

TAX RELIEF AND INCENTIVES

ALTERNATIVE FUEL VEHICLE REFUELING CREDIT

Description: Temporarily increases the credit rate for alternative-fuel vehicle refueling property to 50%; increase to \$50,000 business property, \$2,000 non-business.

Funding Mechanism: Federal tax credit.

State Agency: Revenue, Department of

Eligible Entities: Businesses Individuals

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$54,000,000.00

ALTERNATIVE MINIMUM TAX RELIEF

Description: Provides an extension of Alternative Minimum Tax Relief for 2009 that increases the alternative minimum tax exemption amount to \$70,950 for married couples filing jointly, to \$46,700 for single tax filers and to \$35,475 for married filers filing separately.

Funding Mechanism: Lower federal alternative minimum tax liability.

State Agency: Revenue, Department of

Eligible Entities: Individuals

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$69,800,000,000.00

AMERICAN OPPORTUNITY EDUCATION TAX CREDIT

Description: Provides financial assistance for individuals seeking a college education. For 2009 and 2010, provides taxpayers with a new tax credit of up to \$2,500 for the cost of tuition and related expenses paid during the taxable year.

Funding Mechanism: Refundable/nonrefundable federal tax credit.

State Agency: Higher Educational Aids Board

State Contact Name: Connie Hutchison

State Contact E-Mail: heabmail@wi.gov

Eligible Entities: Individuals

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$13,900,000,000.00

BONUS DEPRECIATION EXTENSION

Description: Extends to 2009 the temporary benefit provided by Congress last year allowing businesses to recover the costs of capital expenditures made in 2008 more quickly than the ordinary depreciation schedule. Extends first year 50% bonus depreciation. For 2009 water utility property, computer software, qualified leasehold property. Extends bonus depreciation through 2010 for transportation property.

Funding Mechanism: Lower federal tax liability.

State Agency: Revenue, Department of

Eligible Entities: Businesses

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$5,074,000,000.00

BUILD AMERICAN BONDS

Description: For bonds issued in 2009 through 2011, issuers of bonds can elect to have an otherwise tax exempt bond treated as taxable government bond. Bond holders receive a 35% fed tax credit (in lieu of interest). For bonds issued in 2009 and 2010, special rule applies whereby in lieu of tax credit to holder, the issuer is allowed a credit equal to 35% of interest payment made.

Funding Mechanism: Federal outlay and federal tax credit.

State Agency: Revenue, Department of

Eligible Entities: Local Government State Government

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$4,348,000,000.00

CANCELLATION OF DEBT INCOME

Description: Allows certain businesses to recognize the cancellation of debt income older than 10 years for specified types of business debt repurchased by the business after December 31, 2008 and before January 1, 2011.

Funding Mechanism: Lower federal tax liability

State Agency: Revenue, Department of

Eligible Entities: Businesses

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$1,622,000,000.00

CHILD TAX CREDIT

Description: Increases the eligibility for the refundable portion of the child credit. For 2008, the child tax credit is refundable to the extent that 15% of the taxpayer's earned income is in excess of \$8,500. The new provision will reduce this floor to \$3,000 for 2009 and 2010.

Funding Mechanism: Refundable federal credit.

State Agency: Revenue, Department of

Eligible Entities: Individuals

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$14,800,000,000.00

CLEAN RENEWABLE ENERGY BONDS

Description: Authorizes additional clean renewable energy bonds to finance facilities that generate electricity from the following resources: wind, closed-loop biomass, open-loop biomass, geothermal, small irrigation, hydropower, landfill gas, marine renewable and trash combustion facilities.

Funding Mechanism: Authorizes an additional \$1.6 billion in bonding, of which: 1/3 will be available for qualifying projects of state, local, and tribal governments, 1/3 for qualifying projects of public power providers and 1/3 for qualifying projects of electric cooperatives.

State Agency: Commerce, Department of
State Contact Name: Steve Sabatke
State Contact Phone: (608) 267-0762
State Contact E-Mail: steven.sabatke@wi.gov
Eligible Entities: Businesses Individuals Local Government Other State Government Tribal Government
Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service
Federal Web Site: <http://www.irs.gov>
Federal Amount: \$1,600,000,000.00

COMPUTERS AS QUALIFIED EDUCATION EXPENSE

Description: Computers and computer technology now qualify as qualified education expenses under Section 529 programs such as EdVest.

State Agency: Treasurer, State
State Contact Name: Megan Perkins or Rich Janosik
State Contact Phone: (608) 264-7886
State Web Site: www.statetreasury.wisconsin.gov
Eligible Entities: Individuals
Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service
Federal Web Site: <http://www.irs.gov>
Federal Amount: \$6,000,000.00

DE MINIMUS SAFE HARBOR EXCEPTION

Description: Tax-exempt interest paid on obligations issued in 2009 and 2010 held by financial institutions are not taken into account for purposes of determining the portion of the institution's interest expense disallowance rules.

State Agency: Financial Institutions, Department of
State Contact Name: Catherine Haberland
State Contact E-Mail: Cahterine.Haberland@dfi.wisconsin.gov
Eligible Entities: Businesses
Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service
Federal Web Site: <http://www.irs.gov>
Federal Amount: \$3,234,000,000.00

EARNED INCOME TAX CREDIT (EITC)

Description: Increases the Earned Income Tax Credit for married families with 3 or more children for 2009 and 2010.

Funding Mechanism: Refundable federal and state credit.

State Agency: Revenue, Department of
State Contact Name: Sherrie Gates-Hendrix
State Contact E-Mail: sherrie.gateshendrix@revenue.wi.gov
State Web Site: <http://www.revenue.wi.gov>
Eligible Entities: Individuals
Responsibility for Implementation: Federal State

Federal Agency Name: Internal Revenue Service
Federal Web Site: <http://www.irs.gov>
Federal Amount: \$4,700,000,000.00

ENERGY INVESTMENT CREDIT (SEC 48)

Description: Eliminates the \$4,000 cap for small wind energy property expenses for property placed in service by 2017.

Funding Mechanism: Federal tax credit.

State Agency: Revenue, Department of

Eligible Entities: Businesses

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$604,000,000.00

INVESTMENT CREDIT (SEC 45) ELECTION

Description: In lieu of taking a credit for the production for electricity from alternative sources of energy at qualified facilities in 2009 and 2010, taxpayers may treat the facilities as energy property eligible for a 30% investment credit under sec. 48.

Funding Mechanism: Federal tax credit.

State Agency: Revenue, Department of

Eligible Entities: Businesses

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$268,000,000.00

LOSS LIMITATION FOR OWNERSHIP CHANGES

Description: Creates an exception to the IRS Section 382 loss limitations for ownership changes due to restructuring required under a loan agreement entered into with Treasury under EESA of 2008 (intended for a rationalization of costs/capitalization and capacity with respect to a manufacturing workforce).

Funding Mechanism: Lower federal tax liability.

State Agency: Revenue, Department of

Eligible Entities: Businesses

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$3,163,000,000.00

MAKING WORK PAY TAX CREDIT

Description: Provides a refundable tax credit for 2009 and 2010 of up to \$400 for working individuals and \$800 for working families. The tax credit phases out for individuals making \$100,000 per year and for couples making \$200,000 per year. Taxpayers can receive this benefit through a reduction in the amount of income tax that is withheld from their paychecks or through claiming the credit on their tax returns.

Funding Mechanism: Reduced federal tax withholdings or federal tax credit.

State Agency: Revenue, Department of

Eligible Entities: Individuals

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$116,200,000,000.00

MANUFACTURING INVESTMENT TAX CREDIT - Advanced Energy Facilities

Description: Allows a 30% credit for investments used to produce electricity from qualified energy resources (wind, biomass, geothermal, solar hydro), or for investments used to manufacture fuel cells, energy storage for electric/hybrid vehicles, electric grids for renewable energy or equipment for carbon capture

Funding Mechanism: Federal tax credit.

State Agency: Revenue, Department of

Eligible Entities: Businesses

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$1,647,000,000.00

NET OPERATING LOSS CARRYBACK

Description: Extend the maximum net operating loss carryback period from two to five years for losses generated in 2008 for qualified small businesses with gross receipts \$15 million or less.

Funding Mechanism: Lower federal tax liability.

State Agency: Revenue, Department of

Eligible Entities: Businesses

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$947,000,000.00

NEW MARKETS TAX CREDITS

Description: For qualified community development entities that serve low-income communities through investments and loans to businesses and residents of low-income communities. Provides additional allocations for 2008 and 2009. 2009 credits may offset alternative minimum tax

Funding Mechanism: Federal tax credit.

State Agency: Wisconsin Housing and Economic Development Authority

State Contact Name: Darren Easton

State Contact E-Mail: darren.easton@wheda.com

Eligible Entities: Businesses

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$815,000,000.00

PLUG-IN ELECTRIC VEHICLE CREDIT

Description: Allows a \$2,500 tax credit for the first 200,000 plug-in electric vehicles. The credit is reduced after the 200,000th vehicle. Low speed vehicles qualify for new credit. Credit to offset alternative minimum tax for tax years beginning 2010.

Funding Mechanism: Federal tax credit.

State Agency: Revenue, Department of

Eligible Entities: Businesses Individuals

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service
Federal Web Site: <http://www.irs.gov>
Federal Amount: \$2,002,000,000.00

PRIVATE ACTIVITY BONDS

Description: Interest on new tax-exempt private activity bonds issued in 2009 and 2010 are not treated as tax preference item for alternative minimum tax (applies to individuals and corporations).

Funding Mechanism: Lower alternative minimum tax liability.

State Agency: Revenue, Department of
Eligible Entities: Businesses Individuals
Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service
Federal Web Site: <http://www.irs.gov>
Federal Amount: \$555,000,000.00

QUALIFIED ENERGY CONSERVATION BONDS

Description: Authorizes an additional \$2.4 billion issuance for qualified energy conservation bonds to finance state, municipal and tribal government programs and initiatives designed to reduce greenhouse gas emissions. Funds raised from the sale of qualified energy conservation bonds may be used for programs in which utilities provide ratepayers with energy-efficient property and to implement energy efficiency and green community programs.

Funding Mechanism: Qualified energy conservation bonds may be issued to make loans and grants for capital expenditures related to eligible program activities.

State Agency: Commerce, Department of
State Contact Name: Steve Sabatke
State Contact Phone: (608) 267-0762
State Contact E-Mail: steven.sabatke@wi.gov
Eligible Entities: Local Government State Government Tribal Government
Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service
Federal Web Site: <http://www.irs.gov>
Federal Amount: \$2,400,000,000.00

QUALIFIED ZONE ACADEMY BONDS

Description: Extends and expands qualified zone academy bonds (school construction). Authorizes issuance of \$1.4 billion for 2009 and 2010. Bond holders receive a federal tax credit (in place of interest on the bond).

Funding Mechanism: Federal outlay and federal tax credit.

State Agency: Public Instruction, Department of
State Contact Name: Natalie Rew
State Contact Phone: (608) 267-9212
State Contact E-Mail: Natalie.rew@dpi.wi.gov
State Web Site: <http://dpi.wi.gov/recovery/>
Eligible Entities: Businesses Local Government Schools or School Districts State Government
Responsibility for Implementation: Federal

Federal Agency Name: Education, Dept. of
Federal Web Site: <http://www.ed.gov/programs/qualifiedzone/index.html>
Federal Amount: \$1,045,000,000.00

RECOVERY ZONE BONDS - Economic Development Bonds

Description: Provides taxable Governmental Bonds that municipalities can use to spur development in areas with significant poverty, unemployment or home foreclosures. Bonds will be used for capital expenditures, public infrastructure, public facilities, job training and educational programs.

Funding Mechanism: \$10 billion total. Each state's share based on job loss formula. Allocation then sub-allocated to local municipalities based on job loss formula. Bonds must be issued in 2009 or 2010. Allocation amounts not yet available.

State Agency: Commerce, Department of

State Contact Name: Steve Sabatke

State Contact Phone: (608) 267-0762

State Contact E-Mail: steven.sabatke@wi.gov

Eligible Entities: Local Government

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov/>

Federal Amount: \$10,000,000,000.00

RECOVERY ZONE BONDS - Facility Bonds

Description: New category of tax-exempt private activity bonds that can be used by qualified business for property located in a designated Recovery Zone.

Funding Mechanism: \$15 billion total. Allocation same as Recovery Zone Economic Development Bonds. Does not apply to regular volume cap allocation. Bonds must be issued in 2009 or 2010. Allocation amounts not yet available.

State Agency: Commerce, Department of

State Contact Name: Steve Sabatke

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State Contact E-Mail: steven.sabatke@wi.gov

Eligible Entities: Local Government

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Amount: \$15,000,000,000.00

REFUNDABLE CREDITS IN LIEU OF BONUS DEPRECIATION

Description: Businesses can claim additional refundable research or alternative minimum tax credits instead of taking the bonus depreciation. The new federal law will extend this temporary benefit through 2009.

Funding Mechanism: Federal tax credit.

State Agency: Revenue, Department of

Eligible Entities: Businesses

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$805,000,000.00

REFUNDABLE FIRST-TIME HOME BUYER CREDIT

Description: Increases the maximum first time homebuyer credit from \$7,500 to \$8,000 and removes repayment requirement after 36 months.

Funding Mechanism: Refundable federal credit.

State Agency: Revenue, Department of

Eligible Entities: Individuals

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service
Federal Web Site: <http://www.irs.gov>
Federal Amount: \$6,600,000,000.00

RENEWABLE ELECTRICITY PRODUCTION CREDIT (SEC 45)

Description: Extends tax credit to allow claims for eligible property placed in service between 2010 to 2013. Internal Revenue Code SEC 45.

Funding Mechanism: Federal tax credit.

State Agency: Revenue, Department of
Eligible Entities: Businesses
Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service
Federal Web Site: <http://www.irs.gov>
Federal Amount: \$13,143,000,000.00

RESIDENTIAL ENERGY EFFICIENCY PROPERTY TAX CREDIT

Description: Removes maximum credit cap for installation of residential wind, geothermal, solar thermal property (solar hot water property, geothermal heat pumps, wind energy property). Internal Revenue Code (SEC 25D).

Funding Mechanism: Federal tax credit.

State Agency: Revenue, Department of
Eligible Entities: Individuals
Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service
Federal Web Site: <http://www.irs.gov>
Federal Amount: \$268,000,000.00

RESIDENTIAL ENERGY PROPERTY CREDIT

Description: Increases the credit from 10% to 30% for nonbusiness energy property (up to a \$1,500 per residence cap). Applies to 2009 and 2010 tax years. Internal Revenue Code (SEC 25C)

Funding Mechanism: Federal tax credit.

State Agency: Revenue, Department of
Eligible Entities: Individuals
Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service
Federal Web Site: <http://www.irs.gov>
Federal Amount: \$2,034,000,000.00

S-CORPORATION BUILT-IN GAINS HOLDING PERIOD

Description: Reduces from ten to seven years the holding period for built-in gains after a C-corporation becomes an S-corporation for sales occurring in 2009 and 2010.

Funding Mechanism: Lower federal tax liability.

State Agency: Revenue, Department of
Eligible Entities: Businesses
Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service
Federal Web Site: <http://www.irs.gov>
Federal Amount: \$415,000,000.00

SCHOOL CONSTRUCTION BONDS

Description: School Construction Tax Credits. State and local governments may issue up to \$22 billion in "qualified school construction bonds" (\$11 billion in 2009 and \$11 billion in 2010), a new type of tax credit bond for "the construction, rehabilitation, or repair of a public school facility, or for the acquisition of land on which such a facility is to be constructed" [pages 241-243, Sec. 1521]. Tribal schools receive an additional \$400 million of the bonds (\$200 million in 2009 and \$200 million in 2010). Details about the qualified school construction bond program are not yet available. Each state is guaranteed 1.68% of states' share. Bond holders receive a federal tax credit (in place of interest on bond).

Funding Mechanism: Federal outlay and federal tax credit.

State Agency: Public Instruction, Department of

State Contact Name: Natalie Rew

State Contact Phone: (608) 267-9212

State Contact E-Mail: natalie.rew@dpi.wi.gov

State Web Site: <http://dpi.wi.gov/recovery/>

Eligible Entities: Businesses Local Government Schools or School Districts State Government

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$9,877,000,000.00

SMALL BUSINESS CAPITAL GAINS

Description: Allow a 75% exclusion for individuals on the gain from the sale of certain small business stock held for more than five years. This change is for stock issued after the date of enactment and before January 1, 2011.

Funding Mechanism: Lower federal tax liability. Wisconsin provides 100% exclusion for state tax purposes.

State Agency: Revenue, Department of

Eligible Entities: Businesses

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$829,000,000.00

SMALL BUSINESS EXPENSING

Description: In order to help small businesses quickly recover the cost of certain capital expenses, small business taxpayers may elect to write off the cost of these expenses in the year of acquisition in lieu of recovering these costs over time through depreciation. These benefits are extended through 2009. Small businesses can write off up to \$250,000 in capital expenditures. Phase out of the deduction begins at \$800,000.

Funding Mechanism: Lower federal tax liability.

State Agency: Revenue, Department of

Eligible Entities: Businesses

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$41,000,000.00

TRANSPORTATION FRINGE BENEFITS

Description: Increases income exclusion from \$120/month to \$230/month for employer-provided

transit pass and vanpooling benefits for 2009 and 2010.

Funding Mechanism: Lower federal tax liability.

State Agency: Revenue, Department of

Eligible Entities: Individuals

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$192,000,000.00

TRIBAL ECONOMIC DEVELOPMENT BONDS

Description: Authorizes tribal governments to issue tax-exempt bonds for projects without meeting the essential governmental function requirement. Bonds may not be used to finance any portion of a building in which Class II and Class III gaming is conducted, or any property used in the conduct of gaming. Also, the facilities must be located on the reservation.

Funding Mechanism: Provides up to \$2 billion total bonding authority nationwide. The bonds will be distributed in a manner deemed appropriate by the Secretary of the Treasury in consultation with the Secretary of the Interior.

State Agency: Commerce, Department of

State Contact Name: Steve Sabatke

State Contact E-Mail: steven.sabatke@wi.gov

Eligible Entities: Tribal Government

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Amount: \$2,000,000,000.00

UNEMPLOYMENT BENEFITS TAXATION SUSPENSION

Description: Excludes the first \$2,400 of unemployment compensation from gross income for tax purposes in 2009.

Funding Mechanism: Lower federal tax liability.

State Agency: Revenue, Department of

Eligible Entities: Individuals

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$4,740,000,000.00

VEHICLE PURCHASE SALES TAX DEDUCTION

Description: Provides a federal income tax deduction of state and local sales tax paid on new car, light truck and SUV purchases

Funding Mechanism: Lower federal tax liability.

State Agency: Revenue, Department of

Eligible Entities: Individuals

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$1,700,000,000.00

WORK OPPORTUNITY TAX CREDIT

Description: Under current law, businesses are allowed to claim a work opportunity tax credit equal to 40% of the first \$6,000 of wages paid to employees of one of nine targeted groups. The new law creates two new targeted groups of prospective employees: unemployed veterans and disconnected youth (16-25 years old).

Funding Mechanism: Federal tax credit.

State Agency: Revenue, Department of

Eligible Entities: Businesses

Responsibility for Implementation: Federal

Federal Agency Name: Internal Revenue Service

Federal Web Site: <http://www.irs.gov>

Federal Amount: \$231,000,000.00
