



**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 1995 ASSEMBLY BILL 766**

February 15, 1996 - Offered by Representative AINSWORTH.

1 **AN ACT to amend** 71.08 (1) (intro.), 71.26 (2) (a), 71.28 (3) (b) and 71.47 (3) (b);
2 and **to create** 71.07 (9a), 71.10 (4) (gb), 71.28 (7), 71.30 (3) (ed), 71.47 (7) and
3 71.49 (1) (ed) of the statutes; **relating to:** the income and franchise tax credit
4 for sales taxes and use taxes paid for fuel and electricity used in manufacturing
5 and creating a forestry industry residue income tax and franchise tax credit.

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

6 **SECTION 1.** 71.07 (9a) of the statutes is created to read:

7 71.07 (9a) FORESTRY INDUSTRY RESIDUE CREDIT. (a) In this subsection, "forestry
8 industry residue" means the residue from normal timber harvesting or production;
9 including timber thinnings from timber stand improvements, hogged wood, chipped
10 wood, slash, sawdust, shavings, edgings, slabs, leaves and bark.

11 (b) Any person may credit against taxes otherwise due under this subchapter,
12 up to the amount of those taxes, an amount equal to the result obtained by
13 multiplying \$5 by the number of tons of forestry industry residue that, during the
14 taxable year, the person transports and sells for use as an energy source.

1 (c) Any person who receives a credit under this subsection may carry forward
2 to the next 4 taxable years the amount of the credit that is not offset against taxes
3 for the year of the production to the extent that that amount is not offset against
4 those taxes otherwise due in all of the years between the year for which the credit
5 was computed and the year for which the carry-forward is claimed.

6 (d) Section 71.28 (4) (g) to (i), as it applies to the credit under s. 71.28 (4), applies
7 to the credit under this subsection.

8 **SECTION 2.** 71.08 (1) (intro.) of the statutes, as affected by 1995 Wisconsin Act
9 27, is amended to read:

10 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
11 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
12 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2ds), (2fd), (3m), (6), (9a) and (9e), 71.28
13 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1fd) and (2m) and 71.47 (1dd), (1de), (1di), (1dj),
14 (1dL), (1ds), (1fd) and (2m) and subchs. VIII and IX and payments to other states
15 under s. 71.07 (7), is less than the tax under this section, there is imposed on that
16 natural person, married couple filing jointly, trust or estate, instead of the tax under
17 s. 71.02, an alternative minimum tax computed as follows:

18 **SECTION 3.** 71.10 (4) (gb) of the statutes is created to read:

19 71.10 (4) (gb) Forestry industry residue credit under s. 71.07 (9a).

20 **SECTION 4.** 71.26 (2) (a) of the statutes, as affected by 1995 Wisconsin Act 27,
21 is amended to read:

22 71.26 (2) (a) *Corporations in general.* The “net income” of a corporation means
23 the gross income as computed under the internal revenue code as modified under
24 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
25 computed under s. 71.28 (1) ~~and~~, (3) to (5) and (7) plus the amount of the credit

1 computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL) and (1ds) and not passed
2 through by a partnership, limited liability company or tax-option corporation that
3 has added that amount to the partnership's, limited liability company's or tax-option
4 corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from
5 the sale or other disposition of assets the gain from which would be wholly exempt
6 income, as defined in sub. (3) (L), if the assets were sold or otherwise disposed of at
7 a gain and minus deductions, as computed under the internal revenue code as
8 modified under sub. (3), plus or minus, as appropriate, an amount equal to the
9 difference between the federal basis and Wisconsin basis of any asset sold,
10 exchanged, abandoned or otherwise disposed of in a taxable transaction during the
11 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

12 **SECTION 5.** 71.28 (3) (b) of the statutes is amended to read:

13 71.28 (3) (b) The tax imposed upon or measured by corporation Wisconsin net
14 income under s. 71.23 (1) or (2) shall be reduced by an amount equal to the sales and
15 use tax under ch. 77 paid by the corporation in such the taxable year on forestry
16 industry residue, as defined in s. 71.07 (9a), consumed in manufacturing tangible
17 personal property in this state and 90% of the sales and use tax paid by the
18 corporation in the taxable year on other fuel and on electricity consumed in
19 manufacturing tangible personal property in this state.

20 **SECTION 6.** 71.28 (7) of the statutes is created to read:

21 71.28 (7) FORESTRY INDUSTRY RESIDUE CREDIT. (a) In this subsection, "forestry
22 industry residue" means the residue from normal timber harvesting or production;
23 including timber thinnings from timber stand improvements, hogged wood, chipped
24 wood, slash, sawdust, shavings, edgings, slabs, leaves and bark.

1 (b) Any person may credit against taxes otherwise due under this subchapter,
2 up to the amount of those taxes, an amount equal to the result obtained by
3 multiplying \$5 by the number of tons of forestry industry residue that, during the
4 taxable year, the person transports and sells for use as an energy source.

5 (c) Any person who receives a credit under this subsection may carry forward
6 to the next 4 taxable years the amount of the credit that is not offset against taxes
7 for the year of the production to the extent that that amount is not offset against
8 those taxes otherwise due in all of the years between the year for which the credit
9 was computed and the year for which the carry-forward is claimed.

10 (d) Subsection (4) (g) (to (i), as it applies to the credit under sub. (4), applies to
11 the credit under this subsection.

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

13 71.30 (3) (ed) Forestry industry residue credit under s. 71.28 (7).

14 **SECTION 8.** 71.47 (3) (b) of the statutes is amended to read:

15 71.47 (3) (b) The tax imposed upon or measured by corporation Wisconsin net
16 income under s. 71.43 (1) or (2) shall be reduced by an amount equal to the sales and
17 use tax under ch. 77 paid by the corporation in such the taxable year on forestry
18 industry residue, as defined in s. 71.07 (9a), consumed in manufacturing tangible
19 personal property in this state and 90% of the sales and use tax paid by the
20 corporation in the taxable year on other fuel and on electricity consumed in
21 manufacturing tangible personal property in this state.

22 **SECTION 9.** 71.47 (7) of the statutes is created to read:

23 71.47 (7) FORESTRY INDUSTRY RESIDUE CREDIT. (a) In this subsection, “forestry
24 industry residue” means the residue from normal timber harvesting or production;

1 including timber thinnings from timber stand improvements, hogged wood, chipped
2 wood, slash, sawdust, shavings, edgings, slabs, leaves and bark.

3 (b) Any person may credit against taxes otherwise due under this subchapter,
4 up to the amount of those taxes, an amount equal to the result obtained by
5 multiplying \$5 by the number of tons of forestry industry residue that, during the
6 taxable year, the person transports and sells for use as an energy source.

7 (c) Any person who receives a credit under this subsection may carry forward
8 to the next 4 taxable years the amount of the credit that is not offset against taxes
9 for the year of the production to the extent that that amount is not offset against
10 those taxes otherwise due in all of the years between the year for which the credit
11 was computed and the year for which the carry-forward is claimed.

12 (d) Section 71.28 (4) (g) (to (i)), as it applies to the credit under s. 71.28 (4),
13 applies to the credit under this subsection.

14 **SECTION 10.** 71.49 (1) (ed) of the statutes is created to read:

15 71.49 (1) (ed) Forestry industry residue credit under s. 71.47 (7).

16 **SECTION 11. Initial applicability; revenue.**

17 (1) FORESTRY INDUSTRY RESIDUE CREDIT. This act first applies to taxable years
18 beginning on the January 1 after publication.

19 (END)