



2005 ASSEMBLY BILL 498

June 14, 2005 - Introduced by Representatives WIECKERT, ZEPNICK, MUSSER, VAN ROY, MOLEPSKE, SHILLING, KAUFERT, OTT, VOS, GIELOW, LAMB and GARD, cosponsored by Senators ROESSLER, KEDZIE and BRESKE. Referred to Committee on Housing.

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2)
2 (a) 10. and 77.92 (4); and **to create** 71.07 (5e), 71.10 (4) (cp), 71.28 (5e), 71.30
3 (3) (dm), 71.47 (5e) and 71.49 (1) (dm) of the statutes; **relating to:** an income
4 tax and franchise tax credit for property taxes paid on property owned by
5 Goodwill Industries.

Analysis by the Legislative Reference Bureau

This bill creates an income tax and franchise tax credit for the amount of property taxes paid on property in this state that is owned by Goodwill Industries, if the property is used for the purposes for which Goodwill Industries is organized and if no person receives pecuniary profit from the use of the property.

For further information see the **state** 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:

6 **SECTION 1.** 71.05 (6) (a) 15. of the statutes is amended to read:
7 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
8 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (5b), ~~and~~ (5d), and (5e)

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1 and not passed through by a partnership, limited liability company, or tax-option
2 corporation that has added that amount to the partnership's, company's, or
3 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

4 **SECTION 2.** 71.07 (5e) of the statutes is created to read:

5 71.07 (5e) GOODWILL INDUSTRIES CREDIT. (a) *Definition.* In this subsection,
6 “claimant” means a person who files a claim under this subsection.

7 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
8 claimant may claim as a credit against the taxes imposed under ss. 71.02 and 71.08,
9 up to the amount of the taxes, an amount that is equal to the amount of property taxes
10 imposed under ch. 70 that the claimant paid in the taxable year on property located
11 in this state that is owned by Goodwill Industries, if the property is used for the
12 purposes for which Goodwill Industries is organized and if no person receives
13 pecuniary profit from the use of the property.

14 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
15 corporations may not claim the credit under this subsection, but the eligibility for,
16 and the amount of, the credit are based on their payment of amounts described under
17 par. (b). A partnership, limited liability company, or tax-option corporation shall
18 compute the amount of credit that each of its partners, members, or shareholders
19 may claim and shall provide that information to each of them. Partners, members
20 of limited liability companies, and shareholders of tax-option corporations may
21 claim the credit in proportion to their ownership interests.

22 2. The carry-over provisions of s. 71.28 (4) (e) and (f), as they apply to the credit
23 under s. 71.28 (4), apply to the credit under this subsection.

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

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

2 71.10 (4) (cp) Goodwill Industries credit under s. 71.07 (5e).

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

4 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
5 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), ~~and (5b)~~, and (5e) and passed
6 through to partners shall be added to the partnership's income.

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

8 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
9 the gross income as computed under the Internal Revenue Code as modified under
10 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
11 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
12 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income
13 under this paragraph at the time that the taxpayer first claimed the credit plus the
14 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),
15 (1ds), (1dx), (3g), (3n), (3t), ~~and (5b)~~, and (5e) and not passed through by a
16 partnership, limited liability company, or tax-option corporation that has added that
17 amount to the partnership's, limited liability company's, or tax-option corporation's
18 income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from the sale or
19 other disposition of assets the gain from which would be wholly exempt income, as
20 defined in sub. (3) (L), if the assets were sold or otherwise disposed of at a gain and
21 minus deductions, as computed under the Internal Revenue Code as modified under
22 sub. (3), plus or minus, as appropriate, an amount equal to the difference between
23 the federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or
24 otherwise disposed of in a taxable transaction during the taxable year, except as
25 provided in par. (b) and s. 71.45 (2) and (5).

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1 **SECTION 6.** 71.28 (5e) of the statutes is created to read:

2 71.28 **(5e)** GOODWILL INDUSTRIES CREDIT. (a) *Definition.* In this subsection,
3 “claimant” means a person who files a claim under this subsection.

4 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
5 claimant may claim as a credit against the taxes imposed under s. 71.23, up to the
6 amount of the taxes, an amount that is equal to the amount of property taxes imposed
7 under ch. 70 that the claimant paid in the taxable year on property located in this
8 state that is owned by Goodwill Industries, if the property is used for the purposes
9 for which Goodwill Industries is organized and if no person receives pecuniary profit
10 from the use of the property.

11 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
12 corporations may not claim the credit under this subsection, but the eligibility for,
13 and the amount of, the credit are based on their payment of amounts described under
14 par. (b). A partnership, limited liability company, or tax-option corporation shall
15 compute the amount of credit that each of its partners, members, or shareholders
16 may claim and shall provide that information to each of them. Partners, members
17 of limited liability companies, and shareholders of tax-option corporations may
18 claim the credit in proportion to their ownership interests.

19 2. The carry-over provisions of sub. (4) (e) and (f), as they apply to the credit
20 under sub. (4), apply to the credit under this subsection.

21 (d) *Administration.* Subsection (4) (g) and (h), as it applies to the credit under
22 sub. (4), applies to the credit under this subsection.

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

24 71.30 **(3)** (dm) Goodwill Industries credit under s. 71.28 (5e).

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

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1 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
2 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
3 (3n), (3t), ~~and (5b)~~, and (5e) and passed through to shareholders.

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

5 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
6 computed under s. 71.47 (1dd) to (1dx), (3n), ~~and (5b)~~, and (5e) and not passed
7 through by a partnership, limited liability company, or tax-option corporation that
8 has added that amount to the partnership's, limited liability company's, or
9 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and the amount of
10 credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

11 **SECTION 10.** 71.47 (5e) of the statutes is created to read:

12 71.47 (5e) GOODWILL INDUSTRIES CREDIT. (a) *Definition.* In this subsection,
13 "claimant" means a person who files a claim under this subsection.

14 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
15 claimant may claim as a credit against the taxes imposed under s. 71.43, up to the
16 amount of the taxes, an amount that is equal to the amount of property taxes imposed
17 under ch. 70 that the claimant paid in the taxable year on property located in this
18 state that is owned by Goodwill Industries, if the property is used for the purposes
19 for which Goodwill Industries is organized and if no person receives pecuniary profit
20 from the use of the property.

21 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
22 corporations may not claim the credit under this subsection, but the eligibility for,
23 and the amount of, the credit are based on their payment of amounts described under
24 par. (b). A partnership, limited liability company, or tax-option corporation shall
25 compute the amount of credit that each of its partners, members, or shareholders

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1 may claim and shall provide that information to each of them. Partners, members
2 of limited liability companies, and shareholders of tax-option corporations may
3 claim the credit in proportion to their ownership interests.

4 2. The carry-over provisions of s. 71.28 (4) (e) and (f), as they apply to the credit
5 under s. 71.28 (4), apply to the credit under this subsection.

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

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

9 71.49 (1) (dm) Goodwill Industries credit under s. 71.28 (5e).

10 **SECTION 12.** 77.92 (4) of the statutes is amended to read:

11 77.92 (4) “Net business income,” with respect to a partnership, means taxable
12 income as calculated under section 703 of the Internal Revenue Code; plus the items
13 of income and gain under section 702 of the Internal Revenue Code, including taxable
14 state and municipal bond interest and excluding nontaxable interest income or
15 dividend income from federal government obligations; minus the items of loss and
16 deduction under section 702 of the Internal Revenue Code, except items that are not
17 deductible under s. 71.21; plus guaranteed payments to partners under section 707
18 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
19 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), ~~and (5b)~~, and (5e); and
20 plus or minus, as appropriate, transitional adjustments, depreciation differences,
21 and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding
22 income, gain, loss, and deductions from farming. “Net business income,” with respect
23 to a natural person, estate, or trust, means profit from a trade or business for federal
24 income tax purposes and includes net income derived as an employee as defined in
25 section 3121 (d) (3) of the Internal Revenue Code.

