



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-1018/P2
JK:eev&jld:jf

DOA:.....Quinn, BB0353 - Repeal development zone credits and related appropriations

FOR 2015-2017 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, no person may claim the following development zone tax credits because they expired in 1997, 1998, or 1999: the investment credit, the location credit, the day care credit, the environmental remediation credit, the research credit, the jobs credit, and the sales credit. This bill repeals those credits.

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

SECTION 1. 20.835 (2) (ci) of the statutes is repealed.

***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 2. 20.835 (2) (cL) of the statutes is repealed.

***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 3. 20.835 (2) (cm) of the statutes is repealed.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 4. 20.835 (2) (cn) of the statutes is repealed.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 5. 71.05 (6) (b) 11. of the statutes is repealed.**SECTION 6.** 71.05 (6) (b) 47. b. of the statutes is amended to read:

71.05 (6) (b) 47. b. With respect to partners and members of limited liability companies, for taxable years beginning after December 31, 2010, and before January 1, 2014, for 2 consecutive taxable years beginning with the taxable year in which the partnership's or limited liability company's business locates to this state from another state or another country and begins doing business in this state, as defined in s. 71.22 (1r), and subject to the limitations provided under subd. 47. d., dm., and e., the partner's or member's distributive share of taxable income as calculated under section 703 of the Internal Revenue Code; plus the items of income and gain under section 702 of the Internal Revenue Code, including taxable state and municipal bond interest and excluding nontaxable interest income or dividend income from federal government obligations; minus the items of loss and deduction under section 702 of the Internal Revenue Code, except items that are not deductible under s. 71.21; plus guaranteed payments to partners under section 707 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 ~~(2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), and (8r)~~; and plus or minus, as appropriate, transitional adjustments, depreciation differences, and basis differences under s. 71.05 (13), (15), (16), (17), and (19), multiplied by the

apportionment fraction determined in s. 71.04 (4) and subject to s. 71.04 (7) or by separate accounting. No amounts subtracted under this subd. 47. b. may be included in the modification under par. (b) 9. or 9m.

SECTION 7. 71.07 (2dd) of the statutes is repealed.

SECTION 8. 71.07 (2de) of the statutes is repealed.

SECTION 9. 71.07 (2di) of the statutes is repealed.

SECTION 10. 71.07 (2dj) of the statutes is repealed.

SECTION 11. 71.07 (2dL) of the statutes is repealed.

SECTION 12. 71.07 (2dr) of the statutes is repealed.

SECTION 13. 71.07 (2ds) of the statutes is repealed.

SECTION 14. 71.07 (2dx) (a) 3. of the statutes is amended to read:

71.07 **(2dx)** (a) 3. “Environmental remediation” means removal or containment of environmental pollution, as defined in s. 299.01 (4), and restoration of soil or groundwater that is affected by environmental pollution, as defined in s. 299.01 (4), in a brownfield if that removal, containment or restoration fulfills the requirement under sub. (2de) (a) 1., 2013 stats., and investigation unless the investigation determines that remediation is required and that remediation is not undertaken.

SECTION 15. 71.07 (2dx) (a) 5. of the statutes is amended to read:

71.07 **(2dx)** (a) 5. “Member of a targeted group” means a person who resides in an area designated by the federal government as an economic revitalization area, a person who is employed in an unsubsidized job but meets the eligibility requirements under s. 49.145 (2) and (3) for a Wisconsin Works employment position, a person who is employed in a trial job, as defined in s. 49.141 (1) (n), 2011 stats., or in a trial employment match program job, as defined in s. 49.141 (1) (n), a person who

is eligible for child care assistance under s. 49.155, a person who is a vocational rehabilitation referral, an economically disadvantaged youth, an economically disadvantaged veteran, a supplemental security income recipient, a general assistance recipient, an economically disadvantaged ex-convict, a qualified summer youth employee, as defined in [26 USC 51](#) (d) (7), a dislocated worker, as defined in [29 USC 2801](#) (9), or a food stamp recipient, if the person has been certified in the manner under sub. (2dj) (am) 3., 2013 stats., by a designated local agency, as defined in sub. (2dj) (am) 2., 2013 stats.

SECTION 16. 71.07 (2dx) (e) of the statutes is renumbered 71.07 (2dx) (e) 1. and amended to read:

71.07 **(2dx)** (e) 1. 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. ~~Subsection (2dj) (e), as it applies to the credit under sub. (2dj), applies to the credit under this subsection.~~ Claimants shall include with their returns a copy of their certification for tax benefits and a copy of the department of commerce's verification of their expenses.

SECTION 17. 71.07 (2dx) (e) 2. of the statutes is created to read:

71.07 **(2dx)** (e) 2. The credit under this subsection may not be claimed by partnerships, limited liability companies and tax-option corporations but the eligibility for, and the amount of, that credit shall be determined on the basis of their economic activity, not that of their shareholders, partners or members. The corporation, partnership or limited liability company shall compute the amount of credit that may be claimed by each of its shareholders, partners or members and shall provide that information to each of its shareholders, partners or members. That credit may be claimed by partners, members of limited liability companies and shareholders of tax-option corporations in proportion to their ownership interests.

SECTION 18. 71.07 (4k) (b) 1. of the statutes is amended to read:

71.07 (4k) (b) 1. Subject to the limitations provided in this subsection, and except as provided in subs. 2. and 3., for taxable years beginning after December 31, 2012, an individual, a partner of a partnership, a shareholder of a tax-option corporation, or a member of a limited liability company may claim a credit against the tax imposed under s. 71.02 or 71.08, as allocated under par. (d), an amount equal to 5 percent of the amount obtained by subtracting from the individual's, partnership's, tax-option corporation's, or limited liability company's qualified research expenses, as defined in section 41 of the Internal Revenue Code, except that "qualified research expenses" includes only expenses incurred by the individual, partnership, tax-option corporation, or the limited liability company, incurred for research conducted in this state for the taxable year, except that a taxpayer may elect the alternative computation under section 41 (c) (4) of the Internal Revenue Code and that election applies until the department permits its revocation, except as provided in par. (c), and except that "qualified research expenses" does not include compensation used in computing the credit under ~~subs. (2dj) and sub. (2dx)~~, the entity's base amount, as defined in section 41 (c) of the Internal Revenue Code, except that gross receipts used in calculating the base amount means gross receipts from sales attributable to Wisconsin under ss. 71.04 (7) (b) 1. and 2., (df), (dh), (dj), and (dk). Section 41 (h) of the Internal Revenue Code does not apply to the credit under this subdivision.

SECTION 19. 71.07 (4k) (b) 2. of the statutes is amended to read:

71.07 (4k) (b) 2. For taxable years beginning after December 31, 2012, an individual, a partner of a partnership, a shareholder of a tax-option corporation, or a member of a limited liability company may claim a credit against the tax imposed

under s. 71.02, as allocated under par. (d), an amount equal to 10 percent of the amount obtained by subtracting from the individual's, partnership's, tax-option corporation's, or limited liability company's qualified research expenses, as defined in section 41 of the Internal Revenue Code, except that "qualified research expenses" includes only expenses incurred by the individual, partnership, tax-option corporation, or limited liability company for research related to designing internal combustion engines for vehicles, including expenses related to designing vehicles that are powered by such engines and improving production processes for such engines and vehicles, incurred for research conducted in this state for the taxable year, except that a taxpayer may elect the alternative computation under section 41 (c) (4) of the Internal Revenue Code and that election applies until the department permits its revocation, except as provided in par. (c), and except that "qualified research expenses" does not include compensation used in computing the credit under ~~subs. (2dj) and sub. (2dx)~~, the entity's base amount, as defined in section 41 (c) of the Internal Revenue Code, except that gross receipts used in calculating the base amount means gross receipts from sales attributable to Wisconsin under ss. 71.04 (7) (b) 1. and 2., (df), (dh), (dj), and (dk). Section 41 (h) of the Internal Revenue Code does not apply to the credit under this subdivision.

SECTION 20. 71.07 (4k) (b) 3. of the statutes is amended to read:

71.07 (4k) (b) 3. For taxable years beginning after December 31, 2012, an individual, a partner of a partnership, a shareholder of a tax-option corporation, or a member of a limited liability company may claim a credit against the tax imposed under s. 71.02, as allocated under par. (d), an amount equal to 10 percent of the amount obtained by subtracting from the individual's, partnership's, tax-option corporation's, or limited liability company's qualified research expenses, as defined

in section 41 of the Internal Revenue Code, except that “qualified research expenses” includes only expenses incurred by the individual, partnership, tax-option corporation, or limited liability company for research related to the design and manufacturing of energy efficient lighting systems, building automation and control systems, or automotive batteries for use in hybrid-electric vehicles, that reduce the demand for natural gas or electricity or improve the efficiency of its use, incurred for research conducted in this state for the taxable year, except that a taxpayer may elect the alternative computation under section 41 (c) (4) of the Internal Revenue Code and that election applies until the department permits its revocation, except as provided in par. (c), and except that “qualified research expenses” does not include compensation used in computing the credit under ~~subs. (2dj)~~ and sub. (2dx), the entity’s base amount, as defined in section 41 (c) of the Internal Revenue Code, except that gross receipts used in calculating the base amount means gross receipts from sales attributable to Wisconsin under ss. 71.04 (7) (b) 1. and 2., (df), (dh), (dj), and (dk). Section 41 (h) of the Internal Revenue Code does not apply to the credit under this subdivision.

SECTION 21. 71.10 (4) (gd) of the statutes is repealed.

SECTION 22. 71.10 (4) (ge) of the statutes is repealed.

SECTION 23. 71.10 (4) (gg) of the statutes is repealed.

SECTION 24. 71.10 (4) (gm) of the statutes is repealed.

SECTION 25. 71.10 (4) (gn) of the statutes is repealed.

SECTION 26. 71.10 (4) (gr) of the statutes is repealed.

SECTION 27. 71.10 (4) (gs) of the statutes is repealed.

SECTION 28. 71.10 (4) (gt) of the statutes is repealed.

SECTION 29. 71.26 (2) (a) 1. of the statutes is repealed.

SECTION 30. 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 ~~(1dd), (1de), (1di), (1dj), (1dL),~~ (1dm), ~~(1ds),~~ (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (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 31. 71.26 (3) (n) of the statutes is amended to read:

71.26 **(3)** (n) Sections 381, 382 and 383 (relating to carry-overs in certain corporate acquisitions) are modified so that they apply to losses under sub. (4) and credits under s. 71.28 ~~(1di), (1dL),~~ (1dm), (1dx), (3), (4), (4m), and (5) instead of to federal credits and federal net operating losses.

SECTION 32. 71.28 (1dd) of the statutes is repealed.

SECTION 33. 71.28 (1de) of the statutes is repealed.

SECTION 34. 71.28 (1di) of the statutes is repealed.

SECTION 35. 71.28 (1dj) of the statutes is repealed.

SECTION 36. 71.28 (1dL) of the statutes is repealed.

SECTION 37. 71.28 (1dr) of the statutes is repealed.

SECTION 38. 71.28 (1ds) of the statutes is repealed.

SECTION 39. 71.28 (1dx) (a) 3. of the statutes is amended to read:

71.28 **(1dx)** (a) 3. “Environmental remediation” means removal or containment of environmental pollution, as defined in s. 299.01 (4), and restoration of soil or groundwater that is affected by environmental pollution, as defined in s. 299.01 (4), in a brownfield if that removal, containment or restoration fulfills the

requirement under sub. (1de) (a) 1., 2013 stats., and investigation unless the investigation determines that remediation is required and that remediation is not undertaken.

SECTION 40. 71.28 (1dx) (a) 5. of the statutes is amended to read:

71.28 (1dx) (a) 5. “Member of a targeted group” means a person who resides in an area designated by the federal government as an economic revitalization area, a person who is employed in an unsubsidized job but meets the eligibility requirements under s. 49.145 (2) and (3) for a Wisconsin Works employment position, a person who is employed in a trial job, as defined in s. 49.141 (1) (n), 2011 stats., or in a trial employment match program job, as defined in s. 49.141 (1) (n), a person who is eligible for child care assistance under s. 49.155, a person who is a vocational rehabilitation referral, an economically disadvantaged youth, an economically disadvantaged veteran, a supplemental security income recipient, a general assistance recipient, an economically disadvantaged ex-convict, a qualified summer youth employee, as defined in [26 USC 51](#) (d) (7), a dislocated worker, as defined in [29 USC 2801](#) (9), or a food stamp recipient, if the person has been certified in the manner under sub. (1dj) (am) 3., 2013 stats., by a designated local agency, as defined in sub. (1dj) (am) 2., 2013 stats.

SECTION 41. 71.28 (1dx) (e) of the statutes is renumbered 71.28 (1dx) (e) 1. and amended to read:

71.28 (1dx) (e) 1. Subsection (4) (e) to (h), as it applies to the credit under sub. (4), applies to the credit under this subsection. ~~Subsection (1dj) (e), as it applies to the credit under sub. (1dj), applies to the credit under this subsection.~~ Claimants shall include with their returns a copy of their certification for tax benefits and a copy of the department of commerce’s verification of their expenses.

SECTION 42. 71.28 (1dx) (e) 2. of the statutes is created to read:

71.28 **(1dx)** (e) 2. The credit under this subsection may not be claimed by partnerships, limited liability companies and tax-option corporations but the eligibility for, and the amount of, that credit shall be determined on the basis of their economic activity, not that of their shareholders, partners or members. The corporation, partnership or limited liability company shall compute the amount of credit that may be claimed by each of its shareholders, partners or members and shall provide that information to each of its shareholders, partners or members. That credit may be claimed by partners, members of limited liability companies and shareholders of tax-option corporations in proportion to their ownership interests.

SECTION 43. 71.28 (4) (ad) 1. of the statutes is amended to read:

71.28 **(4)** (ad) 1. Except as provided in subs. 2. and 3., any corporation may credit against taxes otherwise due under this chapter an amount equal to 5 percent of the amount obtained by subtracting from the corporation's qualified research expenses, as defined in section 41 of the Internal Revenue Code, except that "qualified research expenses" includes only expenses incurred by the claimant, incurred for research conducted in this state for the taxable year, except that a taxpayer may elect the alternative computation under section 41 (c) (4) of the Internal Revenue Code and that election applies until the department permits its revocation, except as provided in par. (af), and except that "qualified research expenses" does not include compensation used in computing the credit under ~~subs. (1dj) and sub. (1dx)~~, the corporation's base amount, as defined in section 41 (c) of the Internal Revenue Code, except that gross receipts used in calculating the base amount means gross receipts from sales attributable to Wisconsin under s. 71.25 (9)

(b) 1. and 2., (df) 1. and 2., (dh) 1., 2., and 3., (dj), and (dk). Section 41 (h) of the Internal Revenue Code does not apply to the credit under this paragraph.

SECTION 44. 71.28 (4) (ad) 2. of the statutes is amended to read:

71.28 (4) (ad) 2. For taxable years beginning after June 30, 2007, any corporation may credit against taxes otherwise due under this chapter an amount equal to 10 percent of the amount obtained by subtracting from the corporation's qualified research expenses, as defined in section 41 of the Internal Revenue Code, except that "qualified research expenses" includes only expenses incurred by the claimant for research related to designing internal combustion engines for vehicles, including expenses related to designing vehicles that are powered by such engines and improving production processes for such engines and vehicles, incurred for research conducted in this state for the taxable year, except that a taxpayer may elect the alternative computation under section 41 (c) (4) of the Internal Revenue Code and that election applies until the department permits its revocation, except as provided in par. (af), and except that "qualified research expenses" does not include compensation used in computing the credit under ~~subs. (1dj) and sub. (1dx)~~, the corporation's base amount, as defined in section 41 (c) of the Internal Revenue Code, except that gross receipts used in calculating the base amount means gross receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2., (df) 1. and 2., (dh) 1., 2., and 3., (dj), and (dk). Section 41 (h) of the Internal Revenue Code does not apply to the credit under this paragraph.

SECTION 45. 71.28 (4) (ad) 3. of the statutes is amended to read:

71.28 (4) (ad) 3. For taxable years beginning after June 30, 2007, any corporation may credit against taxes otherwise due under this chapter an amount equal to 10 percent of the amount obtained by subtracting from the corporation's

qualified research expenses, as defined in section 41 of the Internal Revenue Code, except that “qualified research expenses” includes only expenses incurred by the claimant for research related to the design and manufacturing of energy efficient lighting systems, building automation and control systems, or automotive batteries for use in hybrid-electric vehicles, that reduce the demand for natural gas or electricity or improve the efficiency of its use, incurred for research conducted in this state for the taxable year, except that a taxpayer may elect the alternative computation under section 41 (c) (4) of the Internal Revenue Code and that election applies until the department permits its revocation, except as provided in par. (af), and except that “qualified research expenses” does not include compensation used in computing the credit under ~~subs. (1dj) and sub. (1dx)~~, the corporation’s base amount, as defined in section 41 (c) of the Internal Revenue Code, except that gross receipts used in calculating the base amount means gross receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2., (df), 1. and 2., (dh) 1., 2., and 3., (dj), and (dk). Section 41 (h) of the Internal Revenue Code does not apply to the credit under this paragraph.

SECTION 46. 71.28 (4m) (a) of the statutes is amended to read:

71.28 (4m) (a) *Definition.* In this subsection, “qualified research expenses” means qualified research expenses as defined in section 41 of the Internal Revenue Code, except that “qualified research expenses” includes only expenses incurred by the claimant for research conducted in this state for the taxable year and except that “qualified research expenses” ~~de~~ does not include compensation used in computing the ~~credits~~ credit under ~~subs. (1dj) and sub. (1dx)~~.

SECTION 47. 71.30 (3) (eb) of the statutes is repealed.

SECTION 48. 71.30 (3) (ec) of the statutes is repealed.

SECTION 49. 71.30 (3) (eg) of the statutes is repealed.

SECTION 50. 71.30 (3) (eh) of the statutes is repealed.

SECTION 51. 71.30 (3) (ej) of the statutes is repealed.

SECTION 52. 71.30 (3) (ek) of the statutes is repealed.

SECTION 53. 71.45 (2) (a) 11. of the statutes is repealed.

SECTION 54. 71.47 (1dd) of the statutes is repealed.

SECTION 55. 71.47 (1de) of the statutes is repealed.

SECTION 56. 71.47 (1di) of the statutes is repealed.

SECTION 57. 71.47 (1dj) of the statutes is repealed.

SECTION 58. 71.47 (1dL) of the statutes is repealed.

SECTION 59. 71.47 (1dr) of the statutes is repealed.

SECTION 60. 71.47 (1ds) of the statutes is repealed.

SECTION 61. 71.47 (1dx) (a) 3. of the statutes is amended to read:

71.47 (1dx) (a) 3. “Environmental remediation” means removal or containment of environmental pollution, as defined in s. 299.01 (4), and restoration of soil or groundwater that is affected by environmental pollution, as defined in s. 299.01 (4), in a brownfield if that removal, containment or restoration fulfills the requirement under sub. (1de) (a) 1., 2013 stats., and investigation unless the investigation determines that remediation is required and that remediation is not undertaken.

SECTION 62. 71.47 (1dx) (a) 5. of the statutes is amended to read:

71.47 (1dx) (a) 5. “Member of a targeted group” means a person who resides in an area designated by the federal government as an economic revitalization area, a person who is employed in an unsubsidized job but meets the eligibility requirements under s. 49.145 (2) and (3) for a Wisconsin Works employment position,

a person who is employed in a trial job, as defined in s. 49.141 (1) (n), 2011 stats., or in a trial employment match program job, as defined in s. 49.141 (1) (n), a person who is eligible for child care assistance under s. 49.155, a person who is a vocational rehabilitation referral, an economically disadvantaged youth, an economically disadvantaged veteran, a supplemental security income recipient, a general assistance recipient, an economically disadvantaged ex-convict, a qualified summer youth employee, as defined in [26 USC 51](#) (d) (7), a dislocated worker, as defined in [29 USC 2801](#) (9), or a food stamp recipient, if the person has been certified in the manner under sub. (1dj) (am) 3., 2013 stats., by a designated local agency, as defined in sub. (1dj) (am) 2., 2013 stats.

SECTION 63. 71.47 (1dx) (e) of the statutes is renumbered 71.47 (1dx) (e) 1. and amended to read:

71.47 **(1dx)** (e) 1. 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. ~~Subsection (1dj) (e), as it applies to the credit under sub. (1dj), applies to the credit under this subsection.~~ Claimants shall include with their returns a copy of their certification for tax benefits and a copy of the department of commerce's verification of their expenses.

SECTION 64. 71.47 (1dx) (e) 2. of the statutes is created to read:

71.47 **(1dx)** (e) 2. The credit under this subsection may not be claimed by partnerships, limited liability companies and tax-option corporations but the eligibility for, and the amount of, that credit shall be determined on the basis of their economic activity, not that of their shareholders, partners or members. The corporation, partnership or limited liability company shall compute the amount of credit that may be claimed by each of its shareholders, partners or members and shall provide that information to each of its shareholders, partners or members.

That credit may be claimed by partners, members of limited liability companies and shareholders of tax-option corporations in proportion to their ownership interests.

SECTION 65. 71.47 (4) (ad) 1. of the statutes is amended to read:

71.47 (4) (ad) 1. Except as provided in subds. 2. and 3., any corporation may credit against taxes otherwise due under this chapter an amount equal to 5 percent of the amount obtained by subtracting from the corporation's qualified research expenses, as defined in section 41 of the Internal Revenue Code, except that "qualified research expenses" includes only expenses incurred by the claimant, incurred for research conducted in this state for the taxable year, except that a taxpayer may elect the alternative computation under section 41 (c) (4) of the Internal Revenue Code and that election applies until the department permits its revocation, except as provided in par. (af), and except that "qualified research expenses" does not include compensation used in computing the credit under ~~sub. (1dj)~~ and sub. (1dx), the corporation's base amount, as defined in section 41 (c) of the Internal Revenue Code, except that gross receipts used in calculating the base amount means gross receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2., (df) 1. and 2., (dh) 1., 2., and 3., (dj), and (dk). Section 41 (h) of the Internal Revenue Code does not apply to the credit under this paragraph.

SECTION 66. 71.47 (4) (ad) 2. of the statutes is amended to read:

71.47 (4) (ad) 2. For taxable years beginning after June 30, 2007, any corporation may credit against taxes otherwise due under this chapter an amount equal to 10 percent of the amount obtained by subtracting from the corporation's qualified research expenses, as defined in section 41 of the Internal Revenue Code, except that "qualified research expenses" includes only expenses incurred by the claimant for research related to designing internal combustion engines for vehicles,

including expenses related to designing vehicles that are powered by such engines and improving production processes for such engines and vehicles, incurred for research conducted in this state for the taxable year, except that a taxpayer may elect the alternative computation under section 41 (c) (4) of the Internal Revenue Code and that election applies until the department permits its revocation, except as provided in par. (af), and except that “qualified research expenses” does not include compensation used in computing the credit under ~~subs. (1dj) and sub. (1dx)~~, the corporation’s base amount, as defined in section 41 (c) of the Internal Revenue Code, except that gross receipts used in calculating the base amount means gross receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2., (df) 1. and 2., (dh) 1., 2., and 3., (dj), and (dk). Section 41 (h) of the Internal Revenue Code does not apply to the credit under this paragraph.

SECTION 67. 71.47 (4) (ad) 3. of the statutes is amended to read:

71.47 (4) (ad) 3. For taxable years beginning after June 30, 2007, any corporation may credit against taxes otherwise due under this chapter an amount equal to 10 percent of the amount obtained by subtracting from the corporation’s qualified research expenses, as defined in section 41 of the Internal Revenue Code, except that “qualified research expenses” includes only expenses incurred by the claimant for research related to the design and manufacturing of energy efficient lighting systems, building automation and control systems, or automotive batteries for use in hybrid-electric vehicles, that reduce the demand for natural gas or electricity or improve the efficiency of its use, incurred for research conducted in this state for the taxable year, except that a taxpayer may elect the alternative computation under section 41 (c) (4) of the Internal Revenue Code and that election applies until the department permits its revocation, except as provided in par. (af),

and except that “qualified research expenses” does not include compensation used in computing the credit under ~~subs. (1dj)~~ and sub. (1dx), the corporation’s base amount, as defined in section 41 (c) of the Internal Revenue Code, except that gross receipts used in calculating the base amount means gross receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2., (df) 1. and 2., (dh) 1., 2., and 3., (dj), and (dk). Section 41 (h) of the Internal Revenue Code does not apply to the credit under this paragraph.

SECTION 68. 71.47 (4m) (a) of the statutes is amended to read:

71.47 (4m) (a) *Definition.* In this subsection, “qualified research expenses” means qualified research expenses as defined in section 41 of the Internal Revenue Code, except that “qualified research expenses” includes only expenses incurred by the claimant for research conducted in this state for the taxable year and except that “qualified research expenses” ~~de~~ does not include compensation used in computing the ~~credits~~ credit under ~~subs. (1dj)~~ and sub. (1dx).

SECTION 69. 71.49 (1) (eb) of the statutes is repealed.

SECTION 70. 71.49 (1) (ec) of the statutes is repealed.

SECTION 71. 71.49 (1) (eg) of the statutes is repealed.

SECTION 72. 71.49 (1) (eh) of the statutes is repealed.

SECTION 73. 71.49 (1) (ej) of the statutes is repealed.

SECTION 74. 71.49 (1) (ek) of the statutes is repealed.

SECTION 75. 76.636 (1) (c) of the statutes is amended to read:

76.636 (1) (c) “Environmental remediation” means removal or containment of environmental pollution, as defined in s. 299.01 (4), and restoration of soil or groundwater that is affected by environmental pollution, as defined in s. 299.01 (4), in a brownfield if that removal, containment, or restoration fulfills the requirement

under s. 71.47 (1de) (a) 1., 2013 stats., unless an investigation of the property determines that remediation is required and that remediation is not undertaken.

SECTION 76. 76.636 (1) (e) (intro.) of the statutes is amended to read:

76.636 (1) (e) (intro.) “Member of a targeted group” means any of the following, if the person has been certified in the manner under s. 71.47 (1dj) (am) 3., 2013 stats., by a designated local agency, as defined in s. 71.47 (1dj) (am) 2., 2013 stats.:

(END)