January 6, 2022 - Introduced by Senators ROTH, TESTIN and PFAFF, cosponsored by Representatives NOVAK, SWEARINGEN, TRANEL, ARMSTRONG, CONLEY, EDMING, KURTZ, PENTERMAN, J. RODRIGUEZ, SNYDER, SPIROS, STEFFEN, TITTIL, TUSLER, SCHRAA and VRUWINK. Referred to Committee on Financial Institutions and Revenue.

1 AN ACT to create 71.05 (6) (a) 30., 71.07 (4t), 71.10 (4) (ct), 71.26 (3) (e) 5., 71.28 (4t), 71.30 (3) (ct), 71.45 (2) (a) 24., 71.47 (4t) and 71.49 (1) (ct) of the statutes; relating to: creating a tax credit for local media advertising.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit for businesses that purchase advertising in local media outlets. The credit equals 50 percent of the advertising expenditures, limited to a maximum credit of $5,000. The credit may be claimed only by businesses with fewer than 100 full-time employees and less than $10,000,000 in revenue. The bill defines “local media outlet” to mean a newspaper in Wisconsin that has at least 25 percent news content, a broadcast radio or television station that is licensed by the Federal Communications Commission to serve a local community in Wisconsin, or a Wisconsin-based Internet site that is meant to inform users of news and events in a local community in Wisconsin.

Under the bill, if the business deducted the advertising expenditures under federal law, the business must add the amount deducted to its Wisconsin income in order to claim the credit. The bill provides that the credit may be claimed only for taxable years beginning after December 31, 2021, and before January 1, 2027.

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) 30. of the statutes is created to read:

71.05 (6) (a) 30. For a taxpayer claiming the credit under s. 71.07 (4t), the expenditures taken into account to claim the credit under s. 71.07 (4t) if the expenditures were deducted under the Internal Revenue Code.

SECTION 2. 71.07 (4t) of the statutes is created to read:

71.07 (4t) LOCAL MEDIA ADVERTISING TAX CREDIT. (a) Definitions. In this subsection:

1. “Claimant” means an individual who, in the taxable year to which the claim under this subsection relates, operates a business that has fewer than 100 full-time employees and less than $10,000,000 in revenue.

2. “Local media outlet” means any of the following:

   a. A newspaper in this state that has at least 25 percent news content.

   b. A broadcast radio or television station that is licensed by the federal communications commission to serve a local community in this state.

   c. An Internet site based in this state that is meant to inform users of news and events in a local community in this state.

(b) Filing claims. For taxable years beginning after December 31, 2021, and before January 1, 2027, 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 50 percent of the expenditures paid or incurred in the taxable year by the claimant in the ordinary course of a trade or business for advertising in a local media outlet.

(c) Limitations. 1. The maximum amount of expenditures that may be taken into account under par. (b) in a taxable year is $10,000.

2. 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. The partners, members, and shareholders may claim the credit in proportion to their ownership interests.

3. No credit may be claimed under this subsection unless the claimant makes the adjustment under s. 71.05 (6) (a) 30. in the taxable year to which the claim relates.

(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) (ct) of the statutes is created to read:

71.10 (4) (ct) Local media advertising tax credit under s. 71.07 (4t).

SECTION 4. 71.26 (3) (e) 5. of the statutes is created to read:

71.26 (3) (e) 5. For a taxpayer claiming the credit under s. 71.28 (4t), so that the expenditures taken into account to claim the credit under s. 71.28 (4t) may not be deducted as provided under the Internal Revenue Code.

SECTION 5. 71.28 (4t) of the statutes is created to read:

71.28 (4t) LOCAL MEDIA ADVERTISING TAX CREDIT. (a) Definitions. In this subsection:

1. “Claimant” means a corporation that, in the taxable year to which the claim under this subsection relates, has fewer than 100 full-time employees and less than $10,000,000 in revenue.

2. “Local media outlet” means any of the following:

a. A newspaper in this state that has at least 25 percent news content.
b. A broadcast radio or television station that is licensed by the federal communications commission to serve a local community in this state.

c. An Internet site based in this state that is meant to inform users of news and events in a local community in this state.

(b) **Filing claims.** For taxable years beginning after December 31, 2021, and before January 1, 2027, 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 50 percent of the expenditures paid or incurred in the taxable year by the claimant in the ordinary course of a trade or business for advertising in a local media outlet.

(c) **Limitations.** 1. The maximum amount of expenditures that may be taken into account under par. (b) in a taxable year is $10,000.

2. 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. The partners, members, and shareholders may claim the credit in proportion to their ownership interests.

3. No credit may be claimed under this subsection unless the claimant makes the adjustment under s. 71.26 (3) (e) 5. in the taxable year to which the claim relates.

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

**SECTION 6.** 71.30 (3) (ct) of the statutes is created to read:

71.30 (3) (ct) Local media advertising tax credit under s. 71.28 (4t).

**SECTION 7.** 71.45 (2) (a) 24. of the statutes is created to read:
71.45 (2) (a) 24. For a taxpayer claiming the credit under s. 71.47 (4t), by adding
to federal taxable income the expenditures taken into account to claim the credit
under s. 71.47 (4t) that were deducted under the Internal Revenue Code.

SECTION 8. 71.47 (4t) of the statutes is created to read:

71.47 (4t) LOCAL MEDIA ADVERTISING TAX CREDIT.  (a) Definitions. In this
subsection:

1. “Claimant” means a corporation that, in the taxable year to which the claim
under this subsection relates, has fewer than 100 full-time employees and less than
$10,000,000 in revenue.

2. “Local media outlet” means any of the following:

   a. A newspaper in this state that has at least 25 percent news content.

   b. A broadcast radio or television station that is licensed by the federal
communications commission to serve a local community in this state.

   c. An Internet site based in this state that is meant to inform users of news and
events in a local community in this state.

   (b) Filing claims. For taxable years beginning after December 31, 2021, and
before January 1, 2027, 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 50 percent of the
expenditures paid or incurred in the taxable year by the claimant in the ordinary
course of a trade or business for advertising in a local media outlet.

   (c) Limitations. 1. The maximum amount of expenditures that may be taken
into account under par. (b) in a taxable year is $10,000.

   2. 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. The partners, members, and shareholders
may claim the credit in proportion to their ownership interests.

3. No credit may be claimed under this subsection unless the claimant makes
the adjustment under s. 71.45 (2) (a) 24. in the taxable year to which the claim
relates.

(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 9.** 71.49 (1) (ct) of the statutes is created to read:

71.49 (1) (ct) Local media advertising tax credit under s. 71.47 (4t).