2005 DRAFTING REQUEST

Bill

Received: **02/01/2006**

Received By: **csundber**

Wanted: **As time permits**

Identical to LRB:

For: **Dale Schultz (608) 266-0703**

By/Representing: **Jonathan Klein**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters: **csundber**

Subject: **Econ. Development - bus. dev.**

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Schultz@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

Pre Topic:

No specific pre topic given

Topic:

Economic development tax credits for insurers

Instructions:

See Attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	csundber 02/01/2006			_____ _____			State
/1	jkreye 02/02/2006 csundber 02/02/2006 csundber 02/09/2006 csundber	lkunkel 02/06/2006 chanaman 02/09/2006 lkunkel 02/13/2006	jfrantze 02/06/2006	_____ _____ _____ _____ _____ _____ _____	lemery 02/06/2006		State

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
	02/10/2006			_____			
	jkreye			_____			
	02/10/2006			_____			
/2			pgreensl	_____	sbasford	lnorthro	
			02/13/2006	_____	02/13/2006	02/14/2006	

FE Sent For:

<END>

At Intro.

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/2 lmk 2/13 2/13 p8

FE Sent For:

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For: **Dale Schultz (608) 266-0703**

By/Representing: **Jonathan Klein**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters: **csundber**

Subject: **Econ. Development - bus. dev.**

Extra Copies:

Submit via email: **YES**

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Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Economic development tax credits for insurers ✓

Instructions:

See Attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	csundber	/1 lmk 2/6	2/6	2/6			

FE Sent For:

<END>

Bill McCoshen

From: Olver, Aaron - COMM [AOlver@commerce.state.wi.us]
Sent: Wednesday, February 01, 2006 1:53 PM
To: Bill McCoshen
Subject: FW: Project Fossil

Bill,

Here is the (your former) budget shop's analysis on the bill. It looks like amendments to 76 and 560 are required. Julie is doing additional work, but this might get a drafter started.
Aaron

From: Keal, Julie
Sent: Wednesday, February 01, 2006 12:31 PM
To: Olver, Aaron - COMM
Cc: Cornelius, Louie - COMM; Craney, Terrance - Commerce
Subject: Project Fossil

As a domestic life insurer, Northwestern Mutual Life pays the life insurer license fee under s. 76.65 on its life insurance business. It pays either a 3.5 % tax on a portion of its gross investment income (except interest required to provide and maintain reserves according to state law, and except premiums collected on policies of insurance and contracts for annuities), or 2% of premiums, whichever is greater. Other insurers that could be eligible (if we allocated credits) would include American Family and CUNA.

The development zone credits are available to individuals (s. 71.07), corporations (s. 71.28), and insurance companies (s. 71.47). They are not available against taxes paid under the various insurance company premiums taxes (s. 76.60 et seq), including the life insurer license fee (s. 76.65).

Statutory Drafting Needs:

1. Draft a new credit (s.76.651) to enable insurers paying the life insurer license fee to claim the development zone credits. It's probably best to recreate the credits in their entirety here, rather than referencing the credits in Chapter 71.

2. Any sections of s. 560.70, et seg referencing the Ch. 71 credits should be amended to also include the new Ch. 76 credit.

As an aside, on any portion of its business that is not covered by the life insurer license fee, NML pays the corporate franchise tax under s. 71.45 (7.9% of taxable income, or the amount calculated under the 2% gross premiums tax, whichever is less). I know nothing about the financial extent of this business -- could it possibly be enough to support the credits?

Julie Keal
Wisconsin Department of Commerce
(608) 266-6748

AB _____

An act to provide certain economic development tax credits for insurers.

Section 1. Section 76.635 of the Statutes is amended by creating a new heading for that section to read as follows:

76.635. Credit for investment in certified capital companies.

Section 2. Subchapter III of Chapter 76 of the statutes is amended to add the following new section:

76.636. Credit for certain development zone activities.

(1) DEFINITIONS. In this section:

(a) "Brownfield" has the meaning given in s. 71.28(1dx)(a)1;

(b) "Development zone" has the meaning given in s. 71.28 (1dx)(a)2.

(c) "Environmental remediation" has the meaning given in s. 71.28(1dx)(a)3.

(d) "Full-time job" has the meaning given in s. 71.28(1dx) (a)4;

(e) "Member of a targeted group" has the meaning given in s. 71.28(1dx)(a)5.

(2) CREDITS

Subject to section 560.785, for any taxable year for which an insurer is entitled under section 560.795 (3) to claim tax benefits or certified under section 560.765 (3), 560.797 (4) or 560.798 (3), the insurer may claim as a credit against fees due under sections 76.60, 76.63, 76.65, 76.66 or 76.67 the following amounts:

1. Fifty percent of the amount expended for environmental remediation in a development zone.

2. The amount determined by multiplying the amount determined under s. 560.785 (1) (b) by the number of full-time jobs created in a development zone and filled by a member of a targeted group and by then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

3. The amount determined by multiplying the amount determined under s. 560.785 (1) (c) by the number of full-time jobs created in a development zone and not filled by a member of a targeted group and by then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

4. The amount determined by multiplying the amount determined under s. 560.785 (1) (bm) by the number of

full-time jobs retained, as provided in the rules under s. 560.785, excluding jobs for which a credit has been claimed under s. 71.28(1dj), in an enterprise development zone under s. 560.797 and for which significant capital investment was made and by then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

5. The amount determined by multiplying the amount determined under s. 560.785 (1) (c) by the number of full-time jobs retained, as provided in the rules under s. 560.785, excluding jobs for which a credit has been claimed under s. 71.28(1dj), in a development zone and not filled by a member of a targeted group and by then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

(3) CARRY-FORWARD

If the credit under sub. (2) is not entirely offset against the fees under s. 76.60, 76.63, 76.65, 76.66 or 76.67 otherwise due, the unused balance may be carried forward and credited against those fees for the following 15 years to the extent that it is not offset by those fees otherwise due in all the years between the year in which the expense was incurred and the year in which the carry-forward credit is claimed.

(4) CREDIT PRECLUDED

If the certification of an insurer for tax benefits under s. 560.765 (3), 560.797 (4) or 560.798 (3) is revoked, or if the insurer becomes ineligible for tax benefits under s. 560.795 (3), that insurer may not claim credits under this subsection for the taxable year that includes the day on which the certification is revoked; the taxable year that includes the day on which the insurer becomes ineligible for tax benefits; or succeeding taxable years and that insurer may not carry over unused credits from previous years to offset tax under this chapter for the taxable year that includes the day on which certification is revoked; the taxable year that includes the day on which the insurer becomes ineligible for tax benefits; or succeeding taxable years.

(5) CARRYOVER PRECLUDED

If an insurer who is entitled under s. 560.795 (3) to claim tax benefits or certified under s. 560.765 (3), 560.797 (4) or 560.798 (3) for tax benefits ceases business operations in the development zone during any of the taxable years that that zone exists, that insurer may not carry over to any taxable year following the year during which operations cease any unused credits from the taxable year during which operations cease or from previous taxable years.

(6) ADMINISTRATION

Insurers claiming the credit allowed by sub (2) shall include with the annual return prescribed by s. 76.64 a copy of their certification for tax benefits and a copy of the Department of Commerce's verification of their expenses.

Section 3. Section 76.67(2) of the statutes is amended to read as follows:

If any domestic insurer is licensed to transact insurance business in another state, this state may not require similar insurers domiciled in that other state to pay taxes greater in the aggregate than the aggregate amount of taxes that a domestic insurer is required to pay to that other state for the same year less the credits under ss. 76.635 <u>and 76.636</u>, except that the amount imposed shall not be less than the total of the amounts due under ss. 76.65 (2) and 601.93 and, if the insurer is subject to s. 76.60, 0.375% of its gross premiums, as calculated under s. 76.62, less offsets allowed under s. 646.51 (7) or under s. 76.635 <u>and 76.636</u> against that total, and except that the amount imposed shall not be less than the amount due under s. 601.93.

Section 4. Section 560.797(4)(d) of the statutes is amended to read as follows:

(d) The Department shall notify the Department of Revenue and the Office of the Commissioner of Insurance of all persons entitled to claim tax benefits under this section.

263493

State of Wisconsin
2005 – 2006 LEGISLATURE

LRB–4554/1
JK&CTS:...:...

In: 2/2/06
Wanted: Monday 2/6/06 lmk

2005 BILL

D-N

Bencat

AN ACT ...; **relating to:** creating a development zones credit for the license fees paid by certain insurers.

Analysis by the Legislative Reference Bureau

Under current law, a business, including an insurer, may claim income and franchise tax credits for creating jobs or for the remediation of polluted or contaminated property in an area designated as a development zone by the Department of Commerce (Commerce). Under current law, certain insurers pay license fees to this state for the privilege of doing business in this state. Those insurers may claim as a credit against the amount of the fees the amount of their certified capital investments in certain companies, as qualified by Commerce. Under this bill, insurers who are subject to state license fees may claim as a credit against the amount of the fees their expenses related to creating jobs or for the remediation of polluted or contaminated property in an area designated as a development zone.

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:

SECTION 1. 73.03 (35) of the statutes is amended to read:

73.03 **(35)** To deny a portion of a credit claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), or (2dx), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),

for 76.636

(1ds), (1dx), or (4) (am), ~~or~~ 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), or (4) (am) if granting the full amount claimed would violate a requirement under s. 560.785 or would bring the total of the credits granted to that claimant under all of those subsections over the limit for that claimant under s. 560.768, 560.795 (2) (b), or 560.797 (5) (b).

History: 1971 c. 40, 215; 1973 c. 90; 1975 c. 39; 1977 c. 143; 1977 c. 196 s. 130 (7); 1977 c. 313; 1979 c. 34; 1979 c. 110 s. 60 (13); 1979 c. 221, 350; 1981 c. 20; 1981 c. 79 s. 18; 1983 a. 275 s. 15 (4); 1983 a. 524; 1983 a. 538 s. 269 (3); 1985 a. 12, 29, 273; 1987 a. 4, 27, 186; 1987 a. 312 s. 17; 1987 a. 328, 378, 399; 1989 a. 31; 1989 a. 56 s. 259; 1989 a. 74, 335; 1991 a. 39, 219, 313, 316; 1993 a. 16, 112, 205, 490; 1995 a. 27 ss. 3434g to 3440m, 9145 (1); 1995 a. 209, 233; 1997 a. 27, 35, 191, 237, 252; 1999 a. 9, 31, 185; 2001 a. 16, 44, 104, 107, 109; 2003 a. 33, 127; 2005 a. 25.

SECTION 2. 76.635 (title) of the statutes is amended to read:

76.635 (title) **Credit <u>for investment in certified capital companies</u>.**

History: 1997 a. 215; 1999 a. 30.

SECTION 3. 76.636 of the statutes is created to read:

76.636 Credit for certain development zone activities. (1) DEFINITIONS. In this section:

(a) "Brownfield" means an industrial or commercial facility in which the expansion or redevelopment of which is complicated by environmental contamination.

(b) "Development zone" means a development zone under s. 560.70, a development opportunity zone under s. 560.795 or an enterprise development zone under s. 560.797, or an agricultural development zone under s. 560.798.

(c) "Environmental remediation" means removal or containment of environmental pollution, as defined in s. 299.01 (4), and restoration of soil or groundwater that is affected by environmental pollution ~~, as defined in s. 299.01 (4),~~ in a brownfield if that removal, containment, or restoration fulfills the requirement under s. 71.47 (1de) (a) 1., unless an investigation of the property determines that remediation is required and that remediation is not undertaken.

(d) "Full–time job" means a regular, nonseasonal, full–time position in which an individual, as a condition of employment, is required to work at least 2,080 hours

per year, including paid leave and holidays, and for which the individual receives pay that is equal to at least 150 percent of the federal minimum wage and receives benefits that are not required by federal or state law. "Full–time job" does not include initial training before an employment position begins.

(e) "Member of a targeted group" means a person who resides in an area designated by the federal government as an economic revitalization area, a person who is employed in an unsubsidized job but meets the eligibility requirements under s. 49.145 (2) and (3) for a Wisconsin Works employment position, a person who is employed in a trial job, as defined in s. 49.141 (1) (n), a person who is eligible for child care assistance under s. 49.155, a person who is a vocational rehabilitation referral, an economically disadvantaged youth, an economically disadvantaged veteran, a supplemental security income recipient, a general assistance recipient, an economically disadvantaged ex–convict, a qualified summer youth employee, as defined in 26 USC 51 (d) (7), a dislocated worker, as defined in 29 USC 2801 (9), or a food stamp recipient, if the person has been certified in the manner under s. 71.47 (1dj) (am) 3. by a designated local agency, as defined in s. 71.47 (1dj) (am) 2.

(2) CREDITS. Except as provided in s. 73.03 (35), and subject to s. 560.785, for any taxable year for which an insurer is entitled under s. 560.795 (3) to claim tax benefits or certified under s. 560.765 (3), 560.797 (4) or 560.798 (3), the insurer may claim as a credit against the fees due under s. 76.60, 76.63, 76.65, 76.66, or 76.67 the following amounts:

(a) 1. Fifty percent of the amount expended for environmental remediation in a development zone.

(b) 2. The amount determined by multiplying the amount determined under s. 560.785 (1) (b) by the number of full–time jobs created in a development zone and

filled by a member of a targeted group and by then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

3. The amount determined by multiplying the amount determined under s. 560.785 (1) (c) by the number of full–time jobs created in a development zone and not filled by a member of a targeted group and by then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

4. The amount determined by multiplying the amount determined under s. 560.785 (1) (bm) by the number of full–time jobs retained, as provided in the rules under s. 560.785, excluding jobs for which a credit has been claimed under ~~sub.~~ (1dj), in an enterprise development zone under s. 560.797 and for which significant capital investment was made and by then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

5. The amount determined by multiplying the amount determined under s. 560.785 (1) (c) by the number of full–time jobs retained, as provided in the rules under s. 560.785, excluding jobs for which a credit has been claimed under ~~sub.~~ (1dj), in a development zone and not filled by a member of a targeted group and by then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

(3) CARRY–FORWARD. If the credit under sub. (2) is not entirely offset against the fees under s. 76.60, 76.63, 76.65, 76.66, or 76.67 otherwise due, the unused balance may be carried forward and credited against those fees for the following 15 years to the extent that it is not offset by those fees otherwise due in all the years between the year in which the expense was made and the year in which the carry–forward credit is claimed.

(4) CREDIT PRECLUDED. If the certification of a person for tax benefits under s. 560.765 (3), 560.797 (4), or 560.798 (3) is revoked, or if the person becomes ineligible

for tax benefits under s. 560.795 (3), that person may not claim credits under this section for the taxable year that includes the day on which the certification is revoked; the taxable year that includes the day on which the person becomes ineligible for tax benefits; or succeeding taxable years and that person may not carry over unused credits from previous years to offset the fees under s. 76.60, 76.63, 76.65, 76.66, or 76.67 for the taxable year that includes the day on which certification is revoked; the taxable year that includes the day on which the person becomes ineligible for tax benefits; or succeeding taxable years.

(5) CARRY-OVER PRECLUDED. If a person who is entitled under s. 560.795 (3) to claim tax benefits or certified under s. 560.765 (3), 560.797 (4), or 560.798 (3) for tax benefits ceases business operations in the development zone during any of the taxable years that that zone exists, that person may not carry over to any taxable year following the year during which operations cease any unused credits from the taxable year during which operations cease or from previous taxable years.

(6) ADMINISTRATION. Any insurer who claims a credit under sub. (2) shall include with the insurer's annual return under s. 76.64 a copy of its certification for tax benefits and a copy of its verification of expenses from the department of commerce.

affected

SECTION 4. 76.67 (2) of the statutes, as amended by 2005 Wisconsin Act 74, is amended to read:

76.67 **(2)** If any domestic insurer is licensed to transact insurance business in another state, this state may not require similar insurers domiciled in that other state to pay taxes greater in the aggregate than the aggregate amount of taxes that a domestic insurer is required to pay to that other state for the same year less the credits under ss. 76.635, 76.636, and 76.655, except that the amount imposed shall

not be less than the total of the amounts due under ss. 76.65 (2) and 601.93 and, if the insurer is subject to s. 76.60, 0.375% of its gross premiums, as calculated under s. 76.62, less offsets allowed under s. 646.51 (7) or under ss. 76.635, 76.636, and 76.655 against that total, and except that the amount imposed shall not be less than the amount due under s. 601.93.

History: 1975 c. 372 s. 41; 1979 c. 34; 1979 c. 102 s. 26; 1979 c. 177; Stats. 1979 s. 76.67; 1983 a. 27; 1989 a. 31; 1999 a. 30; 2005 a. 74.

SECTION 5. Initial applicability.

(1) This act first applies to taxable years beginning on January 1 of the year in which this subsection takes effect, except that if this subsection takes effect after July 31 this act first applies to taxable years beginning on January 1 of the year following the year in which this subsection takes effect.

(END)

INS 6-5

d-n

Insert 6–5:

SECTION 1. 560.70 (6) of the statutes is amended to read:

560.70 **(6)** "Target population" means persons who are members of targeted groups for the purposes of the credit under ss. 71.07 (2dx), 71.28 (1dx) ~~and~~, 71.47 (1dx), and 76.636.

History: 1987 a. 328, 411; 1991 a. 39; 1995 a. 27, 209; 1997 a. 27; 1999 a. 9; 2001 a. 16.

SECTION 2. 560.70 (7) (a) of the statutes is amended to read:

560.70 **(7)** (a) Except as provided in pars. (b) and (c), "tax benefits" means the development zones credit under ss. 71.07 (2dx), 71.28 (1dx), ~~and~~ 71.47 (1dx), and 76.636.

SECTION 3. 560.75 (8) of the statutes is amended to read:

560.75 **(8)** Annually verify information submitted to the department under s. 71.07 (2dx), 71.28 (1dx) ~~or~~, 71.47 (1dx), or 76.636.

History: 1987 a. 328; 1989 a. 31; 1989 a. 56 s. 259; 1991 a. 39; 1993 a. 16; 1995 a. 27 ss. 6936, 9130 (4); 1995 a. 209; 1997 a. 3, 27, 103; 1999 a. 9.

SECTION 4. 560.785 (1) (d) of the statutes is amended to read:

560.785 **(1)** (d) Except for a person claiming tax benefits only for environmental remediation under s. 71.07 (2dx) (b) 1., 71.28 (1dx) (b) 1. ~~or~~, 71.47 (1dx) (b) 1., or 76.636, require at least 25% of the tax benefits claimed by a person to be based on creating or retaining full–time jobs.

History: 1997 a. 27, 41; 1999 a. 9.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–4554/1dn
CTS:...:...
lmk

(date)

Sen. Schultz:

Please review this draft carefully to ensure it is consistent with your intent.

Note that under current s. 560.075 (created by 2005 Wisconsin Act 25), persons who receive certain grants and loans or are certified by the Department of Commerce (Department) to receive certain tax benefits, including the development zone tax credit, must enter into an agreement with the Department to repay the grants, loans, or tax benefits if, within 5 years, the person "ceases to conduct in this state the economic activity for which the person received the grant or loan or for which the person was certified to receive tax benefits and commences substantially the same economic activity outside this state." Should this draft add the license fee credit created in the draft to the list of tax benefits that requires a repayment agreement under s. 560.075?

Christopher T. Sundberg
Legislative Attorney
Phone: (608) 266–9739
E–mail: christopher.sundberg@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–4554/1dn
CTS:lmk:jf

February 6, 2006

Sen. Schultz:

Please review this draft carefully to ensure it is consistent with your intent.

Note that under current s. 560.075 (created by 2005 Wisconsin Act 25), persons who receive certain grants and loans or are certified by the Department of Commerce (department) to receive certain tax benefits, including the development zone tax credit, must enter into an agreement with the department to repay the grants, loans, or tax benefits if, within 5 years, the person "ceases to conduct in this state the economic activity for which the person received the grant or loan or for which the person was certified to receive tax benefits and commences substantially the same economic activity outside this state." Should this draft add the license fee credit created in the draft to the list of tax benefits that requires a repayment agreement under s. 560.075?

Christopher T. Sundberg
Legislative Attorney
Phone: (608) 266–9739
E–mail: christopher.sundberg@legis.state.wi.us

Sundberg, Christopher

From: Klein, Jonathan
Sent: Wednesday, February 08, 2006 3:59 PM
To: Sundberg, Christopher
Subject: Drafting Changes

Attachments: Drafting changes LRB-45541.doc

Chris,

Please find attached a document outlining drafting changes to LRB-4554/1. Initially, this bill was tentatively scheduled for a hearing on the 7th. That hearing has now been moved to the 16th. We would like the revised draft for that date.

To answer the question posed in your drafter's note, the license fee credit should be included in the list of tax benefits that requires a repayment agreement under s. 560.075. Thank you.

Jonathan Klein
Office of Senate Majority Leader Dale Schultz
800-978-8008
608-266-0703

Drafting changes LRB-45541.doc...

2005 – 2006 LEGISLATURE

2005 BILL

AN ACT ***to amend*** 73.03 (35), 76.635 (title), 76.67 (2), 560.70 (6), 560.70 (7) (a), 560.75 (8) and 560.785 (1) (d); and ***to create*** 76.636 of the statutes; **relating to:** creating a development zone credit for the license fees paid by certain insurers.

Analysis by the Legislative Reference Bureau

Under current law, a business, including an insurer, may claim income and franchise tax credits for creating jobs or for the remediation of polluted or contaminated property in an area designated as a development zone by the Department of Commerce (Commerce). Under current law, certain insurers pay license fees to this state for the privilege of doing business in this state. Those insurers may claim as a credit against the amount of the fees the amount of their certified capital investments in certain companies, as qualified by Commerce. Under this bill, insurers who are subject to state license fees may claim as a credit against the amount of the fees their expenses related to creating jobs or for the remediation of polluted or contaminated property in an area designated as a development zone. 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:

SECTION 1. 73.03 (35) of the statutes is amended to read:

73.03 **(35)** To deny a portion of a credit claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), or (2dx), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), or (4) (am), or 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), or (4) (am), or 76.636 if granting the full amount claimed would violate a requirement under s. 560.785 or would bring the total of the credits granted to that claimant under all of those subsections over the limit for that claimant under s. 560.768, 560.795 (2) (b), or 560.797 (5) (b).

SECTION 2. 76.635 (title) of the statutes is amended to read:

76.635 (title) **Credit for investment in certified capital companies.**

SECTION 3. 76.636 of the statutes is created to read:

76.636 Credit for certain development zone activities.

(1) DEFINITIONS.

In this section:

(a) "Brownfield" means an industrial or commercial facility in which expansion or redevelopment is complicated by environmental contamination.

(b) "Development zone" means a development zone under s. 560.70, a development opportunity zone under s. 560.795, an enterprise development zone

under s. 560.797, or an agricultural development zone under s. 560.798.
(c) "Environmental remediation" means removal or containment of environmental pollution, as defined in s. 299.01 (4), and restoration of soil or groundwater that is affected by environmental pollution in a brownfield if that removal, containment, or restoration fulfills the requirement under s. 71.47 (1de) (a) 1., unless an investigation of the property determines that remediation is required and that remediation is not undertaken.
(d) "Full–time job" means a regular, nonseasonal, full–time position in which an individual, as a condition of employment, is required to work at least 2,080 hours per year, including paid leave and holidays, and for which the individual receives pay that is equal to at least 150 percent of the federal minimum wage and receives benefits that are not required by federal or state law. "Full–time job" does not include initial training before an employment position begins.
(e) "Member of a targeted group" means a person who resides in an area designated by the federal government as an economic revitalization area, a person who is employed in an unsubsidized job but meets the eligibility requirements under s. 49.145 (2) and (3) for a Wisconsin Works employment position, a person who is employed in a trial job, as defined in s. 49.141 (1) (n), a person who is eligible for child care assistance under s. 49.155, a person who is a vocational rehabilitation referral, an economically disadvantaged youth, an economically disadvantaged veteran, a supplemental security income recipient, a general assistance recipient, an economically disadvantaged ex–convict, a qualified summer youth employee, as defined in 26 USC 51 (d) (7), a dislocated worker, as defined in 29 USC 2801 (9), or a food stamp recipient, if the person has been certified in the manner under s. 71.47 (1dj) (am) 3. by a designated local agency, as defined in s. 71.47 (1dj) (am) 2.

(2) CREDITS. Except as provided in s. 73.03 (35), and subject to s. 560.785, for any taxable year for which an insurer is entitled under s. 560.795 (3) to claim tax benefits or certified under s. 560.765 (3), 560.797 (4) or 560.798 (3), the insurer may claim as a credit against the fees due under s. 76.60, 76.63, 76.65, 76.66, or 76.67 the following amounts:
(a) Fifty percent of the amount expended for environmental remediation in a development zone.
(b) The amount determined by multiplying the amount determined under s. 560.785 (1) (b) by the number of full–time jobs created in a development zone and filled by a member of a targeted group and by then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.
(c) The amount determined by multiplying the amount determined under s. 560.785 (1) (c) by the number of full–time jobs created in a development zone and not filled by a member of a targeted group and by then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.
(d) The amount determined by multiplying the amount determined under s. 560.785 (1) (bm) by the number of full–time jobs retained, as provided in the rules under s. 560.785, excluding jobs for which a credit has been claimed under s. 71.47 (1dj), in an enterprise development zone under s. 560.797 and for which significant capital investment was made and by then subtracting the subsidies paid under s.

49.147 (3) (a) for those jobs.
(e) The amount determined by multiplying the amount determined under s. 560.785 (1) (c) by the number of full–time jobs retained, as provided in the rules under s. 560.785, excluding jobs for which a credit has been claimed under s. 71.47 (1dj), in a development zone and not filled by a member of a targeted group and by then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

(3) CARRY–FORWARD. If the credit under sub. (2) is not entirely offset against the fees under s. 76.60, 76.63, 76.65, 76.66, or 76.67 otherwise due, the unused balance may be carried forward and credited against those fees for the following 15 years to the extent that it is not offset by those fees otherwise due in all the years between the year in which the expense was made and the year in which the carry–forward credit is claimed.

(4) CREDIT PRECLUDED. If the certification of a person for tax benefits under s. 560.765 (3), 560.797 (4), or 560.798 (3) is revoked, or if the person becomes ineligible for tax benefits under s. 560.795 (3), that person may not claim credits under this section for the taxable year that includes the day on which the certification is revoked; the taxable year that includes the day on which the person becomes ineligible for tax benefits; or succeeding taxable years and that person may not carry over unused credits from previous years to offset the fees under s. 76.60, 76.63, 76.65, 76.66, or 76.67 for the taxable year that includes the day on which certification is revoked; the taxable year that includes the day on which the person becomes ineligible for tax benefits; or succeeding taxable years.

(5) CARRY–OVER PRECLUDED. If a person who is entitled under s. 560.795 (3) to claim tax benefits or certified under s. 560.765 (3), 560.797 (4), or 560.798 (3) for tax benefits ceases business operations in the development zone during any of the taxable years that that zone exists, that person may not carry over to any taxable year following the year during which operations cease any unused credits from the taxable year during which operations cease or from previous taxable years.

(6) ADMINISTRATION. Any insurer who claims a credit under sub. (2) shall include with the insurer's annual return under s. 76.64 a copy of its certification for tax benefits and a copy of its verification of expenses from the department of commerce.

SECTION 4. 76.67 (2) of the statutes, as affected by 2005 Wisconsin Act 74, is amended to read:

76.67 **(2)** If any domestic insurer is licensed to transact insurance business in another state, this state may not require similar insurers domiciled in that other state to pay taxes greater in the aggregate than the aggregate amount of taxes that a domestic insurer is required to pay to that other state for the same year less the credits under ss. 76.635, 76.636, and 76.655, except that the amount imposed shall not be less than the total of the amounts due under ss. 76.65 (2) and 601.93 and, if

the insurer is subject to s. 76.60, 0.375% of its gross premiums, as calculated under s. 76.62, less offsets allowed under s. 646.51 (7) or under ss. 76.635, 76.636, and 76.655 against that total, and except that the amount imposed shall not be less than the amount due under s. 601.93.

Section 5. Section 560.075(1) of the statutes is amended to read:
(1) In this section, "tax benefits" means the credits under ss. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), and (3t), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3g), and (3t), and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3g), (3t), and 76.636.

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SECTION 6. 560.70 (6) of the statutes is amended to read:
560.70 **(6)** "Target population" means persons who are members of targeted groups for the purposes of the credit under ss. 71.07 (2dx), 71.28 (1dx) and, 71.47 (1dx), and 76.636.

Deleted: 5

SECTION 7. 560.70 (7) (a) of the statutes is amended to read:
560.70 **(7)** (a) Except as provided in pars. (b) and (c), "tax benefits" means the development zones credit under ss. 71.07 (2dx), 71.28 (1dx), and 71.47 (1dx), and 76.636.

Deleted: 6

SECTION 8. 560.75 (8) of the statutes is amended to read:
560.75 **(8)** Annually verify information submitted to the department under s. 71.07 (2dx), 71.28 (1dx) or, 71.47 (1dx), or 76.636.

Deleted: 7

SECTION 9. 560.785 (1) (d) of the statutes is amended to read:
560.785 **(1)** (d) Except for a person claiming tax benefits only for environmental remediation under s. 71.07 (2dx) (b) 1., 71.28 (1dx) (b) 1. or, 71.47 (1dx) (b) 1., or 76.636, require at least 25% of the tax benefits claimed by a person to be based on creating or retaining full–time jobs.

Deleted: 8

Section 10. Section 560.797(4)(d) of the statutes is amended to read:
(d) The department shall notify the Department of Revenue and the Office of the Commissioner of Insurance of all persons entitled to claim tax benefits under this section.

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Section 11. Section 560.785(1)(h) of the statutes is amended to read:
(h) Provide that a person's eligibility to claim tax benefits for environmental remediation under s. 71.07(2dx)(b)1., 71.28(1dx)(b)1, 71.47(1dx)(b)1. or 76.636 is not based on creating or retaining jobs.

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Section 12. Section 560.797(4)(g) of the statutes is amended to read:
(g) The department annually shall verify information submitted to the department under s. 71.07(2dx), 71.28(1dx), 71.47(1dx) or 76.636.

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SECTION 13. **Initial applicability.**

Deleted: 9

(1) This act first applies to taxable years beginning on January 1 of the year in which this subsection takes effect, except that if this subsection takes effect after July 31 this act first applies to taxable years beginning on January 1 of the year following the year in which this subsection takes effect.

(END)

Sundberg, Christopher

From: Klein, Jonathan
Sent: Thursday, February 09, 2006 10:57 AM
To: Sundberg, Christopher
Subject: FW: Insurance - EDZ Bill

From: Bill McCoshen [mailto:bill.mccoshen@capitolconsultants.net]
Sent: Thursday, February 09, 2006 10:14 AM
To: Klein, Jonathan
Subject: FW: Insurance - EDZ Bill

Jonathan,

Here are the suggested changes from Commerce. Do you have time to talk today so we can get this in final form yet this week?

Bill

From: Olver, Aaron - COMM [mailto:AOlver@commerce.state.wi.us]
Sent: Thursday, February 09, 2006 9:50 AM
To: 'kateblavat@northwesternmutual.com'; Bill McCoshen
Subject: FW: Insurance - EDZ Bill

Kate & Bill,

Here are some comments from our budget shop on your redline.

Also, the Governor is announcing an EDZ for Quad today to create 750 jobs - a timely example of the utility of the EDZ program.
Aaron

From: Keal, Julie
Sent: Thursday, February 09, 2006 9:34 AM
To: Olver, Aaron - COMM
Cc: Cornelius, Louie - COMM
Subject: RE: Insurance - EDZ Bill

The bill recreates the jobs and environmental remediation credit for companies subject to the insurance premiums taxes. It does not recreate the capital investment credit (available in Ag Zones and Milwaukee and Gateway DOZs) or the investment credit (DOZs).

- The new credit will be available to businesses certified under the CDZ, DOZ, EDZ, and Agriculture Zones Programs.
- The new credit may be claimed by foreign fire and marine insurers (76.60), foreign casualty

insurers (76.63), life insurers (76.65), foreign insurers from states imposing higher rates (76.66), and foreign insurers from states imposing lower rates (76.67). Domestic insurers (other than life insurers) may already claim under 71.47.

Changes to the language:

JK

1. Section 3 -- 76.636 (1) (c). After "environmental pollution" add "as defined in s. 299.01 (4).

do not change

2. Section 4 -- Need similar language for 76.66 (retaliatory tax).

3. Section 5 -- I'm not sure what they're trying to accomplish here. I think the definition of tax benefits that needs to be amended is 560.70 (7) (a), (b), and (c).

4. Additional cross references -- 76.636 needs to be cross-referenced in 560.795 (3) (d) and (5) (d), and 560.798 (4) (b).

State of Wisconsin
2005 – 2006 LEGISLATURE

LRB–4554/1
JK&CTS:lmk:jf

In: 2/9/06
Wanted: 2/13/06

2005 BILL

(D-N)

regen

AN ACT ***to amend*** 73.03 (35), 76.635 (title), 76.67 (2), 560.70 (6), 560.70 (7) (a), 560.75 (8) and 560.785 (1) (d); and ***to create*** 76.636 of the statutes; **relating to:** creating a development zone credit for the license fees paid by certain insurers.

Analysis by the Legislative Reference Bureau

Under current law, a business, including an insurer, may claim income and franchise tax credits for creating jobs or for the remediation of polluted or contaminated property in an area designated as a development zone by the Department of Commerce (Commerce). Under current law, certain insurers pay license fees to this state for the privilege of doing business in this state. Those insurers may claim as a credit against the amount of the fees the amount of their certified capital investments in certain companies, as qualified by Commerce. Under this bill, insurers who are subject to state license fees may claim as a credit against the amount of the fees their expenses related to creating jobs or for the remediation of polluted or contaminated property in an area designated as a development zone.

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:

SECTION 1. 73.03 (35) of the statutes is amended to read:

73.03 **(35)** To deny a portion of a credit claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), or (2dx), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), or (4) (am), ~~or~~ 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), or (4) (am), or 76.636 if granting the full amount claimed would violate a requirement under s. 560.785 or would bring the total of the credits granted to that claimant under all of those subsections over the limit for that claimant under s. 560.768, 560.795 (2) (b), or 560.797 (5) (b).

SECTION 2. 76.635 (title) of the statutes is amended to read:

76.635 (title) **Credit for investment in certified capital companies.**

SECTION 3. 76.636 of the statutes is created to read:

76.636 Credit for certain development zone activities. (1) DEFINITIONS. In this section:

(a) "Brownfield" means an industrial or commercial facility in which expansion or redevelopment is complicated by environmental contamination.

(b) "Development zone" means a development zone under s. 560.70, a development opportunity zone under s. 560.795, an enterprise development zone under s. 560.797, or an agricultural development zone under s. 560.798.

(c) "Environmental remediation" means removal or containment of environmental pollution, as defined in s. 299.01 (4), and restoration of soil or groundwater that is affected by environmental pollution, as defined in s. 299.01 (4), in a brownfield if that removal, containment, or restoration fulfills the requirement under s. 71.47 (1de) (a) 1., unless an investigation of the property determines that remediation is required and that remediation is not undertaken.

1 (d) "Full–time job" means a regular, nonseasonal, full–time position in which
2 an individual, as a condition of employment, is required to work at least 2,080 hours
3 per year, including paid leave and holidays, and for which the individual receives pay
4 that is equal to at least 150 percent of the federal minimum wage and receives
5 benefits that are not required by federal or state law. "Full–time job" does not include
6 initial training before an employment position begins.

7 (e) "Member of a targeted group" means a person who resides in an area
8 designated by the federal government as an economic revitalization area, a person
9 who is employed in an unsubsidized job but meets the eligibility requirements under
10 s. 49.145 (2) and (3) for a Wisconsin Works employment position, a person who is
11 employed in a trial job, as defined in s. 49.141 (1) (n), a person who is eligible for child
12 care assistance under s. 49.155, a person who is a vocational rehabilitation referral,
13 an economically disadvantaged youth, an economically disadvantaged veteran, a
14 supplemental security income recipient, a general assistance recipient, an
15 economically disadvantaged ex–convict, a qualified summer youth employee, as
16 defined in 26 USC 51 (d) (7), a dislocated worker, as defined in 29 USC 2801 (9), or
17 a food stamp recipient, if the person has been certified in the manner under s. 71.47
18 (1dj) (am) 3. by a designated local agency, as defined in s. 71.47 (1dj) (am) 2.

19 **(2)** CREDITS. Except as provided in s. 73.03 (35), and subject to s. 560.785, for
20 any taxable year for which an insurer is entitled under s. 560.795 (3) to claim tax
21 benefits or certified under s. 560.765 (3), 560.797 (4) or 560.798 (3), the insurer may
22 claim as a credit against the fees due under s. 76.60, 76.63, 76.65, 76.66, or 76.67 the
23 following amounts:

24 (a) Fifty percent of the amount expended for environmental remediation in a
25 development zone.

1 (b) The amount determined by multiplying the amount determined under s.
2 560.785 (1) (b) by the number of full–time jobs created in a development zone and
3 filled by a member of a targeted group and by then subtracting the subsidies paid
4 under s. 49.147 (3) (a) for those jobs.

5 (c) The amount determined by multiplying the amount determined under s.
6 560.785 (1) (c) by the number of full–time jobs created in a development zone and not
7 filled by a member of a targeted group and by then subtracting the subsidies paid
8 under s. 49.147 (3) (a) for those jobs.

9 (d) The amount determined by multiplying the amount determined under s.
10 560.785 (1) (bm) by the number of full–time jobs retained, as provided in the rules
11 under s. 560.785, excluding jobs for which a credit has been claimed under s. 71.47
12 (1dj), in an enterprise development zone under s. 560.797 and for which significant
13 capital investment was made and by then subtracting the subsidies paid under s.
14 49.147 (3) (a) for those jobs.

15 (e) The amount determined by multiplying the amount determined under s.
16 560.785 (1) (c) by the number of full–time jobs retained, as provided in the rules
17 under s. 560.785, excluding jobs for which a credit has been claimed under s. 71.47
18 (1dj), in a development zone and not filled by a member of a targeted group and by
19 then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

20 **(3)** CARRY–FORWARD. If the credit under sub. (2) is not entirely offset against the
21 fees under s. 76.60, 76.63, 76.65, 76.66, or 76.67 otherwise due, the unused balance
22 may be carried forward and credited against those fees for the following 15 years to
23 the extent that it is not offset by those fees otherwise due in all the years between
24 the year in which the expense was made and the year in which the carry–forward
25 credit is claimed.

1 **(4)** CREDIT PRECLUDED. If the certification of a person for tax benefits under s.
2 560.765 (3), 560.797 (4), or 560.798 (3) is revoked, or if the person becomes ineligible
3 for tax benefits under s. 560.795 (3), that person may not claim credits under this
4 section for the taxable year that includes the day on which the certification is
5 revoked; the taxable year that includes the day on which the person becomes
6 ineligible for tax benefits; or succeeding taxable years and that person may not carry
7 over unused credits from previous years to offset the fees under s. 76.60, 76.63, 76.65,
8 76.66, or 76.67 for the taxable year that includes the day on which certification is
9 revoked; the taxable year that includes the day on which the person becomes
10 ineligible for tax benefits; or succeeding taxable years.

11 **(5)** CARRY-OVER PRECLUDED. If a person who is entitled under s. 560.795 (3) to
12 claim tax benefits or certified under s. 560.765 (3), 560.797 (4), or 560.798 (3) for tax
13 benefits ceases business operations in the development zone during any of the
14 taxable years that that zone exists, that person may not carry over to any taxable
15 year following the year during which operations cease any unused credits from the
16 taxable year during which operations cease or from previous taxable years.

17 **(6)** ADMINISTRATION. Any insurer who claims a credit under sub. (2) shall
18 include with the insurer's annual return under s. 76.64 a copy of its certification for
19 tax benefits and a copy of its verification of expenses from the department of
20 commerce.

21 **SECTION 4.** 76.67 (2) of the statutes, as affected by 2005 Wisconsin Act 74, is
22 amended to read:

23 76.67 **(2)** If any domestic insurer is licensed to transact insurance business in
24 another state, this state may not require similar insurers domiciled in that other
25 state to pay taxes greater in the aggregate than the aggregate amount of taxes that

INS 6-7

a domestic insurer is required to pay to that other state for the same year less the credits under ss. 76.635, 76.636, and 76.655, except that the amount imposed shall not be less than the total of the amounts due under ss. 76.65 (2) and 601.93 and, if the insurer is subject to s. 76.60, 0.375% of its gross premiums, as calculated under s. 76.62, less offsets allowed under s. 646.51 (7) or under ss. 76.635, 76.636, and 76.655 against that total, and except that the amount imposed shall not be less than the amount due under s. 601.93.

SECTION 5. 560.70 (6) of the statutes is amended to read:

560.70 **(6)** "Target population" means persons who are members of targeted groups for the purposes of the credit under ss. 71.07 (2dx), 71.28 (1dx) ~~and~~, 71.47 (1dx), and 76.636.

INS 6-15

SECTION 6. 560.70 (7) (a) of the statutes is amended to read:

560.70 **(7)** (a) Except as provided in pars. (b) and (c), "tax benefits" means the development zones credit under ss. 71.07 (2dx), 71.28 (1dx), ~~and~~ 71.47 (1dx), and 76.636.

SECTION 7. 560.75 (8) of the statutes is amended to read:

560.75 **(8)** Annually verify information submitted to the department under s. 71.07 (2dx), 71.28 (1dx) ~~or~~, 71.47 (1dx), or 76.636.

SECTION 8. 560.785 (1) (d) of the statutes is amended to read:

560.785 **(1)** (d) Except for a person claiming tax benefits only for environmental remediation under s. 71.07 (2dx) (b) 1., 71.28 (1dx) (b) 1. ~~or~~, 71.47 (1dx) (b) 1., or 76.636, require at least 25% of the tax benefits claimed by a person to be based on creating or retaining full–time jobs.

SECTION 9. Initial applicability.

INS 6-23

1 (1) This act first applies to taxable years beginning on January 1 of the year
2 in which this subsection takes effect, except that if this subsection takes effect after
3 July 31 this act first applies to taxable years beginning on January 1 of the year
4 following the year in which this subsection takes effect.

5 **(END)**

dn

Insert 6–7:

SECTION 1. 560.075 (1) of the statutes, as created by 2005 Wisconsin Act 25, is amended to read:

560.075 **(1)** In this section, "tax benefits" means the credits under ss. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), and (3t), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3g), and (3t), ~~and~~ 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3g), and (3t), and 76.636.

Insert 6–15:

SECTION 2. 560.70 (7) (b) of the statutes is amended to read:

560.70 **(7)** (b) In s. 560.795, "tax benefits" means the development zones investment credit under ss. 71.07 (2di), 71.28 (1di), and 71.47 (1di) and the development zones credit under ss. 71.07 (2dx), 71.28 (1dx), ~~and~~ 71.47 (1dx), and 76.636. With respect to the development opportunity zones under s. 560.795 (1) (e) and (f), "tax benefits" also means the development zones capital investment credit under ss. 71.07 (2dm), 71.28 (1dm), and 71.47 (1dm).

SECTION 3. 560.70 (7) (c) of the statutes is amended to read:

560.70 **(7)** (c) In s. 560.798, "tax benefits" means the development zones capital investment credit under ss. 71.07 (2dm), 71.28 (1dm), and 71.47 (1dm) and the development zones credits under ss. 71.07 (2dx), 71.28 (1dx), ~~and~~ 71.47 (1dx), and 76.636.

Insert 6–23:

SECTION 4. 560.785 (1) (h) of the statutes is amended to read:

560.785 **(1)** (h) Provide that a person's eligibility to claim tax benefits for environmental remediation under s. 71.07 (2dx) (b) 1., 71.28 (1dx) (b) 1. ~~or~~, 71.47 (1dx) (b) 1., or 76.636 is not based on creating or retaining jobs.

SECTION 5. 560.795 (3) (d) of the statutes is amended to read:

560.795 **(3)** (d) The department annually shall verify information submitted to the department under s. 71.07 (2di), (2dm), or (2dx), 71.28 (1di), (1dm), or (1dx), ~~or~~ 71.47 (1di), (1dm), or (1dx), or 76.636.

SECTION 6. 560.797 (4) (d) of the statutes is amended to read:

560.797 **(4)** (d) The department shall notify the department of revenue of all persons entitled to claim tax benefits under this section, except that the department shall notify the office of the commissioner of insurance of all persons entitled to claim the credit under s. 76.636.

SECTION 7. 560.797 (4) (g) of the statutes is amended to read:

560.797 **(4)** (g) The department annually shall verify information submitted to the department under s. 71.07 (2dx), 71.28 (1dx) ~~or~~, 71.47 (1dx), or 76.636.

SECTION 8. 560.798 (4) (b) of the statutes is amended to read:

560.798 **(4)** (b) The department shall annually verify information submitted to the department under s. 71.07 (2dm) or (2dx), 71.28 (1dm) or (1dx), ~~or~~ 71.47 (1dm) or (1dx), or 76.636.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–4554/2dn
CTS:...:...

Sen. Schultz:

This is a redraft of LRB–4554/1. Please review it carefully to ensure it is consistent with your intent.

Note that I have modified the proposed amendment to s. 560.797 (4) (d) so that the Department of Commerce will only be required to notify the Office of the Commissioner of Insurance of persons who are certified to claim the credit created in the draft.

Christopher T. Sundberg
Legislative Attorney
Phone: (608) 266–9739
E–mail: christopher.sundberg@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–4554/2dn
CTS:lmk:pg

February 13, 2006

Sen. Schultz:

This is a redraft of LRB–4554/1. Please review it carefully to ensure it is consistent with your intent.

Note that I have modified the proposed amendment to s. 560.797 (4) (d) so that the Department of Commerce will only be required to notify the Office of the Commissioner of Insurance of persons who are certified to claim the credit created in the draft.

Christopher T. Sundberg
Legislative Attorney
Phone: (608) 266–9739
E–mail: christopher.sundberg@legis.state.wi.us

Northrop, Lori

From: Klein, Jonathan
Sent: Tuesday, February 14, 2006 12:47 PM
To: LRB.Legal
Subject: Draft Review: LRB 05-4554/2 Topic: Economic development tax credits for insurers

Please rush.

Please Jacket LRB 05-4554/2 for the SENATE.

SENATE

INTRODUCTION AND REFERRAL OF PROPOSALS

(February 14, 2006)

SENATE RESOLUTION 13 (LRB –4468)

Relating to: memorializing Congress to support H. R. 3318, the Railroad Antitrust and Competition Enhancement Act.
By Senators Brown, Jauch, Zien, Harsdorf, Schultz, Breske and Kapanke.

Referred to Committee on **SENATE ORGANIZATION**.

SENATE JOINT RESOLUTION 64 (LRB –4527)

Relating to: the life and public service of Coretta Scott King.
By Senators Taylor, Coggs, Robson, Miller, S. Fitzgerald, Plale, Decker, Brown, Cowles, Risser, Roessler, Olsen, Kedzie and Erpenbach; cosponsored by Representatives A. Williams, Turner, Young, Colon, Toles, Grigsby, Fields, Benedict, Vruwink, Travis, Sheridan, Hebl, Sinicki, Sherman, Nelson, Molepske, Vos, Boyle, Jensen, Black, Pope–Roberts, Ott, Lehman, Albers, Hundertmark, Jeskewitz, Freese, Krawczyk, Gunderson, Van Akkeren, Berceau, Wasserman, Bies, F. Lasee, Petrowski, Pocan, Nass, Seidel, McCormick and Kessler.

Referred to Committee on **SENATE ORGANIZATION**.

SENATE BILL 602 (LRB –4554)

Relating to: creating a development zone credit for the license fees paid by certain insurers.
By Senators Schultz, Kapanke, Kanavas, Lazich and Plale; cosponsored by Representatives Gard, Nischke, Stone, Honadel and Richards.

Referred to Committee on **AGRICULTURE AND INSURANCE**.

Remove Per Jeff in SCC office 02-15-06

SENATE

INTRODUCTION AND REFERRAL OF PROPOSALS

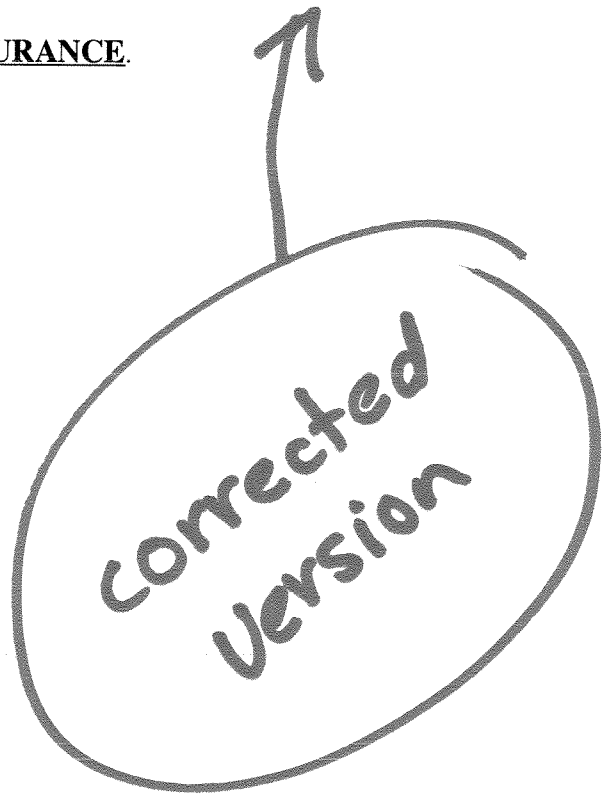
(February 14, 2006)

SENATE BILL 602 (LRB –4554)

Relating to: creating a development zone credit for the license fees paid by certain insurers.

By Senators Schultz, Kapanke, Kanavas, Lazich and Plale; cosponsored by Representatives Nischke, Stone, Gard, Honadel and Richards.

Referred to Committee on **AGRICULTURE AND INSURANCE**.



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2005 – 2006 LEGISLATURE

LRB–4554/2
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02-15-2006

2005 SENATE BILL 602

fixed

February 14, 2006 – Introduced by Senators SCHULTZ, KAPANKE, KANAVAS, LAZICH and PLALE, cosponsored by Representatives NISCHKE, STONE, GARD, HONADEL and RICHARDS. Referred to Committee on Agriculture and Insurance.

AN ACT ***to amend*** 73.03 (35), 76.635 (title), 76.67 (2), 560.075 (1), 560.70 (7) (a), 560.70 (7) (b), 560.70 (7) (c), 560.75 (8), 560.785 (1) (d), 560.785 (1) (h), 560.795 (3) (d), 560.797 (4) (d), 560.797 (4) (g) and 560.798 (4) (b); and ***to create*** 76.636 of the statutes; **relating to:** creating a development zone credit for the license fees paid by certain insurers.

Analysis by the Legislative Reference Bureau

Under current law, a business, including an insurer, may claim income and franchise tax credits for creating jobs or for the remediation of polluted or contaminated property in an area designated as a development zone by the Department of Commerce (Commerce). Under current law, certain insurers pay license fees to this state for the privilege of doing business in this state. Those insurers may claim as a credit against the amount of the fees the amount of their certified capital investments in certain companies, as qualified by Commerce. Under this bill, insurers who are subject to state license fees may claim as a credit against the amount of the fees their expenses related to creating jobs or for the remediation of polluted or contaminated property in an area designated as a development zone.