

2005 DRAFTING REQUEST

Assembly Substitute Amendment (ASA-AB208)

Received: 03/28/2005

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Scott Suder (608) 267-0280

By/Representing: luke

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters: csundber
mshovers

Subject: Tax, Business - credits
Econ. Development - bus. dev.

Extra Copies:

Submit via email: YES

Requester's email: Rep.Suder@legis.state.wi.us

Carbon copy (CC:) to: joseph.kreye@legis.state.wi.us
christopher.sundberg@legis.state.wi.us
marc.shovers@legis.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

Rural enterprise development zones

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 03/28/2005 csundber 03/28/2005	wjackson 03/28/2005		_____			
/1			rschluet 03/29/2005	_____	mbarman 03/29/2005	mbarman 03/29/2005	

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

FE Sent For:

<END>

2005 DRAFTING REQUEST

Assembly Substitute Amendment (ASA-AB208)

Received: 03/28/2005

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Scott Suder (608) 267-0280

By/Representing: luke

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters: csundber
mshovers

Subject: Tax, Business - credits
Econ. Development - bus. dev.

Extra Copies:

Submit via email: YES

Requester's email: Rep.Suder@legis.state.wi.us

Carbon copy (CC:) to: joseph.kreye@legis.state.wi.us
christopher.sundberg@legis.state.wi.us
marc.shovers@legis.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

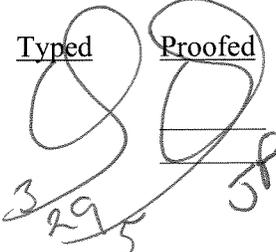
Rural enterprise development zones

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
--------------	----------------	-----------------	--------------	----------------	------------------	-----------------	-----------------

/?	jkreye	1/11/05 3/28					
----	--------	--------------	---	---	--	--	--

FE Sent For:

<END>



State of Wisconsin • DEPARTMENT OF REVENUE

2135 RIMROCK RD. • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933
PHONE (608) 266-6466 • FAX (608) 266-5718 • <http://www.dor.state.wi.us>

Jim Doyle
Governor

Michael L. Morgan
Secretary of Revenue

MEMORANDUM

March 15, 2005

TO: Joseph Kreye
Christopher Sundberg
Mark Shovers
Legislative Reference Bureau

FROM: Rebecca Boldt
Department of Revenue

SUBJECT: Technical Memorandum on AB: 208: Job Opportunity Building Development Zones

The Department has only just received this lengthy and complicated bill and has not had sufficient time to review it. As a result, the following technical comments should be considered preliminary and additional comments are likely after further review of the bill.

Comments that Apply to All Three Credits

- For businesses certified by Commerce for credit, it is unclear what it means to begin operations in a zone. For example, it is unclear if the sale of a business in a zone to another person would qualify the new owner as starting business operations, or if reforming a business would qualify.
- Since the credits are refundable, they should offset against the alternative minimum tax as well as the regular tax.
- Multiple credits appear to apply to the same purchases or jobs. For example, a business could be eligible for the credits under this bill for the same investments or jobs that qualify for other credits, including the dairy investment credit, the agricultural development zone credit, the technology zone credit, the development zone capital investment credit or the development zone credit.

Rural Enterprise Development Income Credit

- The credit does not appear to require that businesses located in a zone be certified by the Department of Commerce before claiming the credit. It is unclear if that is the intent of the provision.
- The credit is based on 20% of the income that the individual derives from the operation

of a trade or business. It is not clear if "income" is intended to be gross income or taxable income, or if it includes long-term capital gain income or ordinary income from the sale of business assets.

Rural Enterprise Capital gains Credit

- The credit is based on gain derived from the sale or exchange of property located in a zone and used by a certified business. It is unclear if the credit applies to gain treated as ordinary income due to the recapture of depreciation or to the holding period, or if it only applies to gain treated as a long-term capital gain for federal purposes.
- It is unclear if the intent is for a person who rents property in a zone to a certified business to be allowed a credit on the sale of the property.
- In paragraph 71.07 (3e)(bm), the reference should be to paragraph (b) instead of paragraph (a).
- The credit is not allowed on gain that is excluded under section 71.05(6)(b)9 (the current law 60% exclusion). The credit should also not be allowed against the gain excluded under section 71.05(6)(b)25 (gain from sale to a related person).
- The credit applies to "property gain" from the sale or exchange of property, other than real property, used by a certified business. The provision does not require the property to be used in the zone. In the case of a certified business with more than one location in the state, it appears that the credit could apply to gain on property not used in the zone.

Rural Enterprise Development Zone Jobs Credit

- * For purposes of filing the supplemental claims, the bill does not specify that the property must be used in a certified trade or business, only that it be located in a zone or used or consumed primarily in a zone. If, for example, a person who owns a certified business in a zone buys a personal car or any other personal property that is used primarily in the zone, it appears that the individual would qualify for credit for the sales tax paid on the property even though its use is personal.
- For purposes of paragraphs 71.07 (3w)(bm)3, 71.28 (3w)(bm)3, and 71.47 (3w)(bm)3 it is unclear if the intent is to allow the credit each year on the adjusted basis of the property when it was first placed in service in the zone, or only for the year the property was first placed in service. *no wage*
- For purposes of paragraph 71.07 (3w)(bm)4, 71.28 (3w)(bm)4, and 71.47 (3w)(bm)4 it is unclear what is included in the amount paid to upgrade or improve the skills of employees. For example, would it include in-house training expenses or wages of a supervisor who trains new employees? *no wage*
- * The training expense portion of the credit is for amounts paid to train any full-time employee of the company, even if they are not located in a zone or in the state. It is unclear if that is the intent of the provision. *located in the zone*
- The definition of "zone payroll" is unclear. It includes compensation paid to individuals working from an office located in a zone if the work is incidental to work the person performs within a zone. *see bill*

If you have any questions regarding this technical memorandum, please contact Pam Walgren at 266-7817.

cc: Representative Suder

Fiscal Estimate Narratives
DOR 3/17/2005

LRB Number	05-1297/4	Introduction Number	AB-208	Estimate Type	Original
Subject					
Job opportunity building development zones					

Assumptions Used in Arriving at Fiscal Estimate

The bill would create a rural enterprise development zone program with three refundable credits: a rural enterprise development zone jobs credit, a rural enterprise development income credit and a rural enterprise development capital gains credit. With a refundable credit, any amount of credit not used to offset tax liability in the year the credit is claimed is paid as a refund to the claimant.

Under the bill, the Department of Commerce may designate up to 10 rural enterprise development zones and certify businesses in the zone for tax credits. The rural enterprise zones must be in areas that do not exceed 5,000 acres and do not include any part of a first class city or a city with a population greater than 200,000. Commerce must consider indicators of economic need and of the likelihood that the zone designation would help the area achieve increased economic opportunity and expansion, infrastructure improvements, reduced regulatory burdens and increased job training opportunities in the zone. Designation as a zone could last no more than 12 years.

The bill would authorize Commerce to certify a business for tax benefits if it begins operations in a zone or relocates to a zone. A business relocating from another location in the state must increase full-time employees in the zone by at least 10% or make a capital investment in property in the zone equal to at least 10% of the business's gross revenue in the preceding tax year.

The Rural Enterprise Development Income Credit

Under the rural enterprise development income credit, a refundable credit would be available against the individual income tax for an amount equal to 20% of the income an individual derives from the operation of any trade or business in a zone, multiplied by 6.5%. Businesses operating in a zone would not need to be certified by Commerce to claim this credit.

The Rural Enterprise Development Capital Gains Credit

Under the rural enterprise development capital gains credit, a refundable credit would be available to offset the individual income tax for a portion of the capital gains on personal and real property used by a certified business in a zone. Under current law, 60% of the net long term gain from the sale of assets held for at least one year is excluded from income. The credit under the bill would equal the amount of gain not excluded under current law, times 6.5%.

The Rural Enterprise Development Zone Jobs Credit

Under the rural enterprise development zone jobs credit, a refundable credit would be available to offset individual and corporate income and franchise taxes. The credit would be for a portion of payroll expenses, property taxes, sales and use taxes and training expenses.

The payroll portion of the credit would be calculated by determining the lesser of the increase in zone payroll over the base year, the year prior to the designation of the zone, or the increase in state apportioned payroll over the base year, less the amount determined by multiplying the increase in the number of full-time employees in the zone from the base year times \$30,000, then multiplied times 7%.

A supplemental portion of the credit would be available for property taxes paid on personal property in the zone in the taxable year, for sales and use taxes for taxable tangible personal property and services used or consumed primarily in the zone in the taxable year, and for training expenses for any full-time employees of the business to improve the skills of the employees, to train them in the use of new technologies or to train employees in their first full-time job. In addition, if all of the claimant's payroll and business-related property were located in the zone, additional credit would be available, equal to 20% of the zone payroll and adjusted basis of property at the time it was placed in service in the zone, times 6.5% for individuals or 7.9% for corporations.

An estimate of the fiscal effect of this bill is not available. However, given the scope of the refundable credits, the Department believes the fiscal effect would be substantial, and could total several million dollars per year, or more.

Long-Range Fiscal Implications

Fiscal Estimate Narratives

COMM 3/16/2005

LRB Number 05-1297/4	Introduction Number AB-208	Estimate Type Original
Subject Job opportunity building development zones		

Assumptions Used in Arriving at Fiscal Estimate

Under this bill, the Department of Commerce would have the following responsibilities:

1. Designate not more than ten rural enterprise development zones. In order to designate a zone, Commerce must determine that the area does not exceed 5,000 acres and that no part of a city of the first class or city with a population greater than 200,000 is included. Commerce must also examine indicators of economic need of the area, including household income, average wages, the condition of property, housing values, population decline, job losses, infrastructure and energy support, and the rate of business development for each area that applies. The department shall, to the extent possible, give preference to areas with the lowest population densities and the greatest economic need.

2. Certify businesses within the zones for tax credits. The department may certify businesses that begin operations in the zone, businesses that locate to the zone from out of state, and businesses that locate to the zone from other areas of the state, if certain conditions are met. Under these conditions, the business must increase the number of full-time employees in the zone by at least 10% or must make a capital investment in property in the zone, the value of which is equal to at least 10% of the business's gross revenues in the preceding tax year. The business must enter into an agreement with the department to claim tax benefits only for years in which it either maintains the capital investment or the jobs. The department may require it to repay any tax benefits claimed for any year in which it fails to maintain employment or capital investment levels.

3. Notify the Department of Revenue of all businesses certified.

4. Revoke certification if a business supplies false or misleading information to receive tax benefits, leaves the zone to conduct substantially the same business outside of the zone, or ceases operations in the zone and does not resume operations within 12 months.

5. Annually, verify information for each certified business submitted in support of claims under the tax credits created by the bill. Commerce will need to review and verify information regarding income of the business, gain derived from the sale or exchange of property, gain derived from the sale or exchange of real property within the zone, payroll within the zone in the base year and the taxable year, the number of full-time employees in the zone in the base year and the taxable year, the amount of property taxes paid in the taxable year for the claimant's personal property, the amount of sales and use taxes paid on the claimant's purchase of tangible personal property and taxable services that are used or consumed primarily in the zone, and the amount paid in the taxable year to upgrade or improve the skills of any of the claimant's full-time employees, to train any of the claimant's full-time employees on the use of new technologies, or to train any full-time employee whose employment with the claimant represents the employee's first full-time job.

To administer this program, the department will require 2.0 FTE GPR positions. These positions will be an economic development consultant and a grants specialist. The economic development consultant will work with zones and businesses to determine how best to meet their needs and increase economic development in the zones. The grants specialist will work with certifying businesses and verifying tax credit claims. Annual costs will be as follows:

Salary -- \$82,000
Fringe -- \$35,200
Supplies -- \$12,000

TOTAL -- \$129,200

Long-Range Fiscal Implications

None.

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-1297/4		Introduction Number AB-208	
Subject			
Job opportunity building development zones			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
\$4,000 in the first year for computers for both FTEs.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$117,200	
(FTE Position Changes)		(2.0 FTE)	
State Operations - Other Costs		12,000	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$129,200	\$
B. State Costs by Source of Funds			
GPR		129,200	
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$129,200	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
COMM/ Julie Keal (608) 266-6748		Louie Cornelius (608) 266-8629	3/15/2005

3/21/05 JOBZ (LRB-1297)

Prepare as sub.

1. Permit certification of a business that expands in a REDZ, but only under same conditions as business that relocates

2. p 23 ln 14: eliminate (Commerce's role in verification)

3. Change "political subd." to "local gov't unit"

50060/11

2 11

ASA

tr

4

2005 ASSEMBLY BILL 208

In: 3/28/05

Due: 3/30/05

March 14, 2005 - Introduced by Representatives SUDER, M. WILLIAMS, PETTIS, MOULTON, WOOD, LAMB, NERISON, OTT, GRONEMUS, KESTELL, DAVIS, MURSAU, OWENS, FREESE, VAN ROY, MUSSER, KREIBICH, MCCORMICK, HINES, HAHN, VRUWINK, VOS, F. LASEE, PETROWSKI, BALLWEG and GUNDERSON, cosponsored by Senators ZIEN, HARS DORF, ROESSLER, BROWN and DARLING. Referred to Committee on Rural Development.

Regen

1 AN ACT to amend 71.05 (6) (a) 15., 71.08 (1) (intro.), 71.10 (4) (i), 71.21 (4), 71.26
2 (2) (a), 71.30 (3) (f), 71.34 (1) (g), 71.45 (2) (a) 10., 71.49 (1) (f) and 77.92 (4); and
3 to create 20.835 (2) (cm), 20.835 (2) (em), 20.835 (2) (eo), 71.07 (3c), 71.07 (3e),
4 71.07 (3w), 71.28 (3w), 71.47 (3w) and 560.799 of the statutes; relating to:
5 creating rural enterprise development zones and providing tax incentives to
6 qualified businesses in the zones, creating refundable individual income tax
7 credits for income and capital gains derived from the zones, making
8 appropriations, and providing a penalty.

Analysis by the Legislative Reference Bureau

This bill authorizes the Department of Commerce (department) to designate up to ten rural enterprise development zones (zones), upon applications by political subdivisions. A zone may be no larger than 5,000 acres, and may not include any part of a city of the first class or a city with a population greater than 200,000. A political subdivision may apply for designation of a zone that includes land within that political subdivision by submitting a development plan. A development plan must contain certain information, including: 1) a map of the proposed zone; 2) evidence of support in the proposed zone from local government, the public, and business groups; 3) a description of the applicant's goals and methods for increasing economic

ASSEMBLY BILL 208

opportunity and expansion, improving infrastructure, reducing regulatory burdens, and increasing job training opportunities; and 4) anticipated economic activity in the proposed zone.

In selecting areas for zone designation, the department must consider indicators of the areas' economic need and likelihood of success. The department must give preference to applications that propose designation of zones with the lowest population density and greatest economic need. A zone designation may remain in effect for no more than 12 years.

The department may certify a business to receive certain tax benefits if the business begins operations in a zone or relocates to a zone from outside the state. The department may also certify a business that relocates to a zone from elsewhere in the state, but only if the business will increase its full-time employees in the zone by at least 10 percent or will make a capital investment in property in the zone equal to at least 10 percent of the business's gross revenues in the preceding year.

This bill creates two refundable individual income tax credits. If the allowable amount of the credit exceeds the taxpayer's income tax liability, the difference is paid to the claimant by check. Under the rural enterprise development income credit, an individual who owns or operates a trade or business in a rural enterprise development zone may claim a credit equal to an amount obtained by multiplying 20 percent of the income the individual derives from the operation of his or her trade or business in the rural enterprise development zone by 6.5 percent. The credit is prorated if the claimant, or the claimant's spouse, is not a full-year resident of this state.

Under the rural enterprise development capital gains credit, an individual may claim a credit based on capital gains derived from the sale or exchange of property, both real property and property other than real property, that is used by a rural enterprise development business that is certified by the department of commerce. Under current law, there is an income tax exclusion for individuals and shareholders of tax-option corporations for 60 percent of the net long-term capital gains realized from the sale of assets held for at least one year. Under this bill, a claimant of the capital gains credit may claim an amount equal to the amount of capital gains that is not currently excluded, multiplied by 6.5 percent. The credit is prorated if the property is also held by the claimant during a period when the rural development zone was not certified by the department. The credit is also prorated if the claimant, or the claimant's spouse, is not a full-year resident of this state.

The bill also creates refundable income and franchise tax credits for businesses located in a rural enterprise development zone. A taxpayer may claim credits based on the amount that the taxpayer pays to employees in the rural enterprise development zone. In addition, the taxpayer may claim a credit equal to the amount of property taxes the taxpayer paid on his or her personal property located in a rural enterprise development zone, the amount of sales and use taxes the taxpayer paid to purchase tangible personal property or taxable services that are used or consumed primarily in a rural enterprise development zone, or the amount the taxpayer paid in the taxable year to provide certain training to the taxpayer's full-time employees.

ASSEMBLY BILL 208

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. 20.835 (2) (cm) of the statutes is created to read:

20.835 (2) (cm) *Rural enterprise development zone jobs credit.* A sum sufficient to make the payments under ss. 71.07 (3w) (c) 1., 71.28 (3w) (c) 1., 71.47 (3w) (c) 1.

SECTION 2. 20.835 (2) (em) of the statutes is created to read:

20.835 (2) (em) *Rural enterprise development income credit.* A sum sufficient to pay the claims approved under s. 71.07 (3c).

SECTION 3. 20.835 (2) (eo) of the statutes is created to read:

20.835 (2) (eo) *Rural enterprise development capital gains credit.* A sum sufficient to pay the claims approved under s. 71.07 (3e).

SECTION 4. 71.05 (6) (a) 15. of the statutes is amended to read:

71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), and (5d) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

SECTION 5. 71.07 (3c) of the statutes is created to read:

71.07 (3c) RURAL ENTERPRISE DEVELOPMENT INCOME CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means an individual who owns or operates a trade or business in a rural enterprise development zone.

who is certified to claim tax benefits under 50569799(5) and

19
20

ASSEMBLY BILL 208

SECTION 5

1 2. “Rural enterprise development zone” has the meaning given in s. 71.07 (3w)

2 (a) 4.

3 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
4 claimant may claim as a credit against the tax imposed under s. 71.02 an amount
5 obtained by multiplying 20 percent of the ^{net} income that the individual derives from the
6 operation of his or her trade or business in a rural enterprise development zone by
7 6.5 percent. If the allowable amount of the claim exceeds the income taxes otherwise
8 due on the claimant’s income, the amount of the claim not used as an offset against
9 those taxes shall be certified by the department of revenue to the department of
10 administration for payment to the claimant by check, share draft, or other draft from
11 the appropriation under s. 20.835 (2) (em). n 7608

12 (c) *Limitations.* 1. No credit may be allowed under this subsection unless it
13 is claimed within the time period under s. 71.75 (2).

14 2. For a claimant who is a nonresident or part-year resident of this state and
15 who is a single person or a married person filing a separate return, multiply the
16 credit for which the claimant is eligible under par. (b) by a fraction the numerator of
17 which is the individual’s Wisconsin adjusted gross income and the denominator of
18 which is the individual’s federal adjusted gross income. If a claimant is married and
19 files a joint return, and if the claimant or the claimant’s spouse, or both, are
20 nonresidents or part-year residents of this state, multiply the credit for which the
21 claimant is eligible under par. (b) by a fraction the numerator of which is the couple’s
22 joint Wisconsin adjusted gross income and the denominator of which is the couple’s
23 joint federal adjusted gross income.

24 (d) *Administration.* Subsection (9e) (d), to the extent that it applies to the credit
25 under that subsection, applies to the credit under this subsection.

ASSEMBLY BILL 208

SECTION 6

who is certified to claim tax benefits under s. 560.799(5) and

1 SECTION 6. 71.07 (3e) of the statutes is created to read:

2 71.07 (3e) RURAL ENTERPRISE DEVELOPMENT CAPITAL GAINS CREDIT. (a)

3 *Definitions.* In this subsection:

4 1. "Claimant" means an individual who files a claim under this subsection.

5 2. "Property gain" means the gain derived from the sale or exchange of property,

6 other than real property, that is used *in a rural enterprise development zone* by a certified business under s. 560.799 (5).

7 3. "Real property gain" means the gain derived from the sale or exchange of real
8 property that is located in a rural enterprise development zone and used by a
9 certified business under s. 560.799 (5).

10 4. "Rural enterprise development zone" has the meaning given in s. 71.07 (3w)

11 (a) 4.

12 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
13 claimant may claim as a credit against the tax imposed under s. 71.02 *all of the*
14 following: *a 7/08*

15 1. An amount obtained by multiplying the amount of property gain that is not
16 excluded under s. 71.05 (6) (b) 9 *and 250* by 6.5 percent.

17 2. An amount obtained by multiplying the amount of real property gain that
18 is not excluded under s. 71.05 (6) (b) 9 *and 250* by 6.5 percent.

19 (bm) *Payment.* If the allowable amount of the claim under par. ~~(a)~~ *(b)* exceeds the
20 income taxes otherwise due on the claimant's income, the amount of the claim not
21 used as an offset against those taxes shall be certified by the department of revenue
22 to the department of administration for payment to the claimant by check, share
23 draft, or other draft from the appropriation under s. 20.835 (2) (eo).

24 (c) *Limitations.* 1. No credit may be allowed under this subsection unless it
25 is claimed within the time period under s. 71.75 (2).

ASSEMBLY BILL 208**SECTION 6**

1 2. If the claimant held the property to which the claim relates during a period
2 when the rural enterprise development zone was not designated, the gain subject to
3 the credit under par. (b) must be multiplied by a fraction, the numerator of which is
4 the number of days the claimant held the property during the period the zone
5 designation was in effect and the denominator of which is the total number of days
6 the claimant held the property.

7 3. For a claimant who is a nonresident or part-year resident of this state and
8 who is a single person or a married person filing a separate return, multiply the
9 credit for which the claimant is eligible under par. (b), or the credit for which the
10 claimant is eligible under par. (b) as modified by subd. 2., if applicable, by a fraction
11 the numerator of which is the individual's Wisconsin adjusted gross income and the
12 denominator of which is the individual's federal adjusted gross income. If a claimant
13 is married and files a joint return, and if the claimant or the claimant's spouse, or
14 both, are nonresidents or part-year residents of this state, multiply the credit for
15 which the claimant is eligible under par. (b), or the credit for which the claimant is
16 eligible under par. (b) as modified by subd. 2., if applicable, by a fraction the
17 numerator of which is the couple's joint Wisconsin adjusted gross income and the
18 denominator of which is the couple's joint federal adjusted gross income.

19 (d) *Administration.* Subsection (9e) (d), to the extent that it applies to the credit
20 under that subsection, applies to the credit under this subsection.

21 **SECTION 7.** 71.07 (3w) of the statutes is created to read:

22 **71.07 (3w) RURAL ENTERPRISE DEVELOPMENT ZONE JOBS CREDIT.** (a) *Definitions.*

23 In this subsection:

ASSEMBLY BILL 208

1 1. “Base year” means the taxable year beginning during the calendar year prior
2 to the calendar year in which the rural enterprise development zone in which the
3 claimant is located takes effect.

4 2. “Claimant” means a person who is certified to claim tax benefits under s.
5 560.799 (5) and who files a claim under this subsection.

6 3. “Full-time employee” means an individual who is employed in a regular,
7 nonseasonal job and who, as a condition of employment, is required to work at least
8 2,080 hours per year, including paid leave and holidays.

9 4. “Rural enterprise development zone” means a zone designated under s.
10 560.799.

11 5. “State payroll” means the amount of payroll apportioned to this state, as
12 determined under s. 71.04 (6).

13 6. “Zone payroll” means the amount of state payroll that is attributable to
14 compensation paid to individuals for services that are performed in a rural
15 enterprise development zone ~~or who are working from an office located in a rural~~
16 ~~enterprise development zone if the work is incidental to any work that the individual~~
17 ~~performs within the rural enterprise development zone.~~ “Zone payroll” does not

18 include the amount of compensation paid to any individual that exceeds \$100,000.

19 (b) *Filing claims; payroll.* Subject to the limitations provided in this subsection
20 and s. 560.799, a claimant may claim as a credit against the tax imposed under s.

21 71.02 an amount calculated as follows:

22 1. Determine the amount that is the lesser of:

23 a. The claimant’s zone payroll in the taxable year, minus the claimant’s zone
24 payroll in the base year.

ASSEMBLY BILL 208

SECTION 7

1 b. The claimant’s state payroll in the taxable year, minus the claimant’s state
2 payroll in the base year.

3 2. Subtract the number of full-time employees that the claimant employed in
4 the area that comprises the rural enterprise development zone in the base year from
5 the number of full-time employees that the claimant employed in the rural
6 enterprise development zone in the taxable year.

7 3. Multiply the amount determined under subd. 2., but not an amount less than
8 zero, by \$30,000.

9 4. Subtract the amount determined under subd. 3. from the amount
10 determined under subd. 1.

11 5. Multiply the amount determined under subd. 4. by 7 percent.

12 (bm) *Filing supplemental claims.* In addition to the credit under par. (b) and
13 subject to the limitations provided in this subsection and s. 560.799, a claimant may
14 claim as a credit against the tax imposed under s. 71.02 an amount equal to all of the
15 following: in § 71.08

16 1. The amount of the property taxes that the claimant paid in the taxable year
17 for the claimant’s personal property that is located in a rural enterprise development
18 zone.

and used in a business that is certified to claim tax benefits under s. 560.799(5)

19 2. The amount of taxes imposed under subch. III of ch. 77 that the claimant paid
20 in the taxable year on the purchase of tangible personal property and taxable
21 services that are used or consumed primarily in a rural enterprise development zone.

22 3. If all of the claimant’s payroll is zone payroll and all of the claimant’s
23 business-related property is located in a rural enterprise development zone, the
24 amount obtained by multiplying 20 percent of the sum of the claimant’s zone payroll
25 in the taxable year and the adjusted basis of the claimant’s property at the time that

ASSEMBLY BILL 208

1 the property is first placed in service in the rural enterprise development zone by 6.5
2 percent.

3 4. The amount the claimant paid in the taxable year to upgrade or improve the
4 skills of any of the claimant's full-time employees, to train any of the claimant's
5 full-time employees on the use of new technologies, or to train any full-time
6 employee whose employment with the claimant represents the employee's first
7 full-time job. ^{Not} This subdivision does not apply to employees who do not
work in a rural enterprise development zone.

8 (c) *Limitations.* 1. If the allowable amount of the claim under this subsection
9 exceeds the taxes otherwise due on the claimant's income under s. 71.02, the amount
10 of the claim that is not used to offset those taxes shall be certified by the department
11 of revenue to the department of administration for payment by check, share draft,
12 or other draft drawn from the appropriation under s. 20.835 (2) (cm).

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

21 3. No credit may be allowed under this subsection unless the claimant includes
22 with the claimant's return a copy of the claimant's certification for tax benefits under
23 s. 560.799 (5).

24 (d) *Administration.* Section 71.28 (4) (g) and (h), as it applies to the credit under
25 s. 71.28 (4), applies to the credit under this subsection.

¶ 40 No claimant may claim a credit under this subsection if the
basis for which the credit is claimed is also the basis for which another credit
is claimed under this subchapter.

ASSEMBLY BILL 208**SECTION 8**

1 **SECTION 8.** 71.08 (1) (intro.) of the statutes is amended to read:

2 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
3 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
4 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3c), (3e), (3m),
5 (3n), (3s), (3t), (3w), (5b), (5d), (6), and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds),
6 (1dx), (1fd), (2m), (3), (3n), ~~and (3t)~~, and (3w), and 71.47 (1dd), (1de), (1di), (1dj),
7 (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), ~~and (3t)~~, and (3w), and subchs. VIII and IX,
8 and payments to other states under s. 71.07 (7), is less than the tax under this
9 section, there is imposed on that natural person, married couple filing jointly, trust,
10 or estate, instead of the tax under s. 71.02, an alternative minimum tax computed
11 as follows:

12 **SECTION 9.** 71.10 (4) (i) of the statutes is amended to read:

13 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
14 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
15 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
16 71.07 (2fd), rural enterprise development income credit under s. 71.07 (3c), rural
17 enterprise development capital gains credit under s. 71.07 (3e), rural enterprise
18 development zone jobs credit under s. 71.07 (3w), earned income tax credit under s.
19 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under subch.
20 X.

21 **SECTION 10.** 71.21 (4) of the statutes is amended to read:

22 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
23 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), and (5b) and passed through
24 to partners shall be added to the partnership's income.

25 **SECTION 11.** 71.26 (2) (a) of the statutes is amended to read:

ASSEMBLY BILL 208

1 71.26 (2) (a) *Corporations in general.* The “net income” of a corporation means
2 the gross income as computed under the Internal Revenue Code as modified under
3 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
4 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
5 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income
6 under this paragraph at the time that the taxpayer first claimed the credit plus the
7 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),
8 (1ds), (1dx), (3g), (3n), (3t), (3w), and (5b) and not passed through by a partnership,
9 limited liability company, or tax-option corporation that has added that amount to
10 the partnership’s, limited liability company’s, or tax-option corporation’s income
11 under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from the sale or other
12 disposition of assets the gain from which would be wholly exempt income, as defined
13 in sub. (3) (L), if the assets were sold or otherwise disposed of at a gain and minus
14 deductions, as computed under the Internal Revenue Code as modified under sub.
15 (3), plus or minus, as appropriate, an amount equal to the difference between the
16 federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or
17 otherwise disposed of in a taxable transaction during the taxable year, except as
18 provided in par. (b) and s. 71.45 (2) and (5).

19 **SECTION 12.** 71.28 (3w) of the statutes is created to read:

20 71.28 (3w) RURAL ENTERPRISE DEVELOPMENT ZONE JOBS CREDIT. (a) *Definitions.*

21 In this subsection:

22 1. “Base year” means the taxable year beginning during the calendar year prior
23 to the calendar year in which the rural enterprise development zone in which the
24 claimant is located takes effect.

ASSEMBLY BILL 208

SECTION 12

1 2. “Claimant” means a person who is certified to claim tax benefits under s.
2 560.799 (5) and who files a claim under this subsection.

3 3. “Full-time employee” means an individual who is employed in a regular,
4 nonseasonal job and who, as a condition of employment, is required to work at least
5 2,080 hours per year, including paid leave and holidays.

6 4. “Rural enterprise development zone” means a zone designated under s.
7 560.799.

8 5. “State payroll” means the amount of payroll apportioned to this state, as
9 determined under s. 71.25 (8).

10 6. “Zone payroll” means the amount of state payroll that is attributable to
11 compensation paid to individuals for services that are performed in a rural
12 enterprise development zone ~~or who are working from an office located in a rural~~
13 ~~enterprise development zone if the work is incidental to any work that the individual~~
14 ~~performs within the rural enterprise development zone.~~ “Zone payroll” does not

15 include the amount of compensation paid to any individual that exceeds \$100,000.

16 (b) *Filing claims; payroll.* Subject to the limitations provided in this subsection
17 and s. 560.799, a claimant may claim as a credit against the tax imposed under s.
18 71.23 an amount calculated as follows:

19 1. Determine the amount that is the lesser of:

20 a. The claimant’s zone payroll in the taxable year, minus the claimant’s zone
21 payroll in the base year.

22 b. The claimant’s state payroll in the taxable year, minus the claimant’s state
23 payroll in the base year.

24 2. Subtract the number of full-time employees that the claimant employed in
25 the area that comprises the rural enterprise development zone in the base year from

ASSEMBLY BILL 208

1 the number of full-time employees that the claimant employed in the rural
2 enterprise development zone in the taxable year.

3 3. Multiply the amount determined under subd. 2., but not an amount less than
4 zero, by \$30,000.

5 4. Subtract the amount determined under subd. 3. from the amount
6 determined under subd. 1.

7 5. Multiply the amount determined under subd. 4. by 7 percent.

8 (bm) *Filing supplemental claims.* In addition to the credit under par. (b) and
9 subject to the limitations provided in this subsection and s. 560.799, a claimant may
10 claim as a credit against the tax imposed under s. 71.23 an amount equal to all of the
11 following:

12 1. The amount of the property taxes that the claimant paid in the taxable year
13 for the claimant's personal property that is located in a rural enterprise development
14 zone.

*and used in a business that is certified to claim tax
benefits under s. 560.799(5)*

15 2. The amount of taxes imposed under subch. III of ch. 77 that the claimant paid
16 in the taxable year on the purchase of tangible personal property and taxable
17 services that are used or consumed primarily in a rural enterprise development zone.

18 3. If all of the claimant's payroll is zone payroll and all of the claimant's
19 business-related property is located in a rural enterprise development zone, the
20 amount obtained by multiplying 20 percent of the sum of the claimant's zone payroll
21 in the taxable year and the adjusted basis of the claimant's property at the time that
22 the property is first placed in service in the rural enterprise development zone by 7.9
23 percent.

24 4. The amount the claimant paid in the taxable year to upgrade or improve the
25 skills of any of the claimant's full-time employees, to train any of the claimant's

ASSEMBLY BILL 208

SECTION 12

1 full-time employees on the use of new technologies, or to train any full-time
2 employee whose employment with the claimant represents the employee's first
3 full-time job.

Not This subdivision does not apply to employees who do not
work in a rural enterprise development zone.

4 (c) *Limitations.* 1. If the allowable amount of the claim under this subsection
5 exceeds the taxes otherwise due on the claimant's income under s. 71.23, the amount
6 of the claim that is not used to offset those taxes shall be certified by the department
7 of revenue to the department of administration for payment by check, share draft,
8 or other draft drawn from the appropriation under s. 20.835 (2) (cm).

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

17 3. No credit may be allowed under this subsection unless the claimant includes
18 with the claimant's return a copy of the claimant's certification for tax benefits under
19 s. 560.799 (5).

20 (d) *Administration.* Subsection (4) (g) and (h), as it applies to the credit under
21 sub. (4), applies to the credit under this subsection.

SECTION 13. 71.30 (3) (f) of the statutes is amended to read:

22 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28
23 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
24

*No claimant may claim a credit under this subsection if the basis
for which the credit is claimed is also the basis for which another credit
is claimed under this subsection.*

ASSEMBLY BILL 208

1 s. 71.28 (2m), rural enterprise development zone jobs credit under s. 71.28 (3w), and
2 estimated tax payments under s. 71.29.

3 **SECTION 14.** 71.34 (1) (g) of the statutes is amended to read:

4 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
5 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
6 (3n), (3t), (3w), and (5b) and passed through to shareholders.

7 **SECTION 15.** 71.45 (2) (a) 10. of the statutes is amended to read:

8 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
9 computed under s. 71.47 (1dd) to (1dx), (3n), (3w), and (5b) and not passed through
10 by a partnership, limited liability company, or tax-option corporation that has added
11 that amount to the partnership's, limited liability company's, or tax-option
12 corporation's income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit
13 computed under s. 71.47 (1), (3), (3t), (4), and (5).

14 **SECTION 16.** 71.47 (3w) of the statutes is created to read:

15 71.47 (3w) RURAL ENTERPRISE DEVELOPMENT ZONE JOBS CREDIT. (a) *Definitions.*

16 In this subsection:

17 1. "Base year" means the taxable year beginning during the calendar year prior
18 to the calendar year in which the rural enterprise development zone in which the
19 claimant is located takes effect.

20 2. "Claimant" means a person who is certified to claim tax benefits under s.
21 560.799 (5) and who files a claim under this subsection.

22 3. "Full-time employee" means an individual who is employed in a regular,
23 nonseasonal job and who, as a condition of employment, is required to work at least
24 2,080 hours per year, including paid leave and holidays.

1 4. "Rural enterprise development zone" means a zone designated under s.
2 560.799.

3 5. "State payroll" means the amount of payroll apportioned to this state, as
4 determined under s. 71.45 (3) (b).

5 6. "Zone payroll" means the amount of state payroll that is attributable to
6 compensation paid to individuals for services that are performed in a rural
7 enterprise development zone ~~or who are working from an office located in a rural~~
8 ~~enterprise development zone if the work is incidental to any work that the individual~~
9 ~~performs within the rural enterprise development zone.~~ "Zone payroll" does not
10 include the amount of compensation paid to any individual that exceeds \$100,000.

11 (b) *Filing claims; payroll.* Subject to the limitations provided in this subsection
12 and s. 560.799, a claimant may claim as a credit against the tax imposed under s.
13 71.43 an amount calculated as follows:

14 1. Determine the amount that is the lesser of:

15 a. The claimant's zone payroll in the taxable year, minus the claimant's zone
16 payroll in the base year.

17 b. The claimant's state payroll in the taxable year, minus the claimant's state
18 payroll in the base year.

19 2. Subtract the number of full-time employees that the claimant employed in
20 the area that comprises the rural enterprise development zone in the base year from
21 the number of full-time employees that the claimant employed in the rural
22 enterprise development zone in the taxable year.

23 3. Multiply the amount determined under subd. 2., but not an amount less than
24 zero, by \$30,000.

ASSEMBLY BILL 208

1 4. Subtract the amount determined under subd. 3. from the amount
2 determined under subd. 1.

3 5. Multiply the amount determined under subd. 4. by 7 percent.

4 (bm) *Filing supplemental claims.* In addition to the credit under par. (b) and
5 subject to the limitations provided in this subsection and s. 560.799, a claimant may
6 claim as a credit against the tax imposed under s. 71.43 an amount equal to all of the
7 following:

8 1. The amount of the property taxes that the claimant paid in the taxable year
9 for the claimant's personal property that is located in a rural enterprise development

10 zone *and used in a business that is certified to claim tax
benefits under s. 560.799(5)*

11 2. The amount of taxes imposed under subch. III of ch. 77 that the claimant paid
12 in the taxable year on the purchase of tangible personal property and taxable

13 services that are used or consumed primarily in a rural enterprise development zone.

14 3. If all of the claimant's payroll is zone payroll and all of the claimant's
15 business-related property is located in a rural enterprise development zone, the
16 amount obtained by multiplying 20 percent of the sum of the claimant's zone payroll
17 in the taxable year and the adjusted basis of the claimant's property at the time that
18 the property is first placed in service in the rural enterprise development zone by 7.9
19 percent.

20 4. The amount the claimant paid in the taxable year to upgrade or improve the
21 skills of any of the claimant's full-time employees, to train any of the claimant's
22 full-time employees on the use of new technologies, or to train any full-time
23 employee whose employment with the claimant represents the employee's first
24 full-time job.

*Not. This subdivision does not apply to employees
who do not work in a rural enterprise development zone.*

ASSEMBLY BILL 208

SECTION 16

1 (c) *Limitations.* 1. If the allowable amount of the claim under this subsection
2 exceeds the taxes otherwise due on the claimant's income under s. 71.43, the amount
3 of the claim that is not used to offset those taxes shall be certified by the department
4 of revenue to the department of administration for payment by check, share draft,
5 or other draft drawn from the appropriation under s. 20.835 (2) (cm).

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

14 3. No credit may be allowed under this subsection unless the claimant includes
15 with the claimant's return a copy of the claimant's certification for tax benefits under
16 s. 560.799 (5).

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

19 **SECTION 17.** 71.49 (1) (f) of the statutes is amended to read:

20 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
21 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
22 s. 71.47 (2m), rural enterprise development zone jobs credit under s. 71.47 (3w), and
23 estimated tax payments under s. 71.48.

24 **SECTION 18.** 77.92 (4) of the statutes is amended to read:

40 No claimant may claim a credit under this subsection if the basis for which the credit is claimed is also the basis for which another credit is claimed under this subchapter.

ASSEMBLY BILL 208

SECTION 19

1 boundaries of the ~~political subdivision or political subdivisions~~ applying for
2 designation. An application shall include a development plan under par. (b).
local governmental unit

3 (b) A development plan shall include all of the following:

4 1. A map of the proposed zone that shows the physical boundaries of the
5 proposed zone, the size of the zone in acres, and the present uses and condition of land
6 and structures in the proposed zone.

7 2. Evidence of support in the proposed zone for the proposed designation,
8 including support from local government, the public, and business groups.

9 3. A description of the applicant's or applicants' goals for, and proposed methods
10 for achieving, increased economic opportunity and expansion, infrastructure
11 improvements, reduced regulatory burdens, and increased job training
12 opportunities in the proposed zone.

13 4. A description of current social, economic, and demographic characteristics
14 of the proposed zone and of the anticipated improvements in health, human services,
15 and employment that would result from designation as a rural enterprise
16 development zone.

17 5. A description of anticipated economic and other activity in the proposed zone,
18 including industrial uses, commercial or retail uses, and residential uses.

19 6. A proposal as to the time period in which the designation would remain in
20 effect.

21 (3) DESIGNATION OF RURAL ENTERPRISE DEVELOPMENT ZONES; CRITERIA. (a) The

22 department may, upon application ~~by a political subdivision or political~~
23 ~~subdivisions~~, designate not more than 10 rural enterprise development zones. The

24 department may designate an area as a rural enterprise development zone if all of
25 the following apply:

ASSEMBLY BILL 208

1 1. The area does not exceed 5,000 acres.

2 2. The area does not include any part of a city of the first class or a city with
3 a population greater than 200,000.

4 (b) In determining whether to grant an application to designate an area under
5 par. (a), the department shall consider all of the following:

6 1. Indicators of the area's economic need, which may include data regarding
7 household income, average wages, the condition of property, housing values,
8 population decline, job losses, infrastructure and energy support, and the rate of
9 business development.

10 2. Indicators of the likelihood of success in achieving the goals under sub. (2)

11 (b) 3., which may include the strength and viability of the development plan; the level
12 of creativity and innovation reflected in the development plan; the strength of
13 support for the proposal in the proposed zone; the existing resources available to the
14 area; the effect of designation on other initiatives and programs to promote economic
15 and community development in the area, including regional initiatives and
16 programs; the extent to which designation will ease regulatory burdens; the extent
17 to which the development plan links job creation and job training; and the extent to
18 which the development plan focuses on creating high-paying jobs.

19 (c) The department shall, to the extent possible, give preference to applications
20 in which the areas proposed for designation have the lowest population densities and
21 have, according to the indicators under par. (b) 1., the greatest economic need.

22 (4) TIME LIMITS; REPORTING. (a) A designation under sub. (3) may remain in
23 effect for no more than 12 years.

24 (b) If the department designates an area as a rural enterprise development
25 zone under sub. (3), the governing body or bodies of the political subdivision or

of the local governmental unit

local governmental units

ASSEMBLY BILL 208

SECTION 19

1 ~~political subdivisions~~ that applied for designation shall, during the time that the
 2 designation is in effect, annually submit a report to the department, in a form and
 3 at a time prescribed by the department, describing the ~~political subdivision's or~~
 4 ~~political subdivisions'~~ progress in meeting the goals contained in the development
 5 plan under sub. (2) (b) 3., and any additional information required by the
 6 department.

7 (5) CERTIFICATION. The department may certify for tax benefits any of the
 8 following:

9 (a) A business that begins operations in a rural enterprise development zone.

10 (b) A business that relocates to a rural enterprise development zone from
 11 outside this state.

12 (c) A business that ^{expands operations in a rural enterprise} relocates to a rural enterprise development zone from
 13 another location in this state, but only if any of the following apply:

14 1. The business will increase the number of full-time employees employed in
 15 the rural enterprise development zone by at least 10 percent, and the business enters
 16 into an agreement with the department to claim tax benefits only for years during
 17 which the business maintains the increased level of employment.

18 2. The business makes a capital investment in property located in the rural
 19 enterprise development zone and the value of the capital investment is equal to at
 20 least 10 percent of the business's gross revenues in the preceding tax year, and the
 21 business enters into an agreement with the department to claim tax benefits only for
 22 years during which the business maintains the capital investment.

23 (6) OTHER DUTIES. (a) The department of commerce shall notify the department
 24 of revenue when the department of commerce certifies a business to receive tax
 25 benefits.

1 (b) The department shall revoke a certification under sub. (5) if the business
2 does any of the following:

3 1. Supplies false or misleading information to obtain tax benefits.

4 2. Leaves the rural enterprise development zone to conduct substantially the
5 same business outside of the rural enterprise development zone.

6 3. Ceases operations in the rural enterprise development zone and does not
7 renew operation of the business or a similar business in the rural enterprise
8 development zone within 12 months.

9 (c) The department of commerce shall notify the department of revenue within
10 30 days of a revocation under par. (b).

11 (d) The department may require a business to repay any tax benefits the
12 business claims for a year in which the business failed to maintain employment or
13 capital investment levels required by an agreement under sub. (5) (c).

14 (e) The department annually shall verify information submitted to the
15 department under s. 71.07 (3c), (3e), or (3w), 71.28 (3w), or 71.47 (3w).

16 **SECTION 20. Initial applicability.**

17 (1) INDIVIDUAL INCOME TAX, CAPITAL GAINS TAX CREDITS. The treatment of section
18 71.07 (3c) and (3e) of the statutes first applies to taxable years beginning on January
19 1 of the year in which this subsection takes effect, except that if this subsection takes
20 effect after July 31 the treatment of section 71.07 (3c) and (3e) of the statutes first
21 applies to taxable years beginning on January 1 of the year following the year in
22 which this subsection takes effect.

23 (2) CORPORATE INCOME AND FRANCHISE TAX CREDITS. The treatment of sections
24 71.07 (3w), 71.28 (3w), and 71.47 (3w) of the statutes first applies to taxable years
25 beginning on January 1 of the year in which this subsection takes effect, except that

ASSEMBLY BILL 208

SECTION 20

1 if this subsection takes effect after July 31 the treatment of sections 71.07 (3w), 71.28
2 (3w), and 71.47 (3w) of the statutes first applies to taxable years beginning on
3 January 1 of the year following the year in which this subsection takes effect.

4 (END)
