March 9, 2017 - Introduced by Senator SHILLING, cosponsored by Representatives DOYLE, POPE, SARGENT, CONSIDINE, CROWLEY, BILLINGS and SINICKI. Referred to Committee on Revenue, Financial Institutions and Rural Issues.

AN ACT to amend 71.05 (6) (a) 15., 71.21 (4) (a), 71.26 (2) (a) 4., 71.34 (1k) (g) and 71.45 (2) (a) 10.; and to create 71.07 (8b), 71.10 (4) (cs), 71.28 (8b), 71.30 (3) (cs), 71.47 (8b) and 71.49 (1) (cs) of the statutes; relating to: an income and franchise tax credit for businesses that recycle mattresses.

Analysis by the Legislative Reference Bureau
This bill creates an income and franchise tax credit for a business that recycles mattresses in this state. The credit is equal to 10 percent of the amount a business pays in the taxable year for machinery and equipment used exclusively to recycle mattresses. If the amount of the credit exceeds the claimant’s tax liability, the claimant does not receive a refund, but may claim the amount of the unused credit in subsequent taxable years.

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

71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the credits computed under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),
(3rm), (3rn), (3s), (3t), (3w), (3y), (4k), (4n), (5e), (5f), (5h), (5i), (5j), (5k), (5r), (5rm),
(6n), (8b), 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 2. 71.07 (8b) of the statutes is created to read:

71.07 (8b) MATTRESS RECYCLING CREDIT. (a) Definitions. In this subsection:
1. “Claimant” means a person who files a claim under this subsection.
2. “Used exclusively” means used to the exclusion of all other uses except for
use not exceeding 5 percent of total use.

(b) Filing claims. Subject to the limitations provided in this subsection, for
taxable years beginning after December 31, 2016, a claimant may claim as a credit
against the taxes imposed under s. 71.02, up to the amount of the tax, an amount
equal to 10 percent of the amount the claimant paid in the taxable year for machinery
and equipment used exclusively to recycle mattresses, if the claimant is engaged in
the business of recycling mattresses in this state.

(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. Section 71.28 (4) (e) to (h), as it applies to the credit under
s. 71.28 (4), applies to the credit under this subsection.
**SECTION 3.** 71.10 (4) (cs) of the statutes is created to read:

71.10 (4) (cs) Mattress recycling credit under s. 71.07 (8b).

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

71.21 (4) (a) The amount of the credits computed by a partnership under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (3y), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8b), and (8r) and passed through to partners shall be added to the partnership’s income.

**SECTION 5.** 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 (1dm), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8b), (8r), and (9s) 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).

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

71.28 (8b) Mattress recycling credit. (a) Definitions. In this subsection:

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

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

(b) Filing claims. Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2016, a claimant may claim as a credit against the taxes imposed under s. 71.23, up to the amount of the tax, an amount equal to 10 percent of the amount the claimant paid in the taxable year for machinery and equipment used exclusively to recycle mattresses, if the claimant is engaged in the business of recycling mattresses in this state.
(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.** Subsection (4) (e) to (h), as it applies to the credit under sub. (4), applies to the credit under this subsection.

**SECTION 7.** 71.30 (3) (cs) of the statutes is created to read:

71.30 (3) (cs) Mattress recycling credit under s. 71.28 (8b).

**SECTION 8.** 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 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (3y), (4), (5), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8b), and (8r) and passed through to shareholders.

**SECTION 9.** 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 (1dm) to (1dy), (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3w), (3y), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), (8b), and (9s) 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 10. 71.47 (8b) of the statutes is created to read:

71.47 (8b) Mattress recycling credit. (a) Definitions. In this subsection:

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

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

(b) Filing claims. Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2016, a claimant may claim as a credit against the taxes imposed under s. 71.43, up to the amount of the tax, an amount equal to 10 percent of the amount the claimant paid in the taxable year for machinery and equipment used exclusively to recycle mattresses, if the claimant is engaged in the business of recycling mattresses in this state.

(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. Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

SECTION 11. 71.49 (1) (cs) of the statutes is created to read:

71.49 (1) (cs) Mattress recycling credit under s. 71.47 (8b).

(END)