

## Chapter Comm 135

### FOOD PROCESSING PLANT AND FOOD WAREHOUSE INVESTMENT CREDIT

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**Comm 135.10 Authority and purpose.** Pursuant to s. 560.2056 (4), Stats., this chapter sets forth the requirements for obtaining all of the following from the department:

(1) A certification that a taxpayer, including a taxpayer who is any of the following, is eligible for the food processing plant and food warehouse investment credit under s. 71.07 (3rn), 71.28 (3rn), or 71.47 (3rn), Stats.:

- (a) A partner of a partnership.
- (b) A member of a limited liability company.
- (c) A shareholder of a tax-option corporation.

(2) A determination of the maximum amount of tax credit that may be claimed under this chapter for an investment in a food processing plant or food warehouse.

**Note:** The statute sections listed in this section address income and franchise tax credits for investments in food processing plants and food warehouses.

**History:** EmR1019: cr. eff. 6-8-10; CR 10-117: cr. Register May 2011 No. 665, eff. 6-1-11.

**Comm 135.20 Definitions.** In this chapter:

(1) "Department" means the department of commerce.

(2) "Eligible capital investment" includes all expenses incurred in the acquisition, construction or improvement of buildings or facilities; and the purchase price of depreciable personal property or equipment; except it does not include any expenses claimed as a federal deduction under 26 USC 162.

(3) "Food" has the meaning given in s. 97.01 (6), Stats.

**Note:** Section 97.01 (6) of the Statutes reads as follows: " 'Food' means:

- (a) Articles used for food or drink by persons.
- (b) Chewing gum.
- (c) Articles used for components of matters specified in pars. (a) and (b)."

(4) "Food processing" has the meaning given in s. 97.29 (1) (g) (intro.) to 3., Stats.

**Note:** Section 97.29 (1) (g) (intro.) to 3. of the Statutes reads as follows: " 'Food processing' means the manufacture or preparation of food for sale through the process of canning, extracting, fermenting, distilling, pickling, freezing, baking, drying, smoking, grinding, cutting, mixing, coating, stuffing, packing, bottling or packaging, or through any other treatment or preservation process. 'Food processing' includes the activities of a bakery, confectionary or bottling establishment, and also includes the receipt and salvaging of distressed food for sale or use as food. 'Food processing' does not include any of the following:

- 1. Activities covered under a dairy plant license issued under s. 97.20.
- 2. Activities covered under a meat or poultry establishment license issued under s. 97.42.
- 3. The retail preparation and processing of meals for sale directly to consumers or through vending machines if the preparation and processing is covered under a restaurant permit or other permit issued under s. 254.64.

(5) "Food processing plant" has the meaning given in s. 71.07 (3rn) (a) 2., Stats.

**Note:** Under section 71.07 (3rn) (a) 2. of the Statutes, "Food processing plant" means any place where food processing is conducted, except that it does not include (1) any establishment subject to the requirements of section 97.30 of the Statutes; (2) any restaurant or other establishment holding a permit under section 254.64 of the Statutes, to the extent that the activities of that establishment are covered by section 97.30 of the Statutes or the permit under section 254.64 of the Statutes; (3) dairy plants licensed under section 97.20 of the Statutes; or (4) meat establishments licensed under section 97.42 of the Statutes.

(6) "Food warehouse" has the meaning given in s. 71.07 (3rn) (a) 3., Stats.

**Note:** Under section 71.07 (3rn) (a) 3. of the Statutes, "Food warehouse" means a warehouse used for the storage of food, and includes a cold-storage warehouse, frozen-food warehouse and frozen-food locker plant. "Food warehouse" does not include (1) a warehouse used solely for the storage of grain or other raw agricultural commodities; (2) a retail food establishment, restaurant or other retail facility at

which food is stored on a temporary basis incidental to retail preparation or sale; (3) A warehouse located in a dairy plant licensed under section 97.20 of the Statutes, a food processing plant licensed under section 97.29 of the Statutes, or a meat establishment licensed under section 97.42 of the Statutes, and used primarily for the storage of food ingredients or food products manufactured or processed at the licensed establishment; (4) a warehouse operated by a milk distributor licensed under section 97.21 (3) of the Statutes and used primarily for the storage and distribution of milk and fluid milk products, as defined in section 97.20 (1) (c) and (g) of the Statutes; and (5) a facility owned or operated by a consumer and used by that consumer to store food for the consumer's use.

**History:** EmR1019: cr. eff. 6-8-10; CR 10-117: cr. Register May 2011 No. 665, eff. 6-1-11.

**Comm 135.30 Applying for certification and allocation.** (1) (a) A taxpayer or one of the following entities may apply for a certification and an allocation for a food processing plant or food warehouse investment credit:

- 1. A partnership.
- 2. A limited liability company.
- 3. A tax-option corporation.

(b) A "taxpayer" or the "entities" in par. (a) may include either the operator of a food processing plant or food warehouse, or an owner of a building or facility in which a food processing plant or food warehouse is located.

(2) Application to the department for a certification and an allocation of the credit shall be made on a valid, department-prescribed form.

**Note:** The application form that is currently valid can be obtained from the Department at P.O. Box 7970, Madison, WI, 53707, or at [www.commerce.wi.us](http://www.commerce.wi.us).

(3) (a) Each application shall include all of the following information:

- 1. A description of the business operations of the applicant, in relation to the project.
- 2. A description of the project; including the eligible capital investment, the number of jobs that will be created, and the wages and benefits for those jobs.
- 3. A description of how the project will promote economic development.
- 4. Any other information that the department deems necessary to evaluate applications and allocate available tax credits.
- 5. Any subsequent clarification requested by the department.

(b) No application may include costs incurred in taxable years beginning on or after January 1, 2017.

(4) Each application shall be completed and either post-marked or delivered to the department no sooner than upon completion of the taxable year in which the costs listed in the application were incurred and no later than February 15th of the subsequent taxable year, unless this deadline is extended by the department.

**History:** EmR1019: cr. eff. 6-8-10; CR 10-117: cr. Register May 2011 No. 665, eff. 6-1-11.

**Comm 135.40 Certifications for applicants, and allocation of tax credits.** (1) After receipt of an application submitted under s. Comm 135.30, the department shall issue a certification for an applicant that has met the criteria in s. Comm 135.30.

(2) In conjunction with issuing a certification for an applicant, the department shall determine the maximum amount of tax credit

that the applicant may either claim or distribute to its partners, members or shareholders.

**Note:** Under chapter 71 of the Statutes, the aggregate amount of credits that a taxpayer may claim under this chapter is \$200,000; except that partnerships, limited liability companies, tax-option corporations and other multiple-owner entities are limited to an aggregate of \$200,000 for an entity.

**(3)** (a) Due to the \$1,000,000; \$1,200,000 and \$700,000 maximum totals established in s. 71.07 (3m) (c) 3., Stats., for allocations in fiscal years 2009–10, 2010–11 and thereafter, respectively, the department may allocate the tax credits in a manner that the department believes is most likely to promote economic development.

(b) In determining the allocation of tax credits under par. (a), the department shall consider all of the following:

1. The jobs created by the project.
2. The salaries, wages, and other employee benefits of the jobs created by the project.
3. The impact of the project on the food processing and food warehouse industries in Wisconsin.
4. The extent to which the area served by the project is economically distressed.
5. The amount of new, eligible capital investment in the project.

6. The impact of the project on business in Wisconsin.

7. Any previous assistance from the department.

(c) The department may prorate some or all of the allocations in order to broaden the potential for promoting economic development and to address the criteria in par. (b).

**Note:** See chapter Comm 149 for additional requirements relating to (1) contracts between the Department and recipients of economic-development tax credits and (2) penalties for submitting false or misleading information, or for failing to comply with the terms of a contract.

**History:** EmR1019: cr. eff. 6–8–10; CR 10–117: cr. Register May 2011 No. 665, eff. 6–1–11.

**Comm 135.50 Notifications.** Following completion of the certifications and allocations in s. Comm 135.40, the department shall notify each applicant of the outcome of their application — and shall notify the department of revenue of every certification issued under this chapter and the amount of the tax credit allocated to the applicant.

**History:** EmR1019: cr. eff. 6–8–10; CR 10–117: cr. Register May 2011 No. 665, eff. 6–1–11.

**Comm 135.60 Claims.** A taxpayer may file for a tax credit under this chapter using forms acceptable to the department of revenue.

**History:** EmR1019: cr. eff. 6–8–10; CR 10–117: cr. Register May 2011 No. 665, eff. 6–1–11.