

# 05hr\_SC-JCEDCA\_sb0449\_pt01



(FORM UPDATED: 08/11/2010)

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

### 2005-06

(session year)

### Senate

(Assembly, Senate or Joint)

### Committee on ... Job Creation, Economic Development and Consumer Affairs (SC-JCEDCA)

### COMMITTEE NOTICES ...

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

### INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

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

## Senate

### Record of Committee Proceedings

#### **Committee on Job Creation, Economic Development and Consumer Affairs**

##### **Senate Bill 449**

Relating to: creating an income and franchise tax credit for eligible innovation projects and project facilities.

By Senators Kanavas, Plale, Stepp and Roessler; cosponsored by Representatives Vos, Nischke, Owens, Townsend, Gunderson, Hahn and Musser.

November 22, 2005 Referred to Committee on Job Creation, Economic Development and Consumer Affairs.

February 7, 2006 **PUBLIC HEARING HELD**

Present: (4) Senators Kanavas, Zien, Reynolds and Lassa.

Absent: (1) Senator Decker.

##### Appearances For

- Ted Kanavas, Brookfield — State Senator, WI State Senate - 33rd District
- Bob Dennik, Milwaukee — Milwaukee County
- Jeff Schoepke, Madison — WMC

##### Appearances Against

- None.

##### Appearances for Information Only

- None.

##### Registrations For

- Steve Baas, Milwaukee — MMAC
- Ron Kuehn, Madison — WI Biotechnology & Medical Device Association
- Cynthia Rooks, Milwaukee — Harley-Davidson

##### Registrations Against

- None.

May 4, 2006 Failed to pass pursuant to Senate Joint Resolution 1.

Committee Clerk

**SENATE BILL 449 (LRB -3777)**

An Act to amend 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2) (a) 10. and 77.92 (4); and to create 71.07 (5e), 71.10 (4) (gwd), 71.28 (5e), 71.30 (3) (eor), 71.47 (5e), 71.49 (1) (eor) and 560.206 of the statutes; relating to: creating an income and franchise tax credit for eligible innovation projects and project facilities.

**2005**

- 11-22. S. Introduced by Senators **Kanavas, Plale, Stepp** and **Roessler**; cosponsored by Representatives **Vos, Nischke, Owens, Townsend, Gunderson, Hahn** and **Musser**.
- 11-22. S. Read first time and referred to committee on Job Creation, Economic Development and Consumer Affairs ..... 462
- 12-13. S. Fiscal estimate received.

**2006**

- 02-07. S. Public hearing held.
- 05-11. S. Failed to pass pursuant to Senate Joint Resolution 1 ..... 853





# State of Wisconsin • DEPARTMENT OF REVENUE

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**Jim Doyle**  
Governor

**Michael L. Morgan**  
Secretary of Revenue

## Jobs Creation and Economic Development Committee, February 7, 2006

### **SB 449 Creating an Income and Franchise Tax Credit for Eligible Innovation Projects and Project Facilities (Senator Kanavas)**

#### *Description of Current Law and Proposed Change*

The bill would create a nonrefundable credit equal to 20% of the allowable costs paid in a taxable year for creating and operating a project facility or for creating and maintaining an eligible innovation project. The maximum credit that a claimant could claim in any taxable year is \$250,000. The maximum amount of credit that could be awarded to all claimants under the program is \$10,000,000 per year. Unused credits could be carried forward for 15 years for use in offsetting future tax liability.

An innovation project eligible for credit would be any real property, tangible personal property, or intangible property related to new product or process that is based on new technology or the creative application of existing technology. A project facility eligible for credit would be any facility located in the state that is operated for the purpose of creating and maintaining an eligible project if the Department of Commerce determines that the project is likely to create or retain jobs.

Claimants would have to be certified by the Department of Commerce to receive tax credits. The business could not be certified for credit if it engages in real estate development, insurance, banking, lending, lobbying, political consulting, professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants, wholesale or retail trade, leisure, hospitality, transportation or construction.

Allowable innovation costs would be the costs to acquire, construct, reconstruct, rehabilitate, renovate, enlarge, improve, or equip a project facility or eligible innovation project.

#### *Impact on Economic Development*

- The bill could encourage high technology and research and development activities in the state and could increase job opportunities in these fields.

#### *Administrative Impact/Fiscal Effect*

- Claimants would have to be certified by the Department of Commerce to receive tax credits. Unless otherwise provided by Commerce rules, a business could only be certified for credit if it conducts business in the state, has at least 51% of its employees in the state and is engaged in, or has committed to engage in, manufacturing, agriculture, or processing or assembling products or conducting research and development of a new product or business process.

- If fully utilized, the bill would reduce tax revenues by an estimated \$10 million per year, the maximum amount of credit that may be awarded by Commerce in each year.
- The bill allows the credit to be offset against the taxes imposed under ss. 71.02 and 71.08 (alternative minimum tax). However, the order of computation (s. 71.10(4)(cq)) places the credit before the alternative minimum tax (AMT). If the credit is to offset the AMT, it should be placed after s. 71.10(4)(f) and s. 71.08(1)(intro.) should be amended to include s. 71.07(5e) in the list of credits not considered when determining alternative minimum tax. If the credit is to be claimed before the AMT, the reference to section 71.08 should be deleted.

February 2, 2006

RB:skr

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