



State of Wisconsin
2021 - 2022 LEGISLATURE

LRBs0337/1
JK:amn

**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 762**

February 9, 2022 - Offered by Representative NOVAK.

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.21 (4) (a), 71.26 (2) (a) 4., 71.34 (1k) (g) and
2 71.45 (2) (a) 10.; and **to create** 71.07 (4t), 71.10 (4) (ct), 71.28 (4t), 71.30 (3) (ct),
3 71.47 (4t) and 71.49 (1) (ct) of the statutes; **relating to:** creating a tax credit for
4 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 gross receipts. The bill defines "local media outlet" to mean a newspaper in Wisconsin, 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. The bill provides that the credit may be claimed

only for taxable years beginning after December 31, 2021, and before January 1, 2027.

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

1 **SECTION 1.** 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 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t),
4 (3w), (3wm), (3y), (4k), (4n), (4t), (5e), (5i), (5j), (5k), (5r), (5rm), (6n), and (10) and not
5 passed through by a partnership, limited liability company, or tax-option
6 corporation that has added that amount to the partnership's, company's, or
7 tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

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

9 71.07 (4t) LOCAL MEDIA ADVERTISING TAX CREDIT. (a) *Definitions.* In this
10 subsection:

11 1. "Claimant" means an individual who, in the taxable year to which the claim
12 under this subsection relates, operates a business that does not have 100 or more
13 full-time employees at any one time during the taxable year and has less than
14 \$10,000,000 in gross receipts. For purposes of this subdivision, an employee of a
15 professional employer organization, as defined in s. 202.21 (5), or a professional
16 employer group, as defined in s. 202.21 (4), who is performing services for a client is
17 considered an employee solely of the client.

18 2. "Full-time employee" has the meaning given in s. 238.399 (1) (am).

19 3. "Local media outlet" means any of the following:

20 a. A newspaper in this state.

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

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

5 (b) *Filing claims.* For taxable years beginning after December 31, 2021, and
6 before January 1, 2027, a claimant may claim as a credit against the taxes imposed
7 under s. 71.02, up to the amount of the tax, an amount equal to 50 percent of the
8 expenditures paid or incurred in the taxable year by the claimant in the ordinary
9 course of a trade or business for advertising in a local media outlet.

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

12 2. Partnerships, limited liability companies, and tax-option corporations may
13 not claim the credit under this subsection, but the eligibility for, and the amount of,
14 the credit are based on their payment of amounts under par. (b). A partnership,
15 limited liability company, or tax-option corporation shall compute the amount of
16 credit that each of its partners, members, or shareholders may claim and shall
17 provide that information to each of them. The partners, members, and shareholders
18 may claim the credit in proportion to their ownership interests.

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

22 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
23 s. 71.28 (4), applies to the credit under this subsection.

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

25 71.10 (4) (ct) Local media advertising tax credit under s. 71.07 (4t).

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

2 71.21 (4) (a) The amount of the credits computed by a partnership under s.
3 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3w), (3wm), (3y), (4k), (4n),
4 ~~(4t)~~, (5e), (5g), (5i), (5j), (5k), (5r), (5rm), (6n), and (10) and passed through to partners
5 shall be added to the partnership's income.

6 **SECTION 5.** 71.26 (2) (a) 4. of the statutes is amended to read:

7 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dm),
8 (1dx), (1dy), (3g), (3h), (3n), (3q), (3t), (3w), (3wm), (3y), ~~(4t)~~, (5e), (5g), (5i), (5j), (5k),
9 (5r), (5rm), (6n), (9s), and (10) and not passed through by a partnership, limited
10 liability company, or tax-option corporation that has added that amount to the
11 partnership's, limited liability company's, or tax-option corporation's income under
12 s. 71.21 (4) or 71.34 (1k) (g).

13 **SECTION 6.** 71.28 (4t) of the statutes is created to read:

14 71.28 (4t) LOCAL MEDIA ADVERTISING TAX CREDIT. (a) *Definitions.* In this
15 subsection:

16 1. "Claimant" means a corporation that, in the taxable year to which the claim
17 under this subsection relates, does not have 100 or more full-time employees and has
18 less than \$10,000,000 in gross receipts. For purposes of this subdivision, an
19 employee of a professional employer organization, as defined in s. 202.21 (5), or a
20 professional employer group, as defined in s. 202.21 (4), who is performing services
21 for a client is considered an employee solely of the client. For purposes of this
22 subdivision and for claiming the credit under this subsection, corporations filing a
23 combined return must qualify independently of other members in the combined
24 group.

25 2. "Full-time employee" has the meaning given in s. 238.399 (1) (am).

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

2 a. A newspaper in this state.

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

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

7 (b) *Filing claims.* For taxable years beginning after December 31, 2021, and
8 before January 1, 2027, a claimant may claim as a credit against the taxes imposed
9 under s. 71.23, up to the amount of the tax, an amount equal to 50 percent of the
10 expenditures paid or incurred in the taxable year by the claimant in the ordinary
11 course of a trade or business for advertising in a local media outlet.

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

14 2. Partnerships, limited liability companies, and tax-option corporations may
15 not claim the credit under this subsection, but the eligibility for, and the amount of,
16 the credit are based on their payment of amounts under par. (b). A partnership,
17 limited liability company, or tax-option corporation shall compute the amount of
18 credit that each of its partners, members, or shareholders may claim and shall
19 provide that information to each of them. The partners, members, and shareholders
20 may claim the credit in proportion to their ownership interests.

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

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

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

1 71.30 **(3)** (ct) Local media advertising tax credit under s. 71.28 (4t).

2 **SECTION 8.** 71.34 (1k) (g) of the statutes is amended to read:

3 71.34 **(1k)** (g) An addition shall be made for credits computed by a tax-option
4 corporation under s. 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3q), (3t), (3w),
5 (3wm), (3y), (4), ~~(4t)~~, (5), (5e), (5g), (5i), (5j), (5k), (5r), (5rm), (6n), and (10) and passed
6 through to shareholders.

7 **SECTION 9.** 71.45 (2) (a) 10. of the statutes is amended to read:

8 71.45 **(2)** (a) 10. By adding to federal taxable income the amount of credit
9 computed under s. 71.47 (1dm) to (1dy), (3g), (3h), (3n), (3q), (3w), (3y), ~~(4t)~~, (5e), (5g),
10 (5i), (5j), (5k), (5r), (5rm), (6n), (9s), and (10) and not passed through by a partnership,
11 limited liability company, or tax-option corporation that has added that amount to
12 the partnership's, limited liability company's, or tax-option corporation's income
13 under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47
14 (1), (3), (3t), (4), (4m), and (5).

15 **SECTION 10.** 71.47 (4t) of the statutes is created to read:

16 71.47 **(4t)** LOCAL MEDIA ADVERTISING TAX CREDIT. (a) *Definitions.* In this
17 subsection:

18 1. "Claimant" means a corporation that, in the taxable year to which the claim
19 under this subsection relates, does not have 100 or more full-time employees and has
20 less than \$10,000,000 in gross receipts. For purposes of this subdivision, an
21 employee of a professional employer organization, as defined in s. 202.21 (5), or a
22 professional employer group, as defined in s. 202.21 (4), who is performing services
23 for a client is considered an employee solely of the client.

24 2. "Full-time employee" has the meaning given in s. 238.399 (1) (am).

25 3. "Local media outlet" means any of the following:

1 a. A newspaper in this state.

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

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

6 (b) *Filing claims.* For taxable years beginning after December 31, 2021, and
7 before January 1, 2027, a claimant may claim as a credit against the taxes imposed
8 under s. 71.43, up to the amount of the tax, an amount equal to 50 percent of the
9 expenditures paid or incurred in the taxable year by the claimant in the ordinary
10 course of a trade or business for advertising in a local media outlet.

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

13 2. Partnerships, limited liability companies, and tax-option corporations may
14 not claim the credit under this subsection, but the eligibility for, and the amount of,
15 the credit are based on their payment of amounts under par. (b). A partnership,
16 limited liability company, or tax-option corporation shall compute the amount of
17 credit that each of its partners, members, or shareholders may claim and shall
18 provide that information to each of them. The partners, members, and shareholders
19 may claim the credit in proportion to their ownership interests.

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

23 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
24 s. 71.28 (4), applies to the credit under this subsection.

25 **SECTION 11.** 71.49 (1) (ct) of the statutes is created to read:

