



2003 ASSEMBLY BILL 299

April 23, 2003 - Introduced by Representatives SUDER, LASSA, NASS, VRUWINK, HAHN, PETTIS, ALBERS, FRISKE, SERATTI, TOWNS, MCCORMICK, HINES and JENSEN, cosponsored by Senators HARSDORF, ZIEN, SCHULTZ, KANAVAS, STEPP, WIRCH and ROESSLER. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 71.07 (3g) (a) 2., 71.28 (3g) (a) 2. and 71.47 (3g) (a) 2. of the
2 statutes; **relating to:** claiming the technology zone tax credit.

Analysis by the Legislative Reference Bureau

Under current law, a business that is located in a technology zone and certified by the Department of Commerce to receive tax credits, may claim such credits in an amount, as adjusted by the Department of Commerce, that is equal to the sum of the property taxes, income and franchise taxes, and sales and use taxes that the business paid in the taxable year. Under current law, generally, partnerships, limited liability companies, and tax-option corporations do not pay income or franchise taxes, but, instead, pass their tax liability on to their partners, members, and shareholders who report the income received from such entities.

Under this bill, a partner of a partnership, a member of a limited liability company, and a shareholder of a tax-option corporation may claim a tax credit, related to doing business in a technology zone, that is equal in part to a proportionate share of the amount, as adjusted by the Department of Commerce, of income or franchise taxes that the partnership, limited liability company, or tax-option corporation would have paid in the previous taxable year had the entity been a corporation. The amount of such taxes is determined by multiplying the entity's reported net income for the previous taxable year by the income or franchise tax rate applicable to a corporation.

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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:

1 **SECTION 1.** 71.07 (3g) (a) 2. of the statutes is amended to read:

2 71.07 **(3g)** (a) 2. The amount of income and franchise taxes imposed under s.
3 71.02 that the business paid in on the return for the previous taxable year or, in the
4 case of partnerships, limited liability companies, and tax-option corporations, the
5 amount of income or franchise taxes that the entity would have paid in the previous
6 taxable year had the entity been a corporation subject to the tax imposed under s.
7 71.23 and determined by multiplying the income that the entity would have reported
8 if the entity had been a corporation by the appropriate tax rate under s. 71.27 (1) or
9 (2).

10 **SECTION 2.** 71.28 (3g) (a) 2. of the statutes is amended to read:

11 71.28 **(3g)** (a) 2. The amount of income and franchise taxes imposed under s.
12 71.23 that the business paid in on the return for the previous taxable year or, in the
13 case of partnerships, limited liability companies, and tax-option corporations, the
14 amount of income or franchise taxes that the entity would have paid in the previous
15 taxable year had the entity been a corporation subject to the tax imposed under s.
16 71.23 and determined by multiplying the income that the entity would have reported
17 if the entity had been a corporation by the appropriate tax rate under s. 71.27 (1) or
18 (2).

19 **SECTION 3.** 71.47 (3g) (a) 2. of the statutes is amended to read:

20 71.47 **(3g)** (a) 2. The amount of income and franchise taxes imposed under s.
21 71.23 that the business paid in on the return for the previous taxable year or, in the

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1 case of partnerships, limited liability companies, and tax-option corporations, the
2 amount of income or franchise taxes that the entity would have paid in the previous
3 taxable year had the entity been a corporation subject to the tax imposed under s.
4 71.23 and determined by multiplying the income that the entity would have reported
5 if the entity had been a corporation by the appropriate tax rate under s. 71.46 (1) or
6 (2).

7 **SECTION 4. Initial applicability.**

8 (1) This act first applies to taxable years beginning on January 1, 2003.

9 (END)