



2005 ASSEMBLY BILL 745

October 11, 2005 - Introduced by Representatives PARISI, LOTHIAN, GRONEMUS, KERKMAN, MOLEPSKE, MURSAU, YOUNG, TOWNS, POCAN, PRIDEMORE, BLACK, CULLEN, McCORMICK, BERCEAU, SHERMAN, FIELDS, STASKUNAS, GRIGSBY, SHILLING, KREIBICH and DAVIS, cosponsored by Senators RISSER, LASSA, HANSEN and ERPENBACH. Referred to Committee on Ways and Means.

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) (cq), 71.28 (5e), 71.30
3 (3) (dq), 71.47 (5e) and 71.49 (1) (dq) of the statutes; **relating to:** an income and
4 franchise tax credit for the sales and use taxes paid on the purchase of fuel
5 efficient hybrid motor vehicles.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit for the amount of sales and use taxes paid in the taxable year on the purchase of fuel efficient hybrid motor vehicles. The amount of the credit may not exceed an amount equal to \$1,000 for each hybrid motor vehicle purchased in the taxable year.

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)

ASSEMBLY BILL 745**SECTION 1**

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) FUEL EFFICIENT HYBRID MOTOR VEHICLES CREDIT. (a) *Definitions.* In
6 this subsection, "claimant" means a person who files a claim under this subsection.

7 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
8 taxable years beginning after December 31, 2005, and before January 1, 2011, a
9 claimant may claim as a credit against the taxes imposed under s. 71.02, up to the
10 amount of those taxes, an amount that is equal to the amount of the taxes imposed
11 under ss. 77.52 and 77.53 that the claimant paid in the taxable year on the purchase
12 of hybrid motor vehicles that have a federal environmental protection agency rating
13 of no less than 40 miles per gallon.

14 (c) *Limitations.* 1. The amount of the credit claimed under par. (b) may not
15 exceed an amount equal to \$1,000 for each hybrid motor vehicle purchased in the
16 taxable year.

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

ASSEMBLY BILL 745

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

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

4 71.10 (4) (cq) Fuel efficient hybrid motor vehicles credit under s. 71.07 (5e).

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

6 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
7 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), ~~and (5b), and (5e)~~ and passed
8 through to partners shall be added to the partnership's income.

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

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

ASSEMBLY BILL 745**SECTION 5**

1 otherwise disposed of in a taxable transaction during the taxable year, except as
2 provided in par. (b) and s. 71.45 (2) and (5).

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

4 71.28 (5e) FUEL EFFICIENT HYBRID MOTOR VEHICLES CREDIT. (a) *Definitions.* In
5 this subsection, “claimant” means a person who files a claim under this subsection.

6 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
7 taxable years beginning after December 31, 2005, and before January 1, 2011, a
8 claimant may claim as a credit against the taxes imposed under s. 71.23, up to the
9 amount of those taxes, an amount that is equal to the amount of the taxes imposed
10 under ss. 77.52 and 77.53 that the claimant paid in the taxable year on the purchase
11 of hybrid motor vehicles that have a federal environmental protection agency rating
12 of no less than 40 miles per gallon.

13 (c) *Limitations.* 1. The amount of the credit claimed under par. (b) may not
14 exceed an amount equal to \$1,000 for each hybrid motor vehicle purchased in the
15 taxable year.

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

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

ASSEMBLY BILL 745

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

2 71.30 (3) (dq) Fuel efficient hybrid motor vehicles credit under s. 71.28 (5e).

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

4 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
5 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
6 (3n), (3t), ~~and (5b)~~, and (5e) and passed 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 (1dd) to (1dx), (3n), ~~and (5b)~~, and (5e) and not passed
10 through by a partnership, limited liability company, or tax-option corporation that
11 has added that amount to the partnership's, limited liability company's, or
12 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and the amount of
13 credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

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

15 71.47 (5e) FUEL EFFICIENT HYBRID MOTOR VEHICLES CREDIT. (a) *Definitions.* In
16 this subsection, "claimant" means a person who files a claim under this subsection.

17 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
18 taxable years beginning after December 31, 2005, and before January 1, 2011, a
19 claimant may claim as a credit against the taxes imposed under s. 71.43, up to the
20 amount of those taxes, an amount that is equal to the amount of the taxes imposed
21 under ss. 77.52 and 77.53 that the claimant paid in the taxable year on the purchase
22 of hybrid motor vehicles that have a federal environmental protection agency rating
23 of no less than 40 miles per gallon.

ASSEMBLY BILL 745**SECTION 10**

1 (c) *Limitations.* 1. The amount of the credit claimed under par. (b) may not
2 exceed an amount equal to \$1,000 for each hybrid motor vehicle purchased in the
3 taxable year.

4 2. Partnerships, limited liability companies, and tax-option corporations may
5 not claim the credit under this subsection, but the eligibility for, and the amount of,
6 the credit are based on their payment of amounts under par. (b). A partnership,
7 limited liability company, or tax-option corporation shall compute the amount of
8 credit that each of its partners, members, or shareholders may claim and shall
9 provide that information to each of them. Partners, members of limited liability
10 companies, and shareholders of tax-option corporations may claim the credit in
11 proportion to their ownership interests.

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

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

15 71.49 (1) (dq) Fuel efficient hybrid motor vehicles credit under s. 71.47 (5e).

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

17 77.92 (4) "Net business income," with respect to a partnership, means taxable
18 income as calculated under section 703 of the Internal Revenue Code; plus the items
19 of income and gain under section 702 of the Internal Revenue Code, including taxable
20 state and municipal bond interest and excluding nontaxable interest income or
21 dividend income from federal government obligations; minus the items of loss and
22 deduction under section 702 of the Internal Revenue Code, except items that are not
23 deductible under s. 71.21; plus guaranteed payments to partners under section 707
24 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
25 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), ~~and (5b)~~, and (5e); and

ASSEMBLY BILL 745

1 plus or minus, as appropriate, transitional adjustments, depreciation differences,
2 and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding
3 income, gain, loss, and deductions from farming. "Net business income," with respect
4 to a natural person, estate, or trust, means profit from a trade or business for federal
5 income tax purposes and includes net income derived as an employee as defined in
6 section 3121 (d) (3) of the Internal Revenue Code.

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(END)