

2009 DRAFTING REQUEST

Bill

Received: **09/17/2008**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Weidner**

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

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **NO**

Pre Topic:

DOA:.....Weidner, BB0006 -

Topic:

Angel investment tax credit changes

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>
/P1	jkreye 09/17/2008	kfollett 09/17/2008	jfrantze 09/18/2008	_____	lparisi 09/18/2008		State
/P2	jkreye 01/16/2009	kfollett 01/17/2009	jfrantze 01/19/2009	_____	mbarman 01/20/2009		State
/P3	jkreye 01/21/2009 jkreye 01/22/2009	kfollett 01/21/2009 kfollett 01/23/2009	rschluet 01/21/2009	_____	lparisi 01/21/2009		State
/P4			phenry 01/23/2009	_____	cduerst 01/23/2009		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P5	jkreye 01/29/2009	kfollett 01/29/2009	jfrantze 01/29/2009	_____	lparisi 01/29/2009		State
/P6	jkreye 01/30/2009	kfollett 01/30/2009	mduchek 01/30/2009	_____	sbasford 01/30/2009		State
/P7	jkreye 02/06/2009 jkreye 02/11/2009	kfollett 02/06/2009 nnatzke 02/11/2009	mduchek 02/09/2009	_____ _____ _____	sbasford 02/09/2009		State
/P8	jkreye 02/12/2009	kfollett 02/12/2009	phenry 02/11/2009	_____	lparisi 02/11/2009		State
/P9			mduchek 02/12/2009	_____	lparisi 02/12/2009		State
/P10	jkreye 02/15/2009	jdyer 02/16/2009	jfrantze 02/16/2009	_____	mbarman 02/16/2009		State

FE Sent For:

<END>

2009 DRAFTING REQUEST

Bill

Received: 09/17/2008

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Administration-Budget

By/Representing: Weidner

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Business - credits

Extra Copies:

Submit via email: NO

Pre Topic:

DOA:.....Weidner, BB0006 -

Topic:

Angel investment tax credit changes

Instructions:

See attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/P1	jkreye 09/17/2008	kfollett 09/17/2008	jfrantze 09/18/2008	_____	lparisi 09/18/2008		State
/P2	jkreye 01/16/2009	kfollett 01/17/2009	jfrantze 01/19/2009	_____	mbarman 01/20/2009		State
/P3	jkreye 01/21/2009	kfollett 01/21/2009	rschluet 01/21/2009	_____	lparisi 01/21/2009		State
	jkreye 01/22/2009	kfollett 01/23/2009		_____			
/P4			pherry 01/23/2009	_____	cduerst 01/23/2009		State

Handwritten notes:
 P10 2/16 jld
 pherry
 01/23/2009
 [Signature]
 2/16/09

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P5	jkreye 01/29/2009	kfollett 01/29/2009	jfrantze 01/29/2009	_____	lparisi 01/29/2009		State
/P6	jkreye 01/30/2009	kfollett 01/30/2009	mduchek 01/30/2009	_____	sbasford 01/30/2009		State
/P7	jkreye 02/06/2009 jkreye 02/11/2009	kfollett 02/06/2009 nmatzke 02/11/2009	mduchek 02/09/2009	_____ _____ _____	sbasford 02/09/2009		State
/P8	jkreye 02/12/2009	kfollett 02/12/2009	phenry 02/11/2009	_____ _____	lparisi 02/11/2009		State
/P9			mduchek 02/12/2009	_____ _____	lparisi 02/12/2009		State

FE Sent For:

<END>

2009 DRAFTING REQUEST

Bill

Received: 09/17/2008

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Administration-Budget

By/Representing: Weidner

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Business - credits

Extra Copies:

Submit via email: NO

Pre Topic:

DOA:.....Weidner, BB0006 -

Topic:

Angel investment tax credit changes

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>
/P1	jkreye 09/17/2008	kfollett 09/17/2008	jfrantze 09/18/2008	_____	lparisi 09/18/2008		State
/P2	jkreye 01/16/2009	kfollett 01/17/2009	jfrantze 01/19/2009	_____	mbarman 01/20/2009		State
/P3	jkreye 01/21/2009	kfollett 01/21/2009	rschluet 01/21/2009	_____	lparisi 01/21/2009		State
	jkreye 01/22/2009	kfollett 01/23/2009		_____			
/P4		1P9/kf 2/1/09	phenry 01/23/2009	_____	cduerst 01/23/2009		State

MD MD JH

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P5	jkreye 01/29/2009	kfollett 01/29/2009	jfrantze 01/29/2009	_____	lparisi 01/29/2009		State
/P6	jkreye 01/30/2009	kfollett 01/30/2009	mduchek 01/30/2009	_____	sbasford 01/30/2009		State
/P7	jkreye 02/06/2009 jkreye 02/11/2009	kfollett 02/06/2009 nnatzke 02/11/2009	mduchek 02/09/2009	_____ _____ _____	sbasford 02/09/2009		State
/P8			phenry 02/11/2009	_____ _____	lparisi 02/11/2009		State

FE Sent For:

<END>

2009 DRAFTING REQUEST

Bill

Received: **09/17/2008**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Weidner**

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

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **NO**

Pre Topic:

DOA:.....Weidner, BB0006 -

Topic:

Angel investment tax credit changes

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>
/P1	jkreye 09/17/2008	kfollett 09/17/2008	jfrantze 09/18/2008	_____	lparisi 09/18/2008		State
/P2	jkreye 01/16/2009	kfollett 01/17/2009	jfrantze 01/19/2009	_____	mbarman 01/20/2009		State
/P3	jkreye 01/21/2009	kfollett 01/21/2009	rschluet 01/21/2009	_____	lparisi 01/21/2009		State
	jkreye 01/22/2009	kfollett 01/23/2009		_____			
/P4			phenry 01/23/2009	_____	cduerst 01/23/2009		State

Handwritten signatures and initials:
 2/11 ph
 2/11 ph
 MS

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P5	jkreye 01/29/2009	kfollett 01/29/2009	jfrantze 01/29/2009	_____	lparisi 01/29/2009		State
/P6	jkreye 01/30/2009	kfollett 01/30/2009	mduchek 01/30/2009	_____	sbasford 01/30/2009		State
/P7	jkreye 02/06/2009	kfollett 02/06/2009 <i>/p8 nym 2/11</i>	mduchek 02/09/2009	_____	sbasford 02/09/2009		State

FE Sent For:

<END>

2009 DRAFTING REQUEST

Bill

Received: **09/17/2008**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Weidner**

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

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **NO**

Pre Topic:

DOA:.....Weidner, BB0006 -

Topic:

Angel investment tax credit changes

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>
/P1	jkreye 09/17/2008	kfollett 09/17/2008	jfrantze 09/18/2008	_____	lparisi 09/18/2008		State
/P2	jkreye 01/16/2009	kfollett 01/17/2009	jfrantze 01/19/2009	_____	mbarman 01/20/2009		State
/P3	jkreye 01/21/2009	kfollett 01/21/2009	rschluet 01/21/2009	_____	lparisi 01/21/2009		State
	jkreye 01/22/2009	kfollett 01/23/2009		_____			
/P4			phenry 01/23/2009	_____	cduerst 01/23/2009		State

*10/17
/P7 2/6*

*W
2/9
AD
LRB*

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P5	jkreye 01/29/2009	kfollett 01/29/2009	jfrantze 01/29/2009	_____	lparisi 01/29/2009		State
/P6	jkreye 01/30/2009	kfollett 01/30/2009	mduchek 01/30/2009	_____	sbasford 01/30/2009		State

FE Sent For:

<END>

2009 DRAFTING REQUEST

Bill

Received: **09/17/2008**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Weidner**

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

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **NO**

Pre Topic:

DOA:.....Weidner, BB0006 -

Topic:

Angel investment tax credit changes

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>
/P1	jkreye 09/17/2008	kfollett 09/17/2008	jfrantze 09/18/2008	_____	lparisi 09/18/2008		State
/P2	jkreye 01/16/2009	kfollett 01/17/2009	jfrantze 01/19/2009	_____	mbarman 01/20/2009		State
/P3	jkreye 01/21/2009	kfollett 01/21/2009	rschluet 01/21/2009	_____	lparisi 01/21/2009		State
	jkreye 01/22/2009	kfollett 01/23/2009		_____			
/P4		<i>1P6k/f</i> <i>1/30</i>	phenry 01/23/2009	_____	cduerst 01/23/2009		State

MD
1/30

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P5	jkreye 01/29/2009	kfollett 01/29/2009	jfrantze 01/29/2009	_____	lparisi 01/29/2009		State

FE Sent For:

<END>

2009 DRAFTING REQUEST

Bill

Received: **09/17/2008**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Weidner**

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

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **NO**

Pre Topic:

DOA:.....Weidner, BB0006 -

Topic:

Angel investment tax credit changes

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>
/P1	jkreye 09/17/2008	kfollett 09/17/2008	jfrantze 09/18/2008	_____	lparisi 09/18/2008		State
/P2	jkreye 01/16/2009	kfollett 01/17/2009	jfrantze 01/19/2009	_____	mbarman 01/20/2009		State
/P3	jkreye 01/21/2009 jkreye 01/22/2009	kfollett 01/21/2009 kfollett 01/23/2009	rschluet 01/21/2009	_____ _____ _____	lparisi 01/21/2009		State
/P4		1P5kf 1/29	phenry 01/23/2009	_____ _____	cduerst 01/23/2009		State

J. M. D. 1/29

FE Sent For:

<END>

2009 DRAFTING REQUEST

Bill

Received: 09/17/2008

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Administration-Budget

By/Representing: Weidner

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Business - credits

Extra Copies:

Submit via email: NO

Pre Topic:

DOA:.....Weidner, BB0006 -

Topic:

Angel investment tax credit changes

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>
/P1	jkreye 09/17/2008	kfollett 09/17/2008	jfrantze 09/18/2008	_____	lparisi 09/18/2008		State
/P2	jkreye 01/16/2009	kfollett 01/17/2009	jfrantze 01/19/2009	_____ /	mbarman 01/20/2009		State
/P3	jkreye 01/21/2009	kfollett 01/21/2009	rschluet 01/21/2009	_____ /	lparisi 01/21/2009		State

FE Sent For:

<END>

Handwritten initials: jk, ph

2009 DRAFTING REQUEST

Bill

Received: 09/17/2008

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Administration-Budget

By/Representing: Weidner

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Business - credits

Extra Copies:

Submit via email: NO

Pre Topic:

DOA:.....Weidner, BB0006 -

Topic:

Angel investment tax credit changes

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>
/P1	jkreye 09/17/2008	kfollett 09/17/2008	jfrantze 09/18/2008	_____	lparisi 09/18/2008		State
/P2	jkreye 01/16/2009	kfollett 01/17/2009	jfrantze 01/19/2009	_____	mbarman 01/20/2009		State

1/23/09 kf
1/21/09
[Handwritten signatures and initials]

FE Sent For:

<END>

2009 DRAFTING REQUEST

Bill

Received: **09/17/2008**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Weidner**

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

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **NO**

Pre Topic:

DOA:.....Weidner, BB0006 -

Topic:

Angel investment tax credit changes

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>
/P1	jkreye 09/17/2008	kfollett 09/17/2008	jfrantze 09/18/2008	_____	lparisi 09/18/2008		State

FE Sent For:

1/2 k f
1/17
1/19
cmh
1/19
1/19
<END>
19

2009 DRAFTING REQUEST

Bill

Received: **09/17/2008**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Weidner**

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

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **NO**

Pre Topic:

DOA:.....Weidner, BB0006 -

Topic:

Angel investment tax credit changes

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>
/P1	jkreye	1P/15f 9/17		J Self 9/18			

FE Sent For:

<END>

2007-09 Budget Bill Statutory Language Drafting Request

- Topic: Act 255 Tax Credit Changes
- Tracking Code: *SB0006*
- SBO team: General Government and Economic Development
- SBO analyst: Jenna Weidner
 - Phone: x 6-7329
 - Email: jenna.weidner@wisconsin.gov
- Agency acronym: COM
- Agency number: 143
- Priority (Low, Medium, High): High

Intent: To streamline the administration of the program, and to provide a better incentive to invest in companies doing research and development, make the following changes:

1) Change the claiming of the angel credit from 12.5% in the first two years to 25% in the year the investment is made. The venture firm credit is 25% in the year the investment is made; making the angel credit consistent will ease carry forward accounting and DOR tracking of the credits. This change should be effective for tax years beginning after 12-31-07.

2) Increase the per business cap on angel investments from \$1 million to \$4 million.

This would give angels and venture firms the same cap, and would thus allow businesses to determine the best way of receiving investments. Under current law, the per business cap on angel investments is \$1 million, and the per business cap on venture firm investments is \$4 million (set by administrative rule). This change should be effective for tax years beginning after 12-31-07.

→ change 560,205 (1)(k)

3) Delete the per angel investment cap in a business, which is currently \$2 million. This change should be effective for tax years beginning after 12-31-07.

*con and
/m/7.07.07)*

(to eliminate mld. 2.)



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-0252/P1

JK: [signature]

DOA:.....Weidner, BB0006 - Angel investment tax credit changes

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

m 9-17-08

Don't Gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

X Under current law, a person may claim as credit against the person's income or franchise tax liability, in each of two consecutive taxable years, 12 percent of the person's investment in a qualified new business venture, as determined by Commerce. The maximum amount of a person's investment that can be used as the basis for the credit is \$2,000,000 and a business may receive no more than \$1,000,000 in investments that qualify for the credit.

Under this bill, a person may claim an income and franchise tax credit equal to 25 percent of the person's investment in a qualified new business venture. The bill also allows a person to use more than \$2,000,000 in investments as the basis for the credit. Finally, a business may receive up to \$4,000,000 in investments that qualify for the credit.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 71.07 (5d) (b) of the statutes is renumbered 71.07 (5d) (b) (intro.)
2 and amended to read:

3 71.07 (5d) (b) *Filing claims.* (intro.) Subject to the limitations provided in this
4 subsection and in s. 560.205, a claimant may claim as a credit against the tax
5 imposed under s. 71.02 or 71.08, up to the amount of those taxes, the following:

6 1. For taxable years beginning before January 1, 2008, in each taxable year for
7 2 consecutive years, beginning with the taxable year as certified by the department
8 of commerce, an amount equal to 12.5 percent of the claimant's bona fide angel
9 investment made directly in a qualified new business venture.

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27
ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135,
183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487; 2007 a. 11, 20, 96, 97, 100; s. 13.92 (2) (i).

10 SECTION 2. 71.07 (5d) (b) 2. of the statutes is created to read:

11 71.07 (5d) (b) 2. For taxable years beginning after December 31, 2007, for the
12 taxable year certified by the department of commerce, an amount equal to 25 percent
13 of the claimant's bona fide angel investment made directly in a qualified new
14 business venture.

15 SECTION 3. 71.07 (5d) (c) of the statutes is amended to read:

16 71.07 (5d) (c) The For taxable years beginning before January 1, 2008, the
17 maximum amount of a claimant's investment that may be used as the basis for a
18 credit under this subsection is \$2,000,000 for each investment made directly in a
19 business certified under s. 560.205 (1).

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27
ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135,
183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487; 2007 a. 11, 20, 96, 97, 100; s. 13.92 (2) (i).

20 SECTION 4. 560.205 (1) (k) of the statutes is amended to read:

1 560.205 (1) (k) ~~It~~ For taxable years beginning before January 1, 2008, it has
2 not received more than \$1,000,000 in investments that have qualified for tax credits
3 under s. 71.07 (5d).

4 History: 2003 a. 255; 2005 a. 49, 97; 2007 a. 20, 125.

4 **SECTION 5.** 560.205 (1) (km) of the statutes is created to read:

5 560.205 (1) (km) For taxable years beginning after December 31, 2007, it has
6 not received more than \$4,000,000 in investments that have qualified for tax credits
7 under s. 71.07 (5d).

8

(END)

Kreye, Joseph

From: Weidner, Jenna M - DOA [Jenna.Weidner@wisconsin.gov]
Sent: Monday, January 12, 2009 11:20 AM
To: Kreye, Joseph
Cc: Pawasarat, Jane - DOA
Subject: Changes to draft #0252 Investment Credits

Hi Joe,

Here are some more changes to an existing draft, BB0006, draft #0252.

- a) increase the angel and early stage seed investment tax credit annual allocations by \$12.5 million each;
- b) increase the aggregate cap from \$4 million to \$8 million per new business;
- c) allow the Department of Commerce to pre-qualify the amount of creditable investment allowed in each business; ?
- d) expand eligibility*; and
- e) allow a one-time transfer of credits.

** I'm still working with the Governor's staff for the most specific and current list for expanded eligibility under s. 560.205 (1). I'll be sure to send that list over for inclusion as soon as possible.*

Jenna Weidner

Executive Policy and Budget Analyst

Wisconsin State Budget Office, DOA-DEBF

101 East Wilson Street

Madison, WI 53702

(608)266-7329

jenna.weidner@wisconsin.gov

01/12/2009



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-0252/P1

JK:kjff

P2
RMR

DOA:.....Weidner, BB0006 - Angel investment tax credit changes

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

m 1-16-09

Don't Gen D-N

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, a person may claim as credit against the person's income or franchise tax liability, in each of two consecutive taxable years, 12.5 percent of the person's investment in a qualified new business venture, as determined by Commerce. The maximum amount of a person's investment that can be used as the basis for the credit is \$2,000,000 and a business may receive no more than \$1,000,000 in investments that qualify for the credit.

→ Under this bill, a person may claim an income and franchise tax credit equal to 25 percent of the person's investment in a qualified new business venture. The bill also allows a person to use more than \$2,000,000 in investments as the basis for the credit. Finally, a business may receive up to \$4,000,000 in investments that qualify for the credit.

\$8,000,000

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 71.07 (5d) (b) of the statutes is renumbered 71.07 (5d) (b) (intro.)
2 and amended to read:

3 71.07 (5d) (b) *Filing claims.* (intro.) Subject to the limitations provided in this
4 subsection and in s. 560.205, a claimant may claim as a credit against the tax
5 imposed under s. 71.02 or 71.08, up to the amount of those taxes, the following:

6 1. For taxable years beginning before January 1, 2008, in each taxable year for
7 2 consecutive years, beginning with the taxable year as certified by the department
8 of commerce, an amount equal to 12.5 percent of the claimant's bona fide angel
9 investment made directly in a qualified new business venture.

10 **SECTION 2.** 71.07 (5d) (b) 2. of the statutes is created to read:

11 71.07 (5d) (b) 2. For taxable years beginning after December 31, 2007, for the
12 taxable year certified by the department of commerce, an amount equal to 25 percent
13 of the claimant's bona fide angel investment made directly in a qualified new
14 business venture.

15 **SECTION 3.** 71.07 (5d) (c) 2. of the statutes is amended to read:

16 71.07 (5d) (c) 2. ~~The~~ For taxable years beginning before January 1, 2008, the
17 maximum amount of a claimant's investment that may be used as the basis for a
18 credit under this subsection is \$2,000,000 for each investment made directly in a
19 business certified under s. 560.205 (1).

20 **SECTION 4.** 560.205 (1) (k) of the statutes is amended to read:

21 560.205 (1) (k) ~~It~~ For taxable years beginning before January 1, 2008, it has
22 not received more than \$1,000,000 in investments that have qualified for tax credits
23 under s. 71.07 (5d).

24 **SECTION 5.** 560.205 (1) (km) of the statutes is created to read:

Insert 3 - 3

1 **SECTION 1.** 560.205 (3) (d) of the statutes is amended to read:

2 560.205 (3) (d) *Rules.* The department of commerce, in consultation with the
3 department of revenue, shall promulgate rules to administer this section. The rules
4 shall further define “bona fide angel investment” for purposes of s. 71.07 (5d) (a) 1.
5 The rules shall limit the aggregate amount of tax credits under s. 71.07 (5d) that may
6 be claimed for investments in businesses certified under sub. (1) at \$3,000,000 per
7 calendar year for calendar years beginning after December 31, 2004, and before
8 January 1, 2008, \$5,500,000 per calendar year for calendar years beginning after
9 December 31, 2007, and before January 1, 2009, and \$18,000,000 per calendar year
10 for calendar years beginning after December 31, 2008. The rules shall also limit the
11 aggregate amount of the tax credits under ss. 71.07 (5b), 71.28 (5b), and 71.47 (5b)
12 that may be claimed for investments paid to fund managers certified under sub. (2)
13 at \$3,500,000 per calendar year for calendar years beginning after December 31,
14 2004, and before January 1, 2008, \$6,000,000 per calendar year for calendar years
15 beginning after December 31, 2007, and before January 1, 2009, and \$18,500,000 per
16 calendar year for calendar years beginning after December 31, 2008. The rules shall
17 also provide that, for calendar years beginning after December 31, 2007, no person
18 may receive a credit under ss. 71.07 (5b) and (5d), 71.28 (5b), or 71.47 (5b) unless the
19 person’s investment is kept in a certified business, or with a certified fund manager,
20 for no less than 3 years.

21 History: 2003 a. 255; 2005 a. 49, 97; 2007 a. 20, 125.

21 **SECTION 2.** 560.205 (3) (e) of the statutes is created to read:

22 560.205 (3) (e) *Transfer.* A person who is eligible to claim a credit under s. 71.07
23 (5b) and (5d), 71.28 (5b), or 71.47 (5b) may sell or otherwise transfer the credit to

1 another person who is subject to the taxes imposed under s. 71.02, 71.23, or 71.47,
2 if the person notifies the department of commerce and the department of revenue of
3 the transfer and submits with the notification a copy of the transfer documents. No
4 person may sell or otherwise transfer a credit as provided in this paragraph more
5 than once.

D-N

0252/P2dm
Mc: kjf

Jerma:

This draft does not include the "expanded eligibility" language. It's my understanding that you are still working on this. I also did not include language related to "pre-qualifying" the amount of "creditable investment allowed in each
each business" because I'm not sure what that means.
means.

JK

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0252/P2dn
JK:kjf:jf

January 19, 2009

Jenna:

This draft does not include the "expanded eligibility" language. It's my understanding that you are still working on this. I also did not include language related to "pre-qualifying" the amount of "creditable investment allowed in each business" because I'm not sure what that means.

Joseph T. Kreye
Senior Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov

Kreye, Joseph

From: Weidner, Jenna M - DOA [Jenna.Weidner@wisconsin.gov]
Sent: Wednesday, January 21, 2009 12:10 PM
To: Kreye, Joseph
Cc: Pawasarat, Jane - DOA
Subject: Angel Credits Draft 0252/P2

Hi Joe,

Here are responses to your 2 questions in the drafters note for 0252/p2. I will send a separate email with some modifications to the effective date of these various changes.

Thanks,
 Jenna

1. Re: language related to "pre-qualifying" the amount of "creditable investment allowed in each business":
 The goal is to allow Commerce to authorize an amount up to the statutory cap when certifying a qualified new business venture (QNBV). That means the QNBV would state the amount of funds they intend to raise from investors and Commerce would authorize that amount, rather than extending the full amount to each QNBV. Some QNBVs may only intend to raise 10% of the statutory cap amount, so assessing the potential claim on the front end allows Commerce more flexibility with the total available funds. Please call if this is unclear.

2. Re: "expanding eligibility", please amend s. 560.205 (1) (f) – (h) as follows:

(f) It has potential for increased jobs, increased capital investment or both and:

1. its engaged in, or has committed to engage in; innovation in:

a. manufacturing, agriculture, or processing or assembling products, which shall include:

i. biotechnology, medical devices, pharmaceuticals, software, semiconductors, communications, computer hardware, and energy or other cleantech technologies;

ii. other high technology products, or

iii. other products that have been produced using proprietary technology enabled manufacturing methods; or

b. services that are enabled by an application of proprietary technology, which shall include internet-based business models and business services that are principally reliant on the application of proprietary technology, and may include the development of high technology products or services; and

2. Is conducting research and development or, developing a new product or business process, commercializing a new product, or is developing or commercializing a service that is principally reliant on the application of proprietary technology.

(g) It is not primarily engaged 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, except construction of power production plants that derive energy from a renewable resource, as defined in s. 196.378(1)(h). Companies that are engaged or committed to be engaged in businesses that provide innovative products or services to customers in these industry sectors and that otherwise meet the criteria described in par. (f) shall not be considered to be primarily engaged in the industry sector to which it provides products or services and shall not be disqualified from certification.

(h) It has less than 100 employees.

Jenna Weidner

Executive Policy and Budget Analyst

Wisconsin State Budget Office, DOA-DEBF

101 East Wilson Street

Madison, WI 53702

(608)266-7329

jenna.weidner@wisconsin.gov

01/21/2009

Kreye, Joseph

From: Weidner, Jenna M - DOA [Jenna.Weidner@wisconsin.gov]
Sent: Wednesday, January 21, 2009 12:57 PM
To: Kreye, Joseph
Cc: Olver, Aaron - COMMERCE; Pawasarat, Jane - DOA; Carlson, Nina - GOV
Subject: RE: Angel Credits Draft 0252/P2

Joe, thanks for catching the jargon. Please replace the phrase "energy or other cleantech technologies" with the phrase "technologies which improve operational performance, productivity, or efficiency while reducing inputs, energy consumption, waste, or pollution."

Aaron and Nina, please let me know if you see any pitfalls with this change.

Thanks,
Jenna

From: Kreye, Joseph [mailto:Joseph.Kreye@legis.wisconsin.gov]
Sent: Wednesday, January 21, 2009 12:23 PM
To: Weidner, Jenna M - DOA
Subject: RE: Angel Credits Draft 0252/P2

Hi Jenna,

The phrase "energy or other cleantech technologies" is an odd and rather awkward phrase. An "energy" technology isn't necessary a "clean" technology, so it seems inaccurate to say "energy or other cleantech technologies".

I cannot use the term "cleantech". It's jargon and its meaning is not readily apparent. Please elaborate on the intent behind "energy and other cleantech technologies".

Joe

Joseph T. Kreye
Senior Legislative Attorney
Legislative Reference Bureau
(608) 266-2263

From: Weidner, Jenna M - DOA [mailto:Jenna.Weidner@wisconsin.gov]
Sent: Wednesday, January 21, 2009 12:10 PM
To: Kreye, Joseph
Cc: Pawasarat, Jane - DOA
Subject: Angel Credits Draft 0252/P2

Hi Joe,
Here are responses to your 2 questions in the drafters note for 0252/p2. I will send a separate email with some modifications to the effective date of these various changes.
Thanks,
Jenna

1. Re: language related to "pre-qualifying" the amount of "creditable investment allowed in each business":
The goal is to allow Commerce to authorize an amount up to the statutory cap when certifying a qualified new business

01/21/2009

venture (QNBV). That means the QNBV would state the amount of funds they intend to raise from investors and Commerce would authorize that amount, rather than extending the full amount to each QNBV. Some QNBVs may only intend to raise 10% of the statutory cap amount, so assessing the potential claim on the front end allows Commerce more flexibility with the total available funds. Please call if this is unclear.

2. Re: "expanding eligibility", please amend s. 560.205 (1) (f) – (h) as follows:

(f) It has potential for increased jobs, increased capital investment or both and:

1. is engaged in, or has committed to engage in; innovation in:

a. manufacturing, agriculture, or processing or assembling products, which shall include:

i. biotechnology, medical devices, pharmaceuticals, software, semiconductors, communications, computer hardware, and energy or other cleantech technologies;

ii. other high technology products, or

iii. other products that have been produced using proprietary technology enabled manufacturing methods; or

b. services that are enabled by an application of proprietary technology, which shall include internet-based business models and business services that are principally reliant on the application of proprietary technology, and may include the development of high technology products or services; and

2. Is conducting research and development or, developing a new product or business process, commercializing a new product, or is developing or commercializing a service that is principally reliant on the application of proprietary technology.

(g) It is not primarily engaged 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, except construction of power production plants that derive energy from a renewable resource, as defined in s. 196.378(1)(h). Companies that are engaged or committed to be engaged in businesses that provide innovative products or services to customers in these industry sectors and that otherwise meet the criteria described in par. (f) shall not be considered to be primarily engaged in the industry sector to which it provides products or services and shall not be disqualified from certification.

(h) It has less than 100 employees.

Jenna Weidner

Executive Policy and Budget Analyst

Wisconsin State Budget Office, DOA-DEBF

101 East Wilson Street

Madison, WI 53702

(608)266-7329

jenna.weidner@wisconsin.gov

Kreye, Joseph

From: Weidner, Jenna M - DOA [Jenna.Weidner@wisconsin.gov]
Sent: Wednesday, January 21, 2009 1:03 PM
To: Kreye, Joseph
Subject: RE: Angel Credits Draft 0252/P2

Joe, I apologize for the "pre-drafted" language. Please feel free work up whatever language you feel best communicates the ideas in the lists.

Thank you,
Jenna

From: Kreye, Joseph [mailto:Joseph.Kreye@legis.wisconsin.gov]
Sent: Wednesday, January 21, 2009 12:46 PM
To: Weidner, Jenna M - DOA
Subject: RE: Angel Credits Draft 0252/P2

Jenna,

I have a follow-up question related to the list under your proposed (f) 1. a. i. Is that list referring only to the "products" mentioned in the intro.?

The list seems to be mixing and matching the concepts. For instance, by "biotechnology" do you mean "biotechnology products" ? Or do you mean something like this: "1. It is engaged in, or committed to engage in, innovation in: a. manufacturing, biotechnology, agriculture, energy efficiency technologies, communications, or processing or assembling products, including medical devices, pharmaceuticals, computer software, computer hardware, semiconductors, etc." ?

Also, with regard to (f) 1. a. ii, I can not use the term "high technology" either because it also has no apparent meaning. I think I know what you mean, but that's not the way to get there. I can work-up something and see what you think.

Thanks,
Joe

Joseph T. Kreye
Senior Legislative Attorney
Legislative Reference Bureau
(608) 266-2263

From: Weidner, Jenna M - DOA [mailto:Jenna.Weidner@wisconsin.gov]
Sent: Wednesday, January 21, 2009 12:10 PM
To: Kreye, Joseph
Cc: Pawasarat, Jane - DOA
Subject: Angel Credits Draft 0252/P2

Hi Joe,
Here are responses to your 2 questions in the drafters note for 0252/p2. I will send a separate email with some modifications to the effective date of these various changes.

Thanks,
Jenna

1. Re: language related to "pre-qualifying" the amount of "creditable investment allowed in each business":
The goal is to allow Commerce to authorize an amount up to the statutory cap when certifying a qualified new business

01/21/2009

venture (QNBV). That means the QNBV would state the amount of funds they intend to raise from investors and Commerce would authorize that amount, rather than extending the full amount to each QNBV. Some QNBVs may only intend to raise 10% of the statutory cap amount, so assessing the potential claim on the front end allows Commerce more flexibility with the total available funds. Please call if this is unclear.

2. Re: "expanding eligibility", please amend s. 560.205 (1) (f) – (h) as follows:

(f) It has potential for increased jobs, increased capital investment or both and:

1. Its engaged in, or has committed to engage in; innovation in:

a. manufacturing, agriculture, or processing or assembling products, which shall include:

i. biotechnology, medical devices, pharmaceuticals, software, semiconductors, communications, computer hardware, and energy or other cleantech technologies;

ii. other high technology products, or

iii. other products that have been produced using proprietary technology enabled manufacturing methods; or

b. services that are enabled by an application of proprietary technology, which shall include internet-based business models and business services that are principally reliant on the application of proprietary technology, and may include the development of high technology products or services; and

2. Is conducting research and development or, developing a new product or business process, commercializing a new product, or is developing or commercializing a service that is principally reliant on the application of proprietary technology.

(g) It is not primarily engaged 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, except construction of power production plants that derive energy from a renewable resource, as defined in s. 196.378(1)(h). Companies that are engaged or committed to be engaged in businesses that provide innovative products or services to customers in these industry sectors and that otherwise meet the criteria described in par. (f) shall not be considered to be primarily engaged in the industry sector to which it provides products or services and shall not be disqualified from certification.

(h) It has less than 100 employees.

Jenna Weidner

Executive Policy and Budget Analyst

Wisconsin State Budget Office, DOA-DEBF

101 East Wilson Street

Madison, WI 53702

(608)266-7329

jenna.weidner@wisconsin.gov