



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-1316/P4
MES&JK;jek/jld/ahe

DOA:.....Quinn, BB0194 - Newly created tax credits, deductions, and exemptions sunset in 7 years

FOR 2017-2019 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

TAXATION

OTHER TAXATION

Under this bill, with regard to any income tax or franchise tax credit, deduction, or exemption that takes effect after December 31, 2016, and first applies to taxable years beginning after December 31, 2016, no new claims for such a credit, deduction, or exemption may be filed more than seven years after the provision's initial applicability. In addition, the bill prohibits a person from claiming any sales and use tax, excise tax, or occupational tax exemption or credit more than seven years after the provision's effective date, unless the exemption is necessary to comply with the multistate sales and use tax agreement. The bill also requires DOR to report annually to the legislature about any provision that will become subject to the seven-year limit in the next two calendar years.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state and local* 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. 73.142 of the statutes is created to read:

73.142 Sunsets; credits, subtractions, and exemptions. (1) (a) In this subsection:

1. "Credit" means any tax credit enacted under s. 71.07, 71.28, or 71.47.

2. "Subtraction" means any subtract modification, deduction, or exemption enacted under s. 71.05 (1), (6) (b), (22), or (23), 71.26 (1), (1m), or (3), or 71.45 (1) or (1t).

(b) With regard to any credit or subtraction that takes effect after December 31, 2016, and first applies to a taxable year beginning after December 31, 2016, no new claim for that credit or subtraction may be filed more than 7 taxable years after its initial applicability.

(c) In August of each year, the department of revenue shall submit to the speaker and minority leader of the assembly, the president and minority leader of the senate, and the chief clerk of each house of the legislature, for distribution to the appropriate standing committees under s. 13.172 (3), a report that details credits and subtractions for which no new claims may be filed after the next 2 calendar years.

(d) Any enactment to which par. (b) applies is not a bill that increases the rate of the income tax or franchise tax in a way that would be subject to s. 13.085 (1).

(2) (a) In this subsection, "exemption" means any exemption or credit enacted under subch. III of ch. 77 or under ch. 78 or 139.

(b) With regard to an exemption that takes effect after December 31, 2016, no person may claim the exemption after the date that is 7 years after its effective date, unless the department of revenue determines that the exemption is necessary to comply with the agreement, as defined in s. 77.65 (2) (a).

(c) In August of each year, the department of revenue shall submit to the speaker and minority leader of the assembly, the president and minority leader of the senate, and the chief clerk of each house of the legislature, for distribution to the appropriate standing committees under s. 13.172 (3), a report that details the exemptions that expire in the next 2 calendar years.

(d) Any enactment to which par. (b) applies is not a bill that increases any tax rate in a way that would be subject to s. 13.085 (1).

(END)