expenses incurred by the

1 claimant for research related to the design and manufacturing of energy efficient
2 lighting systems, building automation and control systems, or automotive batteries
3 for use in hybrid-electric vehicles, that reduce the demand for natural gas or
4 electricity or improve the efficiency of its use, incurred for research conducted in this
5 state for the taxable year, except that a taxpayer may elect the alternative
6 computation under section 41 (c) (4) of the Internal Revenue Code and that election
7 applies until the department permits its revocation, except as provided in par. (af),
8 and except that “qualified research expenses” does not include compensation used
9 in computing the credit under ~~subs. (1dj) and sub. (1dx)~~, the corporation’s base
10 amount, as defined in section 41 (c) of the Internal Revenue Code, except that gross
11 receipts used in calculating the base amount means gross receipts from sales
12 attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2., (df) 1. and 2., (dh) 1., 2., and
13 3., (dj), and (dk). Section 41 (h) of the Internal Revenue Code does not apply to the
14 credit under this paragraph.

15 **SECTION 80.** 71.47 (4) (am) of the statutes is amended to read:

16 71.47 (4) (am) *Development zone additional research credit.* In addition to the
17 credit under par. (ad), any corporation may credit against taxes otherwise due under
18 this chapter an amount equal to 5 percent of the amount obtained by subtracting
19 from the corporation’s qualified research expenses, as defined in section 41 of the
20 Internal Revenue Code, except that “qualified research expenses” include only
21 expenses incurred by the claimant in a development zone under subch. II of ch. 238
22 or subch. VI of ch. 560, 2009 stats., except that a taxpayer may elect the alternative
23 computation under section 41 (c) (4) of the Internal Revenue Code and that election
24 applies until the department permits its revocation and except that “qualified
25 research expenses” ~~do~~ does not include ~~compensation used in computing the credit~~

1 under sub. (1dj) nor research expenses incurred before the claimant is certified for
2 tax benefits under s. 238.365 (3) or s. 560.765 (3), 2009 stats., or the corporation's
3 base amount, as defined in section 41 (c) of the Internal Revenue Code, in a
4 development zone, except that gross receipts used in calculating the base amount
5 means gross receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and
6 2., (df) 1. and 2., (dh) 1., 2., and 3., (dj), and (dk) and research expenses used in
7 calculating the base amount include research expenses incurred before the claimant
8 is certified for tax benefits under s. 238.365 (3) or s. 560.765 (3), 2009 stats., in a
9 development zone, if the claimant submits with the claimant's return a copy of the
10 claimant's certification for tax benefits under s. 238.365 (3) or s. 560.765 (3), 2009
11 stats., and a statement from the department of commerce or the Wisconsin Economic
12 Development Corporation verifying the claimant's qualified research expenses for
13 research conducted exclusively in a development zone. The rules under s. 73.03 (35)
14 apply to the credit under this paragraph. ~~The rules under sub. (1di) (f) and (g) as they~~
15 ~~apply to the credit under that subsection apply to claims under this paragraph.~~
16 Section 41 (h) of the Internal Revenue Code does not apply to the credit under this
17 paragraph. No credit may be claimed under this paragraph for taxable years that
18 begin on January 1, 1998, or thereafter. Credits under this paragraph for taxable
19 years that begin before January 1, 1998, may be carried forward to taxable years that
20 begin on January 1, 1998, or thereafter.

21 **SECTION 81.** 71.47 (4m) (a) of the statutes is amended to read:

22 71.47 (4m) (a) *Definition.* In this subsection, "qualified research expenses"
23 means qualified research expenses as defined in section 41 of the Internal Revenue
24 Code, except that "qualified research expenses" includes only expenses incurred by
25 the claimant for research conducted in this state for the taxable year and except that

1 “qualified research expenses” ~~de~~ does not include compensation used in computing
2 the ~~credits~~ credit under ~~subs. (1dj) and sub. (1dx).~~

3 SECTION 82. 71.49 (1) (eb) of the statutes is repealed.

4 SECTION 83. 71.49 (1) (ec) of the statutes is repealed.

5 SECTION 84. 71.49 (1) (eg) of the statutes is repealed.

6 SECTION 85. 71.49 (1) (eh) of the statutes is repealed.

7 SECTION 86. 71.49 (1) (ej) of the statutes is repealed.

8 SECTION 87. 71.49 (1) (ek) of the statutes is repealed.

9 SECTION 88. 73.03 (35) of the statutes is amended to read:

10 73.03 (35) To deny a portion of a credit claimed under s. 71.07 (~~2dd~~), (~~2de~~), (~~2di~~),
11 (~~2dj~~), (~~2dL~~), (2dm), (~~2dr~~), (~~2ds~~), or (2dx), 71.28 (~~1dd~~), (~~1de~~), (~~1di~~), (~~1dj~~), (~~1dL~~), (1dm),
12 (~~1ds~~), (1dx), or (4) (am), 71.47 (~~1dd~~), (~~1de~~), (~~1di~~), (~~1dj~~), (~~1dL~~), (1dm), (~~1ds~~), (1dx), or
13 (4) (am), or 76.636 if granting the full amount claimed would violate a requirement
14 under s. 238.385 or s. 560.785, 2009 stats., or would bring the total of the credits
15 granted to that claimant under all of those subsections over the limit for that
16 claimant under s. 238.368, 238.395 (2) (b), or 238.397 (5) (b) or s. 560.768, 2009 stats.,
17 s. 560.795 (2) (b), 2009 stats., or s. 560.797 (5) (b), 2009 stats.

18 SECTION 89. 76.636 (1) (c) of the statutes is amended to read:

19 76.636 (1) (c) “Environmental remediation” means removal or containment of
20 environmental pollution, as defined in s. 299.01 (4), and restoration of soil or
21 groundwater that is affected by environmental pollution, as defined in s. 299.01 (4),
22 in a brownfield if that removal, containment, or restoration fulfills the requirement
23 under s. 71.47 (1de) (a) 1., 2013 stats., unless an investigation of the property
24 determines that remediation is required and that remediation is not undertaken.

25 SECTION 90. 76.636 (1) (e) (intro.) of the statutes is amended to read:

1 76.636 (1) (e) (intro.) “Member of a targeted group” means any of the following,
2 if the person has been certified in the manner under s. 71.47 (1dj) (am) 3., 2013 stats.,
3 by a designated local agency, as defined in s. 71.47 (1dj) (am) 2., 2013 stats.:

4 **SECTION 91.** 76.636 (2) (d) of the statutes is amended to read:

5 76.636 (2) (d) The amount determined by multiplying the amount determined
6 under s. 238.385 (1) (bm) or s. 560.785 (1) (bm), 2009 stats., by the number of
7 full-time jobs retained, as provided in the rules under s. 238.385 or s. 560.785, 2009
8 stats., ~~excluding jobs for which a credit has been claimed under s. 71.47 (1dj)~~, in an
9 enterprise development zone under s. 238.397 or s. 560.797, 2009 stats., and for
10 which significant capital investment was made and by then subtracting the
11 subsidies paid under s. 49.147 (3) (a) for those jobs.

12 **SECTION 92.** 76.636 (2) (e) of the statutes is amended to read:

13 76.636 (2) (e) The amount determined by multiplying the amount determined
14 under s. 238.385 (1) (c) or s. 560.785 (1) (c), 2009 stats., by the number of full-time
15 jobs retained, as provided in the rules under s. 238.385 or s. 560.785, 2009 stats.,
16 ~~excluding jobs for which a credit has been claimed under s. 71.47 (1dj)~~, in a
17 development zone and not filled by a member of a targeted group and by then
18 subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

19 **SECTION 93.** 238.12 (1) of the statutes is amended to read:

20 238.12 (1) In this section, “tax benefits” means the credits under ss. 71.07 ~~(2dd),~~
21 ~~(2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), and (3t), 71.28 (1dd), (1de),~~
22 ~~(1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3g), and (3t), 71.47 (1dd), (1de), (1di), (1dj),~~
23 ~~(1dL), (1dm), (1ds), (1dx), (3g), and (3t), and 76.636.~~

24 **SECTION 94.** 238.23 (1) of the statutes is amended to read:

1 238.23 (1) In this section, "tax credit" means a credit under s. 71.07 (~~2di~~), (2dm),
2 (2dx), or (3g), 71.28 (~~1di~~), (1dm), (1dx), or (3g), or 71.47 (~~1di~~), (1dm), (1dx), or (3g).

3 **SECTION 95.** 238.23 (4) (b) of the statutes is amended to read:

4 238.23 (4) (b) The corporation shall annually verify information submitted to
5 the corporation under ss. 71.07 (~~2di~~), (2dm), (2dx), and (3g), 71.28 (~~1di~~), (1dm), (1dx),
6 and (3g), and 71.47 (~~1di~~), (1dm), (1dx), and (3g).

7 **SECTION 96.** 238.30 (7) (b) 1. of the statutes is amended to read:

8 238.30 (7) (b) 1. Except as provided in subd. 2., in s. 238.395, "tax benefits"
9 means ~~the development zones investment credit under ss. 71.07 (2di), 71.28 (1di),~~
10 ~~and 71.47 (1di)~~ and the development zones credit under ss. 71.07 (2dx), 71.28 (1dx),
11 71.47 (1dx), and 76.636. With respect to the development opportunity zones under
12 s. 238.395 (1) (e) and (f), "tax benefits" also means the development zones capital
13 investment credit under ss. 71.07 (2dm), 71.28 (1dm), and 71.47 (1dm).

14 **SECTION 97.** 238.395 (3) (d) of the statutes is amended to read:

15 238.395 (3) (d) The corporation annually shall verify information submitted to
16 the corporation under s. 71.07 (~~2di~~), (2dm), or (2dx), 71.28 (~~1di~~), (1dm), or (1dx), 71.47
17 (~~1di~~), (1dm), or (1dx), or 76.636.

18 (END)

d-note
↓

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

date

2
LRB-1018/P1dn
JK ~~W~~rs

JLD

This draft reconciles LRB-1018/P1[✓], LRB-0997/P3[✓] and LRB-1215/P2[✓]. All of these drafts should continue to appear in the compiled bill.

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

LRB-1018/P2dn
JK:jld:jf

January 28, 2015

This draft reconciles LRB-1018/P1, LRB-0997/P3 and LRB-1215/P2. All of these drafts should continue to appear in the compiled bill.

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State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-1018/P2
JK:eev&jld:jf

DOA:.....Quinn, BB0353 – Repeal development zone credits and related appropriations

FOR 2015-2017 BUDGET — NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, no person may claim the following development zone tax credits because they expired in 1997, 1998, or 1999: the investment credit, the location credit, the day care credit, the environmental remediation credit, the research credit, the jobs credit, and the sales credit. This bill repeals those credits.

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

2 **SECTION 1.** 20.835 (2) (ci) of the statutes is repealed.

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

3 **SECTION 2.** 20.835 (2) (cL) of the statutes is repealed.

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

1 **SECTION 3.** 20.835 (2) (cm) of the statutes is repealed.

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

2 **SECTION 4.** 20.835 (2) (cn) of the statutes is repealed.

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

3 **SECTION 5.** 71.05 (6) (b) 11. of the statutes is repealed.

4 **SECTION 6.** 71.05 (6) (b) 47. b. of the statutes is amended to read:

5 71.05 (6) (b) 47. b. With respect to partners and members of limited liability
6 companies, for taxable years beginning after December 31, 2010, and before January
7 1, 2014, for 2 consecutive taxable years beginning with the taxable year in which the
8 partnership's or limited liability company's business locates to this state from
9 another state or another country and begins doing business in this state, as defined
10 in s. 71.22 (1r), and subject to the limitations provided under subd. 47. d., dm., and
11 e., the partner's or member's distributive share of taxable income as calculated under
12 section 703 of the Internal Revenue Code; plus the items of income and gain under
13 section 702 of the Internal Revenue Code, including taxable state and municipal
14 bond interest and excluding nontaxable interest income or dividend income from
15 federal government obligations; minus the items of loss and deduction under section
16 702 of the Internal Revenue Code, except items that are not deductible under s.
17 71.21; plus guaranteed payments to partners under section 707 (c) of the Internal
18 Revenue Code; plus the credits claimed under s. 71.07 ~~(2dd), (2de), (2di), (2dj), (2dL),~~
19 ~~(2dm), (2dr), (2ds),~~ (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t),
20 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), and (8r); and plus or minus, as
21 appropriate, transitional adjustments, depreciation differences, and basis
22 differences under s. 71.05 (13), (15), (16), (17), and (19), multiplied by the

1 apportionment fraction determined in s. 71.04 (4) and subject to s. 71.04 (7) or by
2 separate accounting. No amounts subtracted under this subd. 47. b. may be included
3 in the modification under par. (b) 9. or 9m.

4 **SECTION 7.** 71.07 (2dd) of the statutes is repealed.

5 **SECTION 8.** 71.07 (2de) of the statutes is repealed.

6 **SECTION 9.** 71.07 (2di) of the statutes is repealed.

7 **SECTION 10.** 71.07 (2dj) of the statutes is repealed.

8 **SECTION 11.** 71.07 (2dL) of the statutes is repealed.

9 **SECTION 12.** 71.07 (2dr) of the statutes is repealed.

10 **SECTION 13.** 71.07 (2ds) of the statutes is repealed.

11 **SECTION 14.** 71.07 (2dx) (a) 3. of the statutes is amended to read:

12 **71.07 (2dx) (a) 3.** “Environmental remediation” means removal or
13 containment of environmental pollution, as defined in s. 299.01 (4), and restoration
14 of soil or groundwater that is affected by environmental pollution, as defined in s.
15 299.01 (4), in a brownfield if that removal, containment or restoration fulfills the
16 requirement under sub. (2de) (a) 1., 2013 stats., and investigation unless the
17 investigation determines that remediation is required and that remediation is not
18 undertaken.

19 **SECTION 15.** 71.07 (2dx) (a) 5. of the statutes is amended to read:

20 **71.07 (2dx) (a) 5.** “Member of a targeted group” means a person who resides
21 in an area designated by the federal government as an economic revitalization area,
22 a person who is employed in an unsubsidized job but meets the eligibility
23 requirements under s. 49.145 (2) and (3) for a Wisconsin Works employment position,
24 a person who is employed in a trial job, as defined in s. 49.141 (1) (n), 2011 stats., or
25 in a trial employment match program job, as defined in s. 49.141 (1) (n), a person who

1 is eligible for child care assistance under s. 49.155, a person who is a vocational
2 rehabilitation referral, an economically disadvantaged youth, an economically
3 disadvantaged veteran, a supplemental security income recipient, a general
4 assistance recipient, an economically disadvantaged ex-convict, a qualified summer
5 youth employee, as defined in 26 USC 51 (d) (7), a dislocated worker, as defined in
6 29 USC 2801 (9), or a food stamp recipient, if the person has been certified in the
7 manner under sub. (2dj) (am) 3., 2013 stats., by a designated local agency, as defined
8 in sub. (2dj) (am) 2., 2013 stats.

9 **SECTION 16.** 71.07 (2dx) (e) of the statutes is renumbered 71.07 (2dx) (e) 1. and
10 amended to read:

11 71.07 (2dx) (e) 1. Section 71.28 (4) (e) to (h), as it applies to the credit under
12 s. 71.28 (4), applies to the credit under this subsection. ~~Subsection (2dj) (e), as it~~
13 ~~applies to the credit under sub. (2dj), applies to the credit under this subsection.~~
14 Claimants shall include with their returns a copy of their certification for tax benefits
15 and a copy of the department of commerce's verification of their expenses.

16 **SECTION 17.** 71.07 (2dx) (e) 2. of the statutes is created to read:

17 71.07 (2dx) (e) 2. The credit under this subsection may not be claimed by
18 partnerships, limited liability companies and tax-option corporations but the
19 eligibility for, and the amount of, that credit shall be determined on the basis of their
20 economic activity, not that of their shareholders, partners or members. The
21 corporation, partnership or limited liability company shall compute the amount of
22 credit that may be claimed by each of its shareholders, partners or members and
23 shall provide that information to each of its shareholders, partners or members.
24 That credit may be claimed by partners, members of limited liability companies and
25 shareholders of tax-option corporations in proportion to their ownership interests.

1 **SECTION 18.** 71.07 (4k) (b) 1. of the statutes is amended to read:

2 71.07 (4k) (b) 1. Subject to the limitations provided in this subsection, and
3 except as provided in subds. 2. and 3., for taxable years beginning after December
4 31, 2012, an individual, a partner of a partnership, a shareholder of a tax-option
5 corporation, or a member of a limited liability company may claim a credit against
6 the tax imposed under s. 71.02 or 71.08, as allocated under par. (d), an amount equal
7 to 5 percent of the amount obtained by subtracting from the individual's,
8 partnership's, tax-option corporation's, or limited liability company's qualified
9 research expenses, as defined in section 41 of the Internal Revenue Code, except that
10 “qualified research expenses” includes only expenses incurred by the individual,
11 partnership, tax-option corporation, or the limited liability company, incurred for
12 research conducted in this state for the taxable year, except that a taxpayer may elect
13 the alternative computation under section 41 (c) (4) of the Internal Revenue Code
14 and that election applies until the department permits its revocation, except as
15 provided in par. (c), and except that “qualified research expenses” does not include
16 compensation used in computing the credit under ~~subs. (2dj) and sub. (2dx)~~, the
17 entity's base amount, as defined in section 41 (c) of the Internal Revenue Code, except
18 that gross receipts used in calculating the base amount means gross receipts from
19 sales attributable to Wisconsin under ss. 71.04 (7) (b) 1. and 2., (df), (dh), (dj), and
20 (dk). Section 41 (h) of the Internal Revenue Code does not apply to the credit under
21 this subdivision.

22 **SECTION 19.** 71.07 (4k) (b) 2. of the statutes is amended to read:

23 71.07 (4k) (b) 2. For taxable years beginning after December 31, 2012, an
24 individual, a partner of a partnership, a shareholder of a tax-option corporation, or
25 a member of a limited liability company may claim a credit against the tax imposed

1 under s. 71.02, as allocated under par. (d), an amount equal to 10 percent of the
2 amount obtained by subtracting from the individual's, partnership's, tax-option
3 corporation's, or limited liability company's qualified research expenses, as defined
4 in section 41 of the Internal Revenue Code, except that "qualified research expenses"
5 includes only expenses incurred by the individual, partnership, tax-option
6 corporation, or limited liability company for research related to designing internal
7 combustion engines for vehicles, including expenses related to designing vehicles
8 that are powered by such engines and improving production processes for such
9 engines and vehicles, incurred for research conducted in this state for the taxable
10 year, except that a taxpayer may elect the alternative computation under section 41
11 (c) (4) of the Internal Revenue Code and that election applies until the department
12 permits its revocation, except as provided in par. (c), and except that "qualified
13 research expenses" does not include compensation used in computing the credit
14 under ~~subs. (2dj)~~ and sub. (2dx), the entity's base amount, as defined in section 41
15 (c) of the Internal Revenue Code, except that gross receipts used in calculating the
16 base amount means gross receipts from sales attributable to Wisconsin under ss.
17 71.04 (7) (b) 1. and 2., (df), (dh), (dj), and (dk). Section 41 (h) of the Internal Revenue
18 Code does not apply to the credit under this subdivision.

19 **SECTION 20.** 71.07 (4k) (b) 3. of the statutes is amended to read:

20 71.07 (4k) (b) 3. For taxable years beginning after December 31, 2012, an
21 individual, a partner of a partnership, a shareholder of a tax-option corporation, or
22 a member of a limited liability company may claim a credit against the tax imposed
23 under s. 71.02, as allocated under par. (d), an amount equal to 10 percent of the
24 amount obtained by subtracting from the individual's, partnership's, tax-option
25 corporation's, or limited liability company's qualified research expenses, as defined

1 in section 41 of the Internal Revenue Code, except that “qualified research expenses”
2 includes only expenses incurred by the individual, partnership, tax-option
3 corporation, or limited liability company for research related to the design and
4 manufacturing of energy efficient lighting systems, building automation and control
5 systems, or automotive batteries for use in hybrid-electric vehicles, that reduce the
6 demand for natural gas or electricity or improve the efficiency of its use, incurred for
7 research conducted in this state for the taxable year, except that a taxpayer may elect
8 the alternative computation under section 41 (c) (4) of the Internal Revenue Code
9 and that election applies until the department permits its revocation, except as
10 provided in par. (c), and except that “qualified research expenses” does not include
11 compensation used in computing the credit under ~~subs. (2dj)~~ and sub. (2dx), the
12 entity’s base amount, as defined in section 41 (c) of the Internal Revenue Code, except
13 that gross receipts used in calculating the base amount means gross receipts from
14 sales attributable to Wisconsin under ss. 71.04 (7) (b) 1. and 2., (df), (dh), (dj), and
15 (dk). Section 41 (h) of the Internal Revenue Code does not apply to the credit under
16 this subdivision.

17 **SECTION 21.** 71.10 (4) (gd) of the statutes is repealed.

18 **SECTION 22.** 71.10 (4) (ge) of the statutes is repealed.

19 **SECTION 23.** 71.10 (4) (gg) of the statutes is repealed.

20 **SECTION 24.** 71.10 (4) (gm) of the statutes is repealed.

21 **SECTION 25.** 71.10 (4) (gn) of the statutes is repealed.

22 **SECTION 26.** 71.10 (4) (gr) of the statutes is repealed.

23 **SECTION 27.** 71.10 (4) (gs) of the statutes is repealed.

24 **SECTION 28.** 71.10 (4) (gt) of the statutes is repealed.

25 **SECTION 29.** 71.26 (2) (a) 1. of the statutes is repealed.

1 **SECTION 30.** 71.26 (2) (a) 4. of the statutes is amended to read:

2 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
3 ~~(1de), (1di), (1dj), (1dL)~~, (1dm), ~~(1ds)~~, (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r),
4 (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), and
5 (9s) and not passed through by a partnership, limited liability company, or
6 tax-option corporation that has added that amount to the partnership's, limited
7 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)
8 (g).

9 **SECTION 31.** 71.26 (3) (n) of the statutes is amended to read:

10 71.26 (3) (n) Sections 381, 382 and 383 (relating to carry-overs in certain
11 corporate acquisitions) are modified so that they apply to losses under sub. (4) and
12 credits under s. 71.28 ~~(1di), (1dL)~~, (1dm), (1dx), (3), (4), (4m), and (5) instead of to
13 federal credits and federal net operating losses.

14 **SECTION 32.** 71.28 (1dd) of the statutes is repealed.

15 **SECTION 33.** 71.28 (1de) of the statutes is repealed.

16 **SECTION 34.** 71.28 (1di) of the statutes is repealed.

17 **SECTION 35.** 71.28 (1dj) of the statutes is repealed.

18 **SECTION 36.** 71.28 (1dL) of the statutes is repealed.

19 **SECTION 37.** 71.28 (1dr) of the statutes is repealed.

20 **SECTION 38.** 71.28 (1ds) of the statutes is repealed.

21 **SECTION 39.** 71.28 (1dx) (a) 3. of the statutes is amended to read:

22 71.28 (1dx) (a) 3. "Environmental remediation" means removal or
23 containment of environmental pollution, as defined in s. 299.01 (4), and restoration
24 of soil or groundwater that is affected by environmental pollution, as defined in s.
25 299.01 (4), in a brownfield if that removal, containment or restoration fulfills the

1 requirement under sub. (1de) (a) 1., 2013 stats., and investigation unless the
2 investigation determines that remediation is required and that remediation is not
3 undertaken.

4 **SECTION 40.** 71.28 (1dx) (a) 5. of the statutes is amended to read:

5 71.28 (1dx) (a) 5. “Member of a targeted group” means a person who resides
6 in an area designated by the federal government as an economic revitalization area,
7 a person who is employed in an unsubsidized job but meets the eligibility
8 requirements under s. 49.145 (2) and (3) for a Wisconsin Works employment position,
9 a person who is employed in a trial job, as defined in s. 49.141 (1) (n), 2011 stats., or
10 in a trial employment match program job, as defined in s. 49.141 (1) (n), a person who
11 is eligible for child care assistance under s. 49.155, a person who is a vocational
12 rehabilitation referral, an economically disadvantaged youth, an economically
13 disadvantaged veteran, a supplemental security income recipient, a general
14 assistance recipient, an economically disadvantaged ex-convict, a qualified summer
15 youth employee, as defined in 26 USC 51 (d) (7), a dislocated worker, as defined in
16 29 USC 2801 (9), or a food stamp recipient, if the person has been certified in the
17 manner under sub. (1dj) (am) 3., 2013 stats., by a designated local agency, as defined
18 in sub. (1dj) (am) 2., 2013 stats.

19 **SECTION 41.** 71.28 (1dx) (e) of the statutes is renumbered 71.28 (1dx) (e) 1. and
20 amended to read:

21 71.28 (1dx) (e) 1. Subsection (4) (e) to (h), as it applies to the credit under sub.
22 (4), applies to the credit under this subsection. ~~Subsection (1dj) (e), as it applies to~~
23 ~~the credit under sub. (1dj), applies to the credit under this subsection.~~ Claimants
24 shall include with their returns a copy of their certification for tax benefits and a copy
25 of the department of commerce’s verification of their expenses.

1 **SECTION 42.** 71.28 (1dx) (e) 2. of the statutes is created to read:

2 71.28 (1dx) (e) 2. The credit under this subsection may not be claimed by
3 partnerships, limited liability companies and tax-option corporations but the
4 eligibility for, and the amount of, that credit shall be determined on the basis of their
5 economic activity, not that of their shareholders, partners or members. The
6 corporation, partnership or limited liability company shall compute the amount of
7 credit that may be claimed by each of its shareholders, partners or members and
8 shall provide that information to each of its shareholders, partners or members.
9 That credit may be claimed by partners, members of limited liability companies and
10 shareholders of tax-option corporations in proportion to their ownership interests.

11 **SECTION 43.** 71.28 (4) (ad) 1. of the statutes is amended to read:

12 71.28 (4) (ad) 1. Except as provided in subs. 2. and 3., any corporation may
13 credit against taxes otherwise due under this chapter an amount equal to 5 percent
14 of the amount obtained by subtracting from the corporation's qualified research
15 expenses, as defined in section 41 of the Internal Revenue Code, except that
16 "qualified research expenses" includes only expenses incurred by the claimant,
17 incurred for research conducted in this state for the taxable year, except that a
18 taxpayer may elect the alternative computation under section 41 (c) (4) of the
19 Internal Revenue Code and that election applies until the department permits its
20 revocation, except as provided in par. (af), and except that "qualified research
21 expenses" does not include compensation used in computing the credit under subs.
22 ~~(1dj)~~ and sub. (1dx), the corporation's base amount, as defined in section 41 (c) of the
23 Internal Revenue Code, except that gross receipts used in calculating the base
24 amount means gross receipts from sales attributable to Wisconsin under s. 71.25 (9)

1 (b) 1. and 2., (df) 1. and 2., (dh) 1., 2., and 3., (dj), and (dk). Section 41 (h) of the
2 Internal Revenue Code does not apply to the credit under this paragraph.

3 **SECTION 44.** 71.28 (4) (ad) 2. of the statutes is amended to read:

4 71.28 (4) (ad) 2. For taxable years beginning after June 30, 2007, any
5 corporation may credit against taxes otherwise due under this chapter an amount
6 equal to 10 percent of the amount obtained by subtracting from the corporation's
7 qualified research expenses, as defined in section 41 of the Internal Revenue Code,
8 except that "qualified research expenses" includes only expenses incurred by the
9 claimant for research related to designing internal combustion engines for vehicles,
10 including expenses related to designing vehicles that are powered by such engines
11 and improving production processes for such engines and vehicles, incurred for
12 research conducted in this state for the taxable year, except that a taxpayer may elect
13 the alternative computation under section 41 (c) (4) of the Internal Revenue Code
14 and that election applies until the department permits its revocation, except as
15 provided in par. (af), and except that "qualified research expenses" does not include
16 compensation used in computing the credit under ~~subs. (1dj)~~ and sub. (1dx), the
17 corporation's base amount, as defined in section 41 (c) of the Internal Revenue Code,
18 except that gross receipts used in calculating the base amount means gross receipts
19 from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2., (df) 1. and 2., (dh)
20 1., 2., and 3., (dj), and (dk). Section 41 (h) of the Internal Revenue Code does not apply
21 to the credit under this paragraph.

22 **SECTION 45.** 71.28 (4) (ad) 3. of the statutes is amended to read:

23 71.28 (4) (ad) 3. For taxable years beginning after June 30, 2007, any
24 corporation may credit against taxes otherwise due under this chapter an amount
25 equal to 10 percent of the amount obtained by subtracting from the corporation's

1 qualified research expenses, as defined in section 41 of the Internal Revenue Code,
2 except that “qualified research expenses” includes only expenses incurred by the
3 claimant for research related to the design and manufacturing of energy efficient
4 lighting systems, building automation and control systems, or automotive batteries
5 for use in hybrid–electric vehicles, that reduce the demand for natural gas or
6 electricity or improve the efficiency of its use, incurred for research conducted in this
7 state for the taxable year, except that a taxpayer may elect the alternative
8 computation under section 41 (c) (4) of the Internal Revenue Code and that election
9 applies until the department permits its revocation, except as provided in par. (af),
10 and except that “qualified research expenses” does not include compensation used
11 in computing the credit under ~~subs. (1dj) and sub. (1dx)~~, the corporation’s base
12 amount, as defined in section 41 (c) of the Internal Revenue Code, except that gross
13 receipts used in calculating the base amount means gross receipts from sales
14 attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2., (df), 1. and 2., (dh) 1., 2., and
15 3., (dj), and (dk). Section 41 (h) of the Internal Revenue Code does not apply to the
16 credit under this paragraph.

17 **SECTION 46.** 71.28 (4m) (a) of the statutes is amended to read:

18 71.28 (4m) (a) *Definition.* In this subsection, “qualified research expenses”
19 means qualified research expenses as defined in section 41 of the Internal Revenue
20 Code, except that “qualified research expenses” includes only expenses incurred by
21 the claimant for research conducted in this state for the taxable year and except that
22 “qualified research expenses” ~~do~~ does not include compensation used in computing
23 the ~~credits~~ credit under ~~subs. (1dj) and sub. (1dx)~~.

24 **SECTION 47.** 71.30 (3) (eb) of the statutes is repealed.

25 **SECTION 48.** 71.30 (3) (ec) of the statutes is repealed.

1 **SECTION 49.** 71.30 (3) (eg) of the statutes is repealed.

2 **SECTION 50.** 71.30 (3) (eh) of the statutes is repealed.

3 **SECTION 51.** 71.30 (3) (ej) of the statutes is repealed.

4 **SECTION 52.** 71.30 (3) (ek) of the statutes is repealed.

5 **SECTION 53.** 71.45 (2) (a) 11. of the statutes is repealed.

6 **SECTION 54.** 71.47 (1dd) of the statutes is repealed.

7 **SECTION 55.** 71.47 (1de) of the statutes is repealed.

8 **SECTION 56.** 71.47 (1di) of the statutes is repealed.

9 **SECTION 57.** 71.47 (1dj) of the statutes is repealed.

10 **SECTION 58.** 71.47 (1dL) of the statutes is repealed.

11 **SECTION 59.** 71.47 (1dr) of the statutes is repealed.

12 **SECTION 60.** 71.47 (1ds) of the statutes is repealed.

13 **SECTION 61.** 71.47 (1dx) (a) 3. of the statutes is amended to read:

14 71.47 (1dx) (a) 3. “Environmental remediation” means removal or
15 containment of environmental pollution, as defined in s. 299.01 (4), and restoration
16 of soil or groundwater that is affected by environmental pollution, as defined in s.
17 299.01 (4), in a brownfield if that removal, containment or restoration fulfills the
18 requirement under sub. (1de) (a) 1., 2013 stats., and investigation unless the
19 investigation determines that remediation is required and that remediation is not
20 undertaken.

21 **SECTION 62.** 71.47 (1dx) (a) 5. of the statutes is amended to read:

22 71.47 (1dx) (a) 5. “Member of a targeted group” means a person who resides
23 in an area designated by the federal government as an economic revitalization area,
24 a person who is employed in an unsubsidized job but meets the eligibility
25 requirements under s. 49.145 (2) and (3) for a Wisconsin Works employment position,

1 a person who is employed in a trial job, as defined in s. 49.141 (1) (n), 2011 stats., or
2 in a trial employment match program job, as defined in s. 49.141 (1) (n), a person who
3 is eligible for child care assistance under s. 49.155, a person who is a vocational
4 rehabilitation referral, an economically disadvantaged youth, an economically
5 disadvantaged veteran, a supplemental security income recipient, a general
6 assistance recipient, an economically disadvantaged ex-convict, a qualified summer
7 youth employee, as defined in 26 USC 51 (d) (7), a dislocated worker, as defined in
8 29 USC 2801 (9), or a food stamp recipient, if the person has been certified in the
9 manner under sub. (1dj) (am) 3., 2013 stats., by a designated local agency, as defined
10 in sub. (1dj) (am) 2., 2013 stats.

11 **SECTION 63.** 71.47 (1dx) (e) of the statutes is renumbered 71.47 (1dx) (e) 1. and
12 amended to read:

13 71.47 (1dx) (e) 1. Section 71.28 (4) (e) to (h), as it applies to the credit under
14 s. 71.28 (4), applies to the credit under this subsection. ~~Subsection (1dj) (e), as it~~
15 ~~applies to the credit under sub. (1dj), applies to the credit under this subsection.~~
16 Claimants shall include with their returns a copy of their certification for tax benefits
17 and a copy of the department of commerce's verification of their expenses.

18 **SECTION 64.** 71.47 (1dx) (e) 2. of the statutes is created to read:

19 71.47 (1dx) (e) 2. The credit under this subsection may not be claimed by
20 partnerships, limited liability companies and tax-option corporations but the
21 eligibility for, and the amount of, that credit shall be determined on the basis of their
22 economic activity, not that of their shareholders, partners or members. The
23 corporation, partnership or limited liability company shall compute the amount of
24 credit that may be claimed by each of its shareholders, partners or members and
25 shall provide that information to each of its shareholders, partners or members.

1 That credit may be claimed by partners, members of limited liability companies and
2 shareholders of tax-option corporations in proportion to their ownership interests.

3 **SECTION 65.** 71.47 (4) (ad) 1. of the statutes is amended to read:

4 71.47 (4) (ad) 1. Except as provided in subds. 2. and 3., any corporation may
5 credit against taxes otherwise due under this chapter an amount equal to 5 percent
6 of the amount obtained by subtracting from the corporation's qualified research
7 expenses, as defined in section 41 of the Internal Revenue Code, except that
8 "qualified research expenses" includes only expenses incurred by the claimant,
9 incurred for research conducted in this state for the taxable year, except that a
10 taxpayer may elect the alternative computation under section 41 (c) (4) of the
11 Internal Revenue Code and that election applies until the department permits its
12 revocation, except as provided in par. (af), and except that "qualified research
13 expenses" does not include compensation used in computing the credit under subd.
14 ~~(1dj)~~ and sub. (1dx), the corporation's base amount, as defined in section 41 (c) of the
15 Internal Revenue Code, except that gross receipts used in calculating the base
16 amount means gross receipts from sales attributable to Wisconsin under s. 71.25 (9)
17 (b) 1. and 2., (df) 1. and 2., (dh) 1., 2., and 3., (dj), and (dk). Section 41 (h) of the
18 Internal Revenue Code does not apply to the credit under this paragraph.

19 **SECTION 66.** 71.47 (4) (ad) 2. of the statutes is amended to read:

20 71.47 (4) (ad) 2. For taxable years beginning after June 30, 2007, any
21 corporation may credit against taxes otherwise due under this chapter an amount
22 equal to 10 percent of the amount obtained by subtracting from the corporation's
23 qualified research expenses, as defined in section 41 of the Internal Revenue Code,
24 except that "qualified research expenses" includes only expenses incurred by the
25 claimant for research related to designing internal combustion engines for vehicles,

1 including expenses related to designing vehicles that are powered by such engines
2 and improving production processes for such engines and vehicles, incurred for
3 research conducted in this state for the taxable year, except that a taxpayer may elect
4 the alternative computation under section 41 (c) (4) of the Internal Revenue Code
5 and that election applies until the department permits its revocation, except as
6 provided in par. (af), and except that “qualified research expenses” does not include
7 compensation used in computing the credit under ~~subs. (1dj)~~ and sub. (1dx), the
8 corporation’s base amount, as defined in section 41 (c) of the Internal Revenue Code,
9 except that gross receipts used in calculating the base amount means gross receipts
10 from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2., (df) 1. and 2., (dh)
11 1., 2., and 3., (dj), and (dk). Section 41 (h) of the Internal Revenue Code does not apply
12 to the credit under this paragraph.

13 **SECTION 67.** 71.47 (4) (ad) 3. of the statutes is amended to read:

14 71.47 (4) (ad) 3. For taxable years beginning after June 30, 2007, any
15 corporation may credit against taxes otherwise due under this chapter an amount
16 equal to 10 percent of the amount obtained by subtracting from the corporation’s
17 qualified research expenses, as defined in section 41 of the Internal Revenue Code,
18 except that “qualified research expenses” includes only expenses incurred by the
19 claimant for research related to the design and manufacturing of energy efficient
20 lighting systems, building automation and control systems, or automotive batteries
21 for use in hybrid–electric vehicles, that reduce the demand for natural gas or
22 electricity or improve the efficiency of its use, incurred for research conducted in this
23 state for the taxable year, except that a taxpayer may elect the alternative
24 computation under section 41 (c) (4) of the Internal Revenue Code and that election
25 applies until the department permits its revocation, except as provided in par. (af),

1 and except that “qualified research expenses” does not include compensation used
2 in computing the credit under ~~subs. (1dj)~~ and sub. (1dx), the corporation’s base
3 amount, as defined in section 41 (c) of the Internal Revenue Code, except that gross
4 receipts used in calculating the base amount means gross receipts from sales
5 attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2., (df) 1. and 2., (dh) 1., 2., and
6 3., (dj), and (dk). Section 41 (h) of the Internal Revenue Code does not apply to the
7 credit under this paragraph.

8 **SECTION 68.** 71.47 (4m) (a) of the statutes is amended to read:

9 71.47 (4m) (a) *Definition.* In this subsection, “qualified research expenses”
10 means qualified research expenses as defined in section 41 of the Internal Revenue
11 Code, except that “qualified research expenses” includes only expenses incurred by
12 the claimant for research conducted in this state for the taxable year and except that
13 “qualified research expenses” ~~do~~ does not include compensation used in computing
14 the ~~credits~~ credit under ~~subs. (1dj)~~ and sub. (1dx).

15 **SECTION 69.** 71.49 (1) (eb) of the statutes is repealed.

16 **SECTION 70.** 71.49 (1) (ec) of the statutes is repealed.

17 **SECTION 71.** 71.49 (1) (eg) of the statutes is repealed.

18 **SECTION 72.** 71.49 (1) (eh) of the statutes is repealed.

19 **SECTION 73.** 71.49 (1) (ej) of the statutes is repealed.

20 **SECTION 74.** 71.49 (1) (ek) of the statutes is repealed.

21 **SECTION 75.** 76.636 (1) (c) of the statutes is amended to read:

22 76.636 (1) (c) “Environmental remediation” means removal or containment of
23 environmental pollution, as defined in s. 299.01 (4), and restoration of soil or
24 groundwater that is affected by environmental pollution, as defined in s. 299.01 (4),
25 in a brownfield if that removal, containment, or restoration fulfills the requirement

1 under s. 71.47 (1de) (a) 1., 2013 stats., unless an investigation of the property
2 determines that remediation is required and that remediation is not undertaken.

3 **SECTION 76.** 76.636 (1) (e) (intro.) of the statutes is amended to read:

4 76.636 (1) (e) (intro.) “Member of a targeted group” means any of the following,
5 if the person has been certified in the manner under s. 71.47 (1dj) (am) 3., 2013 stats.,
6 by a designated local agency, as defined in s. 71.47 (1dj) (am) 2., 2013 stats.:

7 (END)