



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-4086/1
KRP:emw

2017 ASSEMBLY BILL 896

January 30, 2018 - Introduced by Representatives VRUWINK and SUBECK. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.21 (4) (a), 71.26 (2) (a) 4., 71.34 (1k) (g) and
2 71.45 (2) (a) 10.; and **to create** 71.07 (3k), 71.10 (4) (ed), 71.28 (3k), 71.30 (3)
3 (ed), 71.47 (3k) and 71.49 (1) (ed) of the statutes; **relating to:** creating an
4 individual and corporate income and franchise tax credit for a small business
5 that pays personal property taxes.

Analysis by the Legislative Reference Bureau

This bill creates a nonrefundable individual income tax credit and a corporate income and franchise tax credit for a small business that is equal to the amount the small business paid in a taxable year for personal property taxes assessed to the small business. Under the bill, "small business" means a person engaging in any activity, enterprise, or business in this state employing 50 or fewer individuals on a permanent basis with gross receipts of no greater than \$1,000,000 in the taxable year for which the credit is claimed.

The credit is nonrefundable, meaning that it may be claimed only up to the amount of a taxpayer's income or franchise tax liability. If the amount of the credit for which a small business is eligible exceeds its tax liability, the small business may carry forward the excess credit amount for up to the following 15 taxable years.

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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.** 71.05 (6) (a) 15. of the statutes, as affected by 2017 Wisconsin Act
2 58, is amended to read:

3 71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the
4 credits computed under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), ~~(3k)~~, (3n), (3p), (3q),
5 (3r), (3rm), (3rn), (3s), (3t), (3w), (3wm), (3y), (4k), (4n), (5e), (5f), (5h), (5i), (5j), (5k),
6 (5r), (5rm), (6n), and (8r) and not passed through by a partnership, limited liability
7 company, or tax-option corporation that has added that amount to the partnership's,
8 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

9 **SECTION 2.** 71.07 (3k) of the statutes is created to read:

10 71.07 (3k) SMALL BUSINESS PERSONAL PROPERTY TAX CREDIT. (a) *Definitions.* In
11 this subsection:

12 1. "Claimant" means a small business that files a claim under this subsection.

13 2. "Small business" means a person engaging in any activity, enterprise, or
14 business in this state employing 50 or fewer individuals on a permanent basis with
15 gross receipts of no greater than \$1,000,000 in the taxable year for which a credit is
16 claimed under this subsection.

17 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
18 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
19 amount of those taxes, an amount equal to the amount of personal property taxes
20 assessed to the claimant under ss. 70.01 and 70.18 that the claimant paid in the
21 taxable year.

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1 (c) *Limitations.* 1. A claimant shall submit with the claimant's tax return a
2 copy of the personal property tax bill along with evidence or certification by the
3 claimant that those personal property taxes were paid in the taxable year for which
4 a credit is claimed under this subsection.

5 2. No person may claim a credit under this subsection if the expenditures for
6 which the credit is claimed are also the expenditures for which another credit is
7 claimed under this subchapter.

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

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

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

19 71.10 (4) (ed) Small business personal property tax credit under s. 71.07 (3k).

20 **SECTION 4.** 71.21 (4) (a) of the statutes, as affected by 2017 Wisconsin Act 58,
21 is amended to read:

22 71.21 (4) (a) The amount of the credits computed by a partnership under s.
23 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3k), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t),
24 (3w), (3wm), (3y), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), and
25 (8r) and passed through to partners shall be added to the partnership's income.

ASSEMBLY BILL 896**SECTION 5**

1 **SECTION 5.** 71.26 (2) (a) 4. of the statutes, as affected by 2017 Wisconsin Acts
2 58 and 59, is amended to read:

3 71.26 **(2)** (a) 4. Plus the amount of the credit computed under s. 71.28 (1dm),
4 (1dx), (1dy), (3g), (3h), (3k), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (3wm), (3y),
5 (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), and (9s) and not passed
6 through by a partnership, limited liability company, or tax-option corporation that
7 has added that amount to the partnership's, limited liability company's, or
8 tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

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

10 71.28 **(3k)** SMALL BUSINESS PERSONAL PROPERTY TAX CREDIT. (a) *Definitions.* In
11 this subsection:

- 12 1. "Claimant" means a small business that files a claim under this subsection.
13 2. "Small business" means a person engaging in any activity, enterprise, or
14 business in this state employing 50 or fewer individuals on a permanent basis with
15 gross receipts of no greater than \$1,000,000 in the taxable year for which a credit is
16 claimed under this subsection.

17 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
18 claimant may claim as a credit against the tax imposed under s. 71.23, up to the
19 amount of those taxes, an amount equal to the amount of personal property taxes
20 assessed to the claimant under ss. 70.01 and 70.18 that the claimant paid in the
21 taxable year.

22 (c) *Limitations.* 1. A claimant shall submit with the claimant's tax return a
23 copy of the personal property tax bill along with evidence or certification by the
24 claimant that those personal property taxes were paid in the taxable year for which
25 a credit is claimed under this subsection.

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1 2. No person may claim a credit under this subsection if the expenditures for
2 which the credit is claimed are also the expenditures for which another credit is
3 claimed under this subchapter.

4 3. 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 described under par. (b). A
7 partnership, limited liability company, or tax-option corporation shall compute the
8 amount of the credit that each of its partners, members, or shareholders may claim
9 and shall provide that information to each of them. Partners, members of limited
10 liability companies, and shareholders of tax-option corporations may claim the
11 credit in proportion to their ownership interests.

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

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

15 71.30 (3) (ed) Small business personal property tax credit under s. 71.28 (3k).

16 **SECTION 8.** 71.34 (1k) (g) of the statutes, as affected by 2017 Wisconsin Act 58,
17 is amended to read:

18 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
19 corporation under s. 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3k), (3n), (3p), (3q), (3r),
20 (3rm), (3rn), (3t), (3w), (3wm), (3y), (4), (5), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r),
21 (5rm), (6n), and (8r) and passed through to shareholders.

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

23 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
24 computed under s. 71.47 (1dm) to (1dy), (3g), (3h), (3k), (3n), (3p), (3q), (3r), (3rm),
25 (3rn), (3w), (3y), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), and (9s) and

ASSEMBLY BILL 896**SECTION 9**

1 not passed through by a partnership, limited liability company, or tax-option
2 corporation that has added that amount to the partnership's, limited liability
3 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and
4 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

5 **SECTION 10.** 71.47 (3k) of the statutes is created to read:

6 71.47 **(3k)** SMALL BUSINESS PERSONAL PROPERTY TAX CREDIT. (a) *Definitions.* In
7 this subsection:

8 1. "Claimant" means a small business that files a claim under this subsection.

9 2. "Small business" means a person engaging in any activity, enterprise, or
10 business in this state employing 50 or fewer individuals on a permanent basis with
11 gross receipts of no greater than \$1,000,000 in the taxable year for which a credit is
12 claimed under this subsection.

13 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
14 claimant may claim as a credit against the tax imposed under s. 71.43, up to the
15 amount of those taxes, an amount equal to the amount of personal property taxes
16 assessed to the claimant under ss. 70.01 and 70.18 that the claimant paid in the
17 taxable year.

18 (c) *Limitations.* 1. A claimant shall submit with the claimant's tax return a
19 copy of the personal property tax bill along with evidence or certification by the
20 claimant that those personal property taxes were paid in the taxable year for which
21 a credit is claimed under this subsection.

22 2. No person may claim a credit under this subsection if the expenditures for
23 which the credit is claimed are also the expenditures for which another credit is
24 claimed under this subchapter.

