

☞ **07hr\_SC-CFRRIT\_sb0073\_pt01**



Details:

(FORM UPDATED: 08/11/2010)

**WISCONSIN STATE LEGISLATURE ...  
PUBLIC HEARING - COMMITTEE RECORDS**

**2007-08**

(session year)

**Senate**

(Assembly, Senate or Joint)

**Committee on ... Campaign Finance Reform, Rural  
Issues, and Information Technology (SC-CFRRIT)**

**COMMITTEE NOTICES ...**

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

**INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL**

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
  - (**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)
  - (**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

## Senate

### Record of Committee Proceedings

#### **Committee on Campaign Finance Reform, Rural Issues and Information Technology**

##### **Senate Bill 73**

Relating to: creating an income and franchise tax credit for constructing and operating a data center that is designed for maximum energy efficiency and minimum environmental impact and providing an exemption from rule-making procedures.

By Senators Kanavas, Darling and Leibham; cosponsored by Representatives Strachota, Hahn, Petrowski, Pridemore, Kleefisch and Gunderson.

February 27, 2007      Referred to Committee on Campaign Finance Reform, Rural Issues and Information Technology.

March 3, 2008          **PUBLIC HEARING HELD**

Present:    (0)    None.

Absent:     (0)    None.

##### Appearances For

- None.

##### Appearances Against

- None.

##### Appearances for Information Only

- None.

##### Registrations For

- None.

##### Registrations Against

- None.

##### Registrations for Information Only

- None.

March 13, 2008      Failed to pass pursuant to Senate Joint Resolution 1.

---

Kathy Daggs

Committee Clerk



# State of Wisconsin • DEPARTMENT OF REVENUE

2135 RIMROCK RD. • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933  
PHONE (608) 268-6466 • FAX (608) 268-5718 • <http://www.revenue.wi.gov>

**Jim Doyle**  
Governor

**Roger M. Ervin**  
Secretary of Revenue

Senate Committee on Campaign Finance Reform, Rural Issues, and Information Technology  
Hearing, March 3, 2008

**SB 73 – Green Data Center Tax Credit (Sen. Kanavas)**

*Description of Current Law and Proposed Change*

This bill creates an income and franchise tax credit for taxable years beginning after June 30, 2008, and before July 1, 2010, in an amount equal to the amount a person paid in the taxable year for items that are either energy efficient or have a minimal environmental impact and that are used to construct or operate a “green data center.” Under the bill, a green data center is a repository for the storage, management, and dissemination of data, if the mechanical, lighting, electrical, and computer systems of the real property in which the repository is located are designed for maximum energy efficiency and minimum environmental impact.

The Department of Commerce would certify businesses as eligible for the credits. The credit is limited to \$2 million for all claimants in aggregate for all years.

*Fairness/Tax Equity*

- The bill only applies to businesses that build or operate data centers. Other types of businesses that use energy-efficient construction materials would not be eligible for the credit.

*Impact on Economic Development*

- Except for the entities that claim the credit, the bill is expected to have minimal impact on economic development.

*Administrative Impact/Fiscal Effect*

Since most taxpayers use calendar year as their tax year, the only tax year for which the credit will be available for most taxpayers is 2009. The fiscal effect would be a reduction in revenue of \$1.1 million in FY 2009 and \$900,000 in FY 2010.

The Department has the following technical comments and concerns with the bill:

In the bill “green data center” is defined as a repository for the storage, management, and dissemination of data if it meets certain environmental requirements. It is possible to interpret the term “repository” in this bill to mean any place where data is stored, managed and disseminated, even if not used exclusively for that purpose. For example, “repository” could include an entire office building, even if only one room within the building is used for data

purposes. The author may wish to refine the definition so as to limit the credit to only those parts of a building used for data storage, management, and dissemination.

One of the expenses eligible for the green data center credit is amounts spent on equipment or equipment components that have a "reduced amount" of statutorily specified chemicals. The bill states that "reduced amount" means an amount that is at least 25 percent less than the maximum amount allowed under federal law. Since numerous federal laws relate to the regulation of substances such as mercury, cadmium, and lead, it would be preferable if the bill specified which federal law or laws apply.

The bill provides a credit for an electronic waste recycling program, as defined by the department. It is unclear whether "department" in this instance refers to the Department of Revenue, because the reference is in the tax statutes administered by the Department of Revenue, or the Department of Commerce, because it is the Department of Commerce that certifies claimants for the credit. If the intent is for this subsection to refer to the Department of Commerce, that must be specified in chapter 71.

The credit applies for taxable years beginning after June 30, 2008, and before July 1, 2010. Therefore, the credit will have to be listed on the 2008 tax return. However, the vast majority of taxpayers are calendar year filers who would not be permitted to claim the credit for 2008 even if certified for it. Having tax credits apply based on the state's fiscal year is generally very confusing to taxpayers, making the credits difficult to administer. The author may wish to consider making the credit apply to taxable years beginning after December 31, 2008 and before January 1, 2011.

Contact: Sherrie Gates-Hendrix, (608) 267-1262