



RMR

DOA:.....Weidner, BB0006 - Angel investment tax credit changes  
FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

m 1-21-09

Don't Gen

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 \$8,000,000 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.

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:

1           560.205 (1) (km) For taxable years beginning after December 31, 2007, it has  
2 not received more than \$8,000,000 in investments that have qualified for tax credits  
3 under s. 71.07 (5d).

4           **SECTION 6.** 560.205 (3) (d) of the statutes is amended to read:

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

24           **SECTION 7.** 560.205 (3) (e) of the statutes is created to read:

1           560.205 (3) (e) *Transfer*. A person who is eligible to claim a credit under s. 71.07  
2           (5b) and (5d), 71.28 (5b), or 71.47 (5b) may sell or otherwise transfer the credit to  
3           another person who is subject to the taxes imposed under s. 71.02, 71.23, or 71.47,  
4           if the person notifies the department of commerce and the department of revenue of  
5           the transfer and submits with the notification a copy of the transfer documents. No  
6           person may sell or otherwise transfer a credit as provided in this paragraph more  
7           than once.

8

(END)

INSERT  
4-7

Insert 2 - 19

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

2           560.205 (1) ANGEL INVESTMENT TAX CREDITS. (intro.) The department shall  
3           implement a program to certify businesses for purposes of s. 71.07 (5d). A business  
4           desiring certification shall submit an application to the department in each taxable  
5           year for which the business desires certification. The business shall specify in its  
6           application the investment amount it wishes to raise and the department may certify  
7           the business to receive that amount for purposes of s. 71.07 (5d). Unless otherwise  
8           provided under the rules of the department, a business may be certified under this  
9           subsection, and may maintain such certification, only if the business satisfies all of  
10          the following conditions:

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

11          **SECTION 2.** 560.205 (1) (f) of the statutes is repealed and recreated to read:

12          560.205 (1) (f) It has the potential for increasing jobs in this state, increasing  
13          capital investment in this state, or both, and any of the following apply:

14           1. It is engaged in, or has committed to engage in, innovation in any of the  
15          following:

16           a. Manufacturing, biotechnology, communications, agriculture, or technologies  
17          that improve operational performance, productivity, or efficiency while reducing  
18          inputs, energy consumption, waste, or pollution.

19           b. Processing or assembling products, including medical devices,  
20          pharmaceuticals, computer software, computer hardware, semiconductors, any  
21          other innovative technology products, or other products that are produced using  
22          manufacturing methods that are enabled by applying proprietary technology.

1 c. Services that are enabled by applying proprietary technology, including  
2 Internet business models.

3 2. It is conducting research, developing a new product or business process,  
4 commercializing a new product, or developing or commercializing a service that is  
5 principally reliant on applying proprietary technology.

6 **SECTION 3.** 560.205 (1) (g) of the statutes is renumbered 560.205 (1) (g) 1. and  
7 amended to read:

8 560.205 (1) (g) 1. It is not primarily engaged in real estate development,  
9 insurance, banking, lending, lobbying, political consulting, professional services  
10 provided by attorneys, accountants, business consultants, physicians, or health care  
11 consultants, wholesale or retail trade, leisure, hospitality, transportation, or  
12 construction, except construction of power production plants that derive energy from  
13 a renewable resource, as defined in s. 196.378 (1) (h).

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

14 **SECTION 4.** 560.205 (1) (g) 2. of the statutes is created to read:

15 560.205 (1) (g) 2. For purposes of this paragraph, an entity that is engaged in,  
16 or committed to be engaged in, an activity described in subd. 1, but that provides  
17 customers a product or service described in par. (f) as part of being engaged in that  
18 activity, is not considered to be primarily engaged in that activity and may be  
19 certified under this subsection.

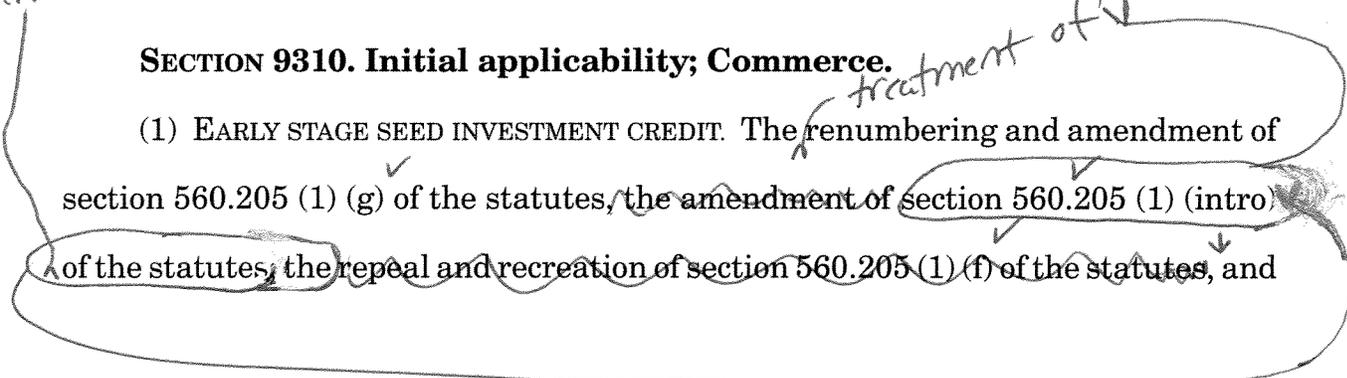
**Insert 4 - 7**

*and (f)*

**SECTION 9310. Initial applicability; Commerce.**

20 (1) EARLY STAGE SEED INVESTMENT CREDIT. The renumbering and amendment of  
21 section 560.205 (1) (g) of the statutes, the amendment of section 560.205 (1) (intro)  
22 of the statutes, the repeal and recreation of section 560.205 (1) (f) of the statutes, and  
23

*treatment of*



⑤

1

the creation of section 560.205 (1) (g) 2. of the statutes <sup>✓</sup> first applies <sup>✓</sup> to certifications *apply*

2

made on the effective date of this subsection.

**Kreye, Joseph**

**From:** Weidner, Jenna M - DOA [Jenna.Weidner@wisconsin.gov]  
**Sent:** Thursday, January 22, 2009 3:36 PM  
**To:** Kreye, Joseph  
**Subject:** RE: Draft # 0252 Angel Credits

Oops, see the edit to my P.S. section below, highlighted and underlined.

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**From:** Weidner, Jenna M - DOA  
**Sent:** Thursday, January 22, 2009 3:33 PM  
**To:** Kreye, Joseph - LEGIS  
**Subject:** Draft # 0252 Angel Credits

Hi Joe,

Could you please make the following changes to draft 0252?

1. Move the start date to January 1, 2011 for the \$25M increase, \$8M aggregate cap (if needed in statute), expanded eligibility and transferability. Leave the start date of the other items as January 1, 2008.
2. Delete the internet-based business language in red below.
3. Include of a 1% fee on transferred credits payable to Commerce.

For more detail, see comments below and/or give me a call.

Thanks,  
 Jenna

P.S. I'm still looking into your aggregate cap question from earlier. As for the increase of the angel cap from 1M to 4M in the first draft, please leave that in place with a start date of 1/1/08. The 8M aggregate cap (if it needs to be in statute, rather than just admin code) would start on 1/1/2011.

We want to take another look at section f, subsection iii, subsection b in the eligibility portion. I am pasting the original drafted language below, which Commerce believes will allow pretty much any kind of internet business to be certified, from the next ebay, Google, or Amazon.com, to online dating services, very standard internet retailing like selling clothes online, or even sites with more questionable social acceptability.

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;

While we want to leave the door open for WI to be the home of the next Google, etc, we don't feel that the Act 255 program is really intended to support online dating, retail and the like. To make things more flexible, I propose to strike the middle clause (in red), which gives Commerce wiggle room in deciding what "applications of proprietary technology that may include developing high tech services/products" are, and which internet-based services they feel merit Act 255 credits. Let me know what you think of this change. Aaron is also going to check with his Act 255 expert to make sure that this wording change would cover what we're trying to do.

In terms of the transfer fee that Commerce proposed, they offer the following arguments:

The fee is needed to discourage people from transferring the credits when they don't really need to, and from playing with the tax laws just for convenience. Creating a small financial disincentive to transfer will limit it to folks who really couldn't otherwise use the credit (out of state investors, etc). Commerce suggests a 1% transfer fee, which could either be paid by the buyer or seller, and could be rolled into the sale price of the credits (for instance, I'm an out of state investor and I sell \$1 million in credits to Aaron for \$800,000, but I charge him \$810,000, to cover my 1% transfer fee. Then I pay the \$10,000 to Commerce, and Aaron can still claim \$1 million in credits). The fee would also generate a revenue stream to pay for Act 255 staff that may be needed in the future when eligibility and available credits increases. The argument is that if we implement the fee now, no one will mind

01/22/2009

because they are getting transferability out of it. If we institute a fee later, it looks sort of punitive. Note that the max revenue would be \$365,000 (1% of 36.5 million), although it's likely to be lower.

***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](mailto:jenna.weidner@wisconsin.gov)

**Kreye, Joseph**

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**From:** Weidner, Jenna M - DOA [Jenna.Weidner@wisconsin.gov]  
**Sent:** Wednesday, January 21, 2009 4:03 PM  
**To:** Carlson, Nina - GOV; Olver, Aaron - COMMERCE  
**Cc:** Pawasarat, Jane - DOA; Kreye, Joseph  
**Subject:** Act 255 timing, LRB draft 0252

We'd like to update the draft to reflect the following effective dates.

The changes to the Act 255 investment credits intended to become effective for taxable years beginning before January 1, 2008 are:

- change the claim timing of the angel credit from 12.5% in each of the first two years to 25% in the year the investment is made
- ~~increase the per business cap on angel investments from \$1 million to \$4 million;~~
- delete the per angel investment cap in a business
- permit roll over of capital gains tax liability for reinvestment in a qualified new business venture MBS LRB-1319
- allow the Department of Commerce to pre-qualify the amount of creditable investment allowed in each business

The changes intended to become effective on January 1, 2012 are:

- increase the angel and early stage seed investment tax credit annual allocations by \$12.5 million each
- increase the aggregate cap from \$4 million to \$8 million per new business

The timing on these items is yet to be determined:

- expand eligibility
- allow a one-time transfer of credits

Nina and Aaron, do you have any feedback on the timing of these items?

Thanks,  
Jenna

*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](mailto:jenna.weidner@wisconsin.gov)

**Kreye, Joseph**

---

**From:** Carlson, Nina - GOV [Nina.Carlson@Wisconsin.gov]  
**Sent:** Wednesday, January 21, 2009 9:01 PM  
**To:** Weidner, Jenna M - DOA; Olver, Aaron - COMMERCE  
**Cc:** Pawasarat, Jane - DOA; Kreye, Joseph  
**Subject:** Re: Act 255 timing, LRB draft 0252

I don't recall hearing about it before. I sent along to tim to get his thoughts also.

---

**From:** Weidner, Jenna M - DOA  
**To:** Olver, Aaron - COMMERCE; Carlson, Nina - GOV  
**Cc:** Pawasarat, Jane - DOA; Kreye, Joseph - LEGIS  
**Sent:** Wed Jan 21 20:51:55 2009  
**Subject:** RE: Act 255 timing, LRB draft 0252  
 Hmm... this is the first I've heard of a fee. We might need to consider that in our comeback briefings before it's added to any drafts. I'll run it up the flag pole and get back to you.

Nina, was the fee idea floated in your office earlier in this process?

---

**From:** Olver, Aaron - COMMERCE  
**Sent:** Wednesday, January 21, 2009 6:44 PM  
**To:** Weidner, Jenna M - DOA; Carlson, Nina - GOV  
**Cc:** Pawasarat, Jane - DOA; Kreye, Joseph - LEGIS  
**Subject:** RE: Act 255 timing, LRB draft 0252

One time transfer will take some time to set up a way of administering it but I see no reason that it couldn't be enabled soon. Commerce should also be enabled to charge a fee for the transfer to fund administration.

The expanded eligibility should be timed to the expansion of the allocation and caps in 2012. It's the third leg of the stool.

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- permit roll over of capital gains tax liability for reinvestment in a qualified new business venture
- allow the Department of Commerce to pre-qualify the amount of creditable investment allowed in each business

The changes intended to become effective on January 1, 2012 are:

- increase the angel and early stage seed investment tax credit annual allocations by \$12.5 million each
- increase the aggregate cap from \$4 million to \$8 million per new business

The timing on these items is yet to be determined:

- expand eligibility
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Nina and Aaron, do you have any feedback on the timing of these items?

Thanks,  
Jenna

***Jenna Weidner***

Executive Policy and Budget Analyst

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Madison, WI 53702

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State of Wisconsin  
2009 - 2010 LEGISLATURE

LRB-0252/P3

JK:kj:rs

py  
RM:mk

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

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

in 1-22-09

Don't Gen

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**TAXATION**

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→

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

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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:

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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).

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23 desiring certification shall submit an application to the department in each taxable  
24 year for which the business desires certification. The business shall specify in its  
25 application the investment amount it wishes to raise and the department may certify

1 the business to receive that amount for purposes of s. 71.07 (5d). Unless otherwise  
2 provided under the rules of the department, a business may be certified under this  
3 subsection, and may maintain such certification, only if the business satisfies all of  
4 the following conditions:

5 **SECTION 5.** 560.205 (1) (f) of the statutes is repealed and recreated to read:

6 560.205 (1) (f) It has the potential for increasing jobs in this state, increasing  
7 capital investment in this state, or both, and any of the following apply:

8 1. It is engaged in, or has committed to engage in, innovation in any of the  
9 following:

10 a. Manufacturing, biotechnology, communications, agriculture, or technologies  
11 that improve operational performance, productivity, or efficiency while reducing  
12 inputs, energy consumption, waste, or pollution.

13 b. Processing or assembling products, including medical devices,  
14 pharmaceuticals, computer software, computer hardware, semiconductors, any  
15 other innovative technology products, or other products that are produced using  
16 manufacturing methods that are enabled by applying proprietary technology.

17 c. Services that are enabled by applying proprietary technology, including  
18 Internet business models.

19 2. It is conducting research, developing a new product or business process,  
20 commercializing a new product, or developing or commercializing a service that is  
21 principally reliant on applying proprietary technology.

22 **SECTION 6.** 560.205 (1) (g) of the statutes is renumbered 560.205 (1) (g) 1. and  
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6 560.205 (1) (g) 2. For purposes of this paragraph, an entity that is engaged in,  
7 or committed to be engaged in, an activity described in subd. 1., but that provides  
8 customers a product or service described in par. (f) as part of being engaged in that  
9 activity, is not considered to be primarily engaged in that activity and may be  
10 certified under this subsection.

11 **SECTION 8.** 560.205 (1) (k) of the statutes is amended to read:

12 560.205 (1) (k) ~~It~~ For taxable years beginning before January 1, 2008, it has  
13 not received more than \$1,000,000 in investments that have qualified for tax credits  
14 under s. 71.07 (5d).

15 **SECTION 9.** 560.205 (1) (km) of the statutes is created to read:

16 560.205 (1) (km) For taxable years beginning after December 31, 2007, it has  
17 not received more than ~~\$8,000,000~~ in investments that have qualified for tax credits  
18 under s. 71.07 (5d). ~~\$4,000,000~~

19 **SECTION 10.** 560.205 (3) (d) of the statutes is amended to read:

20 560.205 (3) (d) *Rules.* The department of commerce, in consultation with the  
21 department of revenue, shall promulgate rules to administer this section. The rules  
22 shall further define "bona fide angel investment" for purposes of s. 71.07 (5d) (a) 1.  
23 The rules shall limit the aggregate amount of tax credits under s. 71.07 (5d) that may  
24 be claimed for investments in businesses certified under sub. (1) at \$3,000,000 per  
25 calendar year for calendar years beginning after December 31, 2004, and before

1 January 1, 2008, \$5,500,000 per calendar year for calendar years beginning after  
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 12 person's investment is kept in a certified business, or with a certified fund manager,  
 13 for no less than 3 years.

14 **SECTION 11.** 560.205 (3) (e) of the statutes is created to read:

15 560.205 (3) (e) *Transfer.* A person who is eligible to claim a credit under s. 71.07  
 16 (5b) and (5d), 71.28 (5b), or 71.47 (5b) may sell or otherwise transfer the credit to  
 17 another person who is subject to the taxes imposed under s. 71.02, 71.23, or 71.47,  
 18 if the person notifies the department of commerce and the department of revenue of  
 19 the transfer and submits with the notification a copy of the transfer documents. No  
 20 person may sell or otherwise transfer a credit as provided in this paragraph more  
 21 than once.

22 **SECTION 9310. Initial applicability; Commerce.**

23 (1) EARLY STAGE SEED INVESTMENT CREDIT. The treatment of section 560.205 (1)

24 (intro.) and (f) of the statutes, the renumbering and amendment of section 560.205

*the department may charge any person selling or otherwise transferring a credit under this paragraph a fee equal to one percent of the credit amount sold or transferred.*

and (3)(e)

1 (1) (g) of the statutes, and the creation of section 560.205 (1) (g) 2. of the statutes first  
2 apply to certifications made on the effective date of this subsection.

3 (END)

January 1, 2012

taxable <sup>years</sup> year beginning



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRB-0252/P4  
JK:kjf:ph

P5  
RMR

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

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

in 1-29-09

and to transfer the unused amount of any unused credit to another taxpayer

Don 4 Gen

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.

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:**

INSERT 1-1

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:

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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) (intro.) of the statutes is amended to read:

21          560.205 (1) ANGEL INVESTMENT TAX CREDITS. (intro.) The department shall  
22 implement a program to certify businesses for purposes of s. 71.07 (5d). A business  
23 desiring certification shall submit an application to the department in each taxable  
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2 provided under the rules of the department, a business may be certified under this  
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4 the following conditions:

5 **SECTION 5.** 560.205 (1) (f) of the statutes is repealed and recreated to read:

6 560.205 (1) (f) It has the potential for increasing jobs in this state, increasing  
7 capital investment in this state, or both, and any of the following apply:

8 1. It is engaged in, or has committed to engage in, innovation in any of the  
9 following:

10 a. Manufacturing, biotechnology, communications, agriculture, or technologies  
11 that improve operational performance, productivity, or efficiency while reducing  
12 inputs, energy consumption, waste, or pollution.

13 b. Processing or assembling products, including medical devices,  
14 pharmaceuticals, computer software, computer hardware, semiconductors, any  
15 other innovative technology products, or other products that are produced using  
16 manufacturing methods that are enabled by applying proprietary technology.

17 c. Services that are enabled by applying proprietary technology.

18 2. It is conducting research, developing a new product or business process,  
19 commercializing a new product, or developing or commercializing a service that is  
20 principally reliant on applying proprietary technology.

21 **SECTION 6.** 560.205 (1) (g) of the statutes is renumbered 560.205 (1) (g) 1. and  
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23 560.205 (1) (g) 1. It is not primarily engaged in real estate development,  
24 insurance, banking, lending, lobbying, political consulting, professional services  
25 provided by attorneys, accountants, business consultants, physicians, or health care

1 consultants, wholesale or retail trade, leisure, hospitality, transportation, or  
2 construction, except construction of power production plants that derive energy from  
3 a renewable resource, as defined in s. 196.378 (1) (h).

4 **SECTION 7.** 560.205 (1) (g) 2. of the statutes is created to read:

5 560.205 (1) (g) 2. For purposes of this paragraph, an entity that is engaged in,  
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8 activity, is not considered to be primarily engaged in that activity and may be  
9 certified under this subsection.

10 **SECTION 8.** 560.205 (1) (k) of the statutes is amended to read:

11 560.205 (1) (k) ~~It~~ For taxable years beginning before January 1, 2008, it has  
12 not received more than \$1,000,000 in investments that have qualified for tax credits  
13 under s. 71.07 (5d).

14 **SECTION 9.** 560.205 (1) (km) of the statutes is created to read:

15 560.205 (1) (km) For taxable years beginning after December 31, 2007, it has  
16 not received more than \$4,000,000 in investments that have qualified for tax credits  
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19 560.205 (3) (d) *Rules.* The department of commerce, in consultation with the  
20 department of revenue, shall promulgate rules to administer this section. The rules  
21 shall further define "bona fide angel investment" for purposes of s. 71.07 (5d) (a) 1.  
22 The rules shall limit the aggregate amount of tax credits under s. 71.07 (5d) that may  
23 be claimed for investments in businesses certified under sub. (1) at \$3,000,000 per  
24 calendar year for calendar years beginning after December 31, 2004, and before  
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 2        for calendar years beginning after December 31, 2010. The rules shall also limit the  
 3        aggregate amount of the tax credits under ss. 71.07 (5b), 71.28 (5b), and 71.47 (5b)  
 4        that may be claimed for investments paid to fund managers certified under sub. (2)  
 5        at \$3,500,000 per calendar year for calendar years beginning after December 31,  
 6        2004, and before January 1, 2008, \$6,000,000 per calendar year for calendar years  
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 8        calendar year for calendar years beginning after December 31, 2010. The rules shall  
 9        also provide that, for calendar years beginning after December 31, 2007, no person  
 10       may receive a credit under ss. 71.07 (5b) and (5d), 71.28 (5b), or 71.47 (5b) unless the  
 11       person's investment is kept in a certified business, or with a certified fund manager,  
 12       for no less than 3 years.

13                **SECTION 11.** 560.205 (3) (e) of the statutes is created to read:

14                560.205 (3) (e) *Transfer.* A person who is eligible to claim a credit under s. 71.07  
 15                (5b) and (5d), 71.28 (5b), or 71.47 (5b) may sell or otherwise transfer the credit to  
 16                another person who is subject to the taxes imposed under s. 71.02, 71.23, or 71.47,  
 17                if the person notifies the department of commerce and the department of revenue of  
 18                the transfer and submits with the notification a copy of the transfer documents. No  
 19                person may sell or otherwise transfer a credit as provided in this paragraph more  
 20                than once. The department may charge any person selling or otherwise transferring  
 21                a credit under this paragraph a fee equal to 1 percent of the credit amount sold or  
 22                transferred.

23                **SECTION 9310. Initial applicability; Commerce.**

24                (1) EARLY STAGE SEED INVESTMENT CREDIT. The treatment of section 560.205 (1)

25                (f) of the statutes, the renumbering and amendment of section 560.205 (1) (g) of the

*the department shall deposit all fees collected under this paragraph  
 in the appropriation account under s. 20.143 (1) (gm).*

1 statutes, and the creation of section 560.205 (1) (g) 2. and (3) (e) of the statutes first  
2 apply to taxable years beginning on January 1, 2012.

3 (END)

2009-2010 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-0252/P5ins  
JK:kjf:ph

Insert 1 - 1

- 1           **SECTION 1.** 20.143 (1) (gm) of the statutes is amended to read:
- 2           20.143 (1) (gm) *Wisconsin development fund, administration of grants and*
- 3           *loans.* All moneys received from origination fees under s. 560.68 (3), and from
- 4           transfer fees under s. 560.205 (3) (e), for administering the programs under subch.
- 5           V of ch. 560 and for the costs of underwriting grants and loans awarded under subch.
- 6           V of ch. 560.

**History:** 1979 c. 361; 1981 c. 20, 21, 349; 1983 a. 27, 83, 192, 381; 1985 a. 29 ss. 169 to 204, 3202 (14); 1985 a. 120, 332, 334; 1987 a. 27, 109, 317, 318, 399, 403; 1989 a. 31, 185, 237, 317, 325, 335, 336, 342, 359; 1991 a. 39, 259, 261, 269, 315; 1993 a. 5, 16, 75, 110, 232, 437; 1995 a. 27 ss. 483, 505 to 517, 608s, 609g, 609j, 964, 965, 977, 987, 988, 990 to 993, 1080b, 1085b, 1086b, 9116 (5); 1995 a. 116, 119, 216, 227; 1997 a. 9, 27, 35, 215, 237, 252, 310; 1999 a. 9, 84, 106, 185, 186; 2001 a. 16, 109; 2003 a. 33 ss. 292c to 297m, 593 to 600, 602 to 604; 2003 a. 255, 256; 2005 a. 25 ss. 150m to 156t, 331; 2005 a. 45, 358; 2007 a. 20, 125, 225; s. 13.92 (2) (i).

STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

John - angel

\$500,000 to angel  
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P6

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

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

in 1-30-09  
A-N

Don't Gen

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 allows a person to use more than \$2,000,000 in investments as the basis for the credit and to transfer the amount of any unused credit to another taxpayer. 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:*

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4 transfer fees under s. 560.205 (3) (e), for administering the programs under subch.  
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7       **SECTION 2.** 71.07 (5d) (b) of the statutes is renumbered 71.07 (5d) (b) (intro.)  
8 and amended to read:

9           71.07 (5d) (b) *Filing claims.* (intro.) Subject to the limitations provided in this  
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11 imposed under s. 71.02 or 71.08, up to the amount of those taxes, the following:

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15 investment made directly in a qualified new business venture.

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9           subsection, and may maintain such certification, only if the business satisfies all of  
10          the following conditions:

11          **SECTION 6.** 560.205 (1) (f) of the statutes is repealed and recreated to read:

12          560.205 (1) (f) It has the potential for increasing jobs in this state, increasing  
13          capital investment in this state, or both, and any of the following apply:

14           1. It is engaged in, or has committed to engage in, innovation in any of the  
15          following:

16           a. Manufacturing, biotechnology, communications, agriculture, or technologies  
17          that improve operational performance, productivity, or efficiency while reducing  
18          inputs, energy consumption, waste, or pollution.

19           b. Processing or assembling products, including medical devices,  
20          pharmaceuticals, computer software, computer hardware, semiconductors, any  
21          other innovative technology products, or other products that are produced using  
22          manufacturing methods that are enabled by applying proprietary technology.

23           c. Services that are enabled by applying proprietary technology.

1           2. It is conducting research, developing a new product or business process,  
2 commercializing a new product, or developing or commercializing a service that is  
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11 a renewable resource, as defined in s. 196.378 (1) (h).

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17 certified under this subsection.

18           **SECTION 9.** 560.205 (1) (k) of the statutes is amended to read:

19           560.205 (1) (k) ~~It~~ For taxable years beginning before January 1, 2008, it has  
20 not received more than \$1,000,000 in investments that have qualified for tax credits  
21 under s. 71.07 (5d).

22           **SECTION 10.** 560.205 (1) (km) of the statutes is created to read:

23           560.205 (1) (km) For taxable years beginning after December 31, 2007, it has  
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1           **SECTION 11.** 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  
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5 The rules shall limit the aggregate amount of tax credits under s. 71.07 (5d) that may  
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25 if the person notifies the department of commerce and the department of revenue of

1 the transfer and submits with the notification a copy of the transfer documents. No  
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3 than once. The department may charge any person selling or otherwise transferring  
4 a credit under this paragraph a fee equal to 1 percent of the credit amount sold or  
5 transferred. The department shall deposit all fees collected under this paragraph in  
6 the appropriation account under s. 20.143 (1) (gm).

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8 (1) EARLY STAGE SEED INVESTMENT CREDIT. The treatment of section 560.205 (1)  
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10 statutes, and the creation of section 560.205 (1) (g) 2. and (3) (e) of the statutes first  
11 apply to taxable years beginning on January 1, 2012.

12 (END)

2009-2010 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-0252/P6ins  
JK:kjf:jf

Insert 5 - 10

1 ~~no #~~ , plus, for taxable years beginning after December 31, 2008, an additional  
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3 businesses certified under sub. (1)

Insert 5 - 16

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

LRB-0252/P6dn

JK:kjf:jf

*Date*

X This draft reconciles LRB-0252/P5, LRB-0276/3 and LRB-1578/P3. All of these drafts should continue to appear in the compiled bill.

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

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

LRB-0252/P6dn  
JK:kjf:md

January 30, 2009

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



INSERT  
2-1

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INSERT  
2-19A+B

*and determine the amount that qualifies*

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9 following:

*nano/mano technology*

10 a. Manufacturing, biotechnology, communications, agriculture, or technologies  
11 that improve operational performance, productivity, or efficiency while reducing  
12 inputs, energy consumption, waste, or pollution.✓

*clean energy creation or storage technology*

13 b. Processing or assembling products, including medical devices,  
14 pharmaceuticals, computer software, computer hardware, semiconductors, any  
15 other innovative technology products, or other products that are produced using  
16 manufacturing methods that are enabled by applying proprietary technology.

17 c. Services that are enabled by applying proprietary technology.✓

18 2. It is conducting research, developing a new product or business process,  
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23 560.205 (1) (g) 1. It is not primarily engaged in real estate development,  
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*chg. Comp.*

*undertaking pre-commercialization activity related to proprietary technology that includes*

1 consultants, wholesale or retail trade, leisure, hospitality, transportation, or  
 2 construction, except construction of power production plants that derive energy from  
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 25 January 1, 2008, \$5,500,000 per calendar year for calendar years beginning after

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4 be claimed for investments in nanotechnology businesses certified under sub. (1).

5 The rules shall also limit the aggregate amount of the tax credits under ss. 71.07 (5b),  
6 71.28 (5b), ~~and~~ <sup>and 76.638</sup> 71.47 (5b) that may be claimed for investments paid to fund managers  
7 certified under sub. (2) at \$3,500,000 per calendar year for calendar years beginning  
8 after December 31, 2004, and before January 1, 2008, \$6,000,000 per calendar year  
9 for calendar years beginning after December 31, 2007, and before January 1, 2011,  
10 and \$18,500,000 per calendar year for calendar years beginning after December 31,

11 2010, plus, for taxable years beginning after December 31, 2008, an additional  
12 \$500,000 for tax credits that may be claimed for investments in nanotechnology  
13 businesses certified under sub. (1). The rules shall also provide that, for calendar

14 years beginning after December 31, 2007, no person may receive a credit under ss.  
15 71.07 (5b) and (5d), 71.28 (5b), ~~or~~ <sup>or 76.638</sup> 71.47 (5b) unless the person's investment is kept  
16 in a certified business, or with a certified fund manager, for no less than 3 years.

17 SECTION 11. 560.205 (3) (e) of the statutes is created to read:

18 560.205 (3) (e) *Transfer*. A person who is eligible to claim a credit under s. 71.07  
19 (5b) and (5d), 71.28 (5b), ~~or~~ <sup>or 76.638</sup> 71.47 (5b) may sell or otherwise transfer the credit to  
20 another person who is subject to the taxes <sup>for a fee</sup> imposed under s. 71.02, 71.23, <sup>stays</sup> or 71.47,

21 if the person notifies the department of commerce and the department of revenue of  
22 the transfer and submits with the notification a copy of the transfer documents. No  
23 person may sell or otherwise transfer a credit as provided in this paragraph more  
24 than once. The department may charge any person selling or otherwise transferring  
25 a credit under this paragraph a fee equal to 1 percent of the credit amount sold or

receiver prior authorization from the investment fund manager and the manager then

or subch. III of ch. 76

1 transferred. The department shall deposit all fees collected under this paragraph in  
2 the appropriation account under s. 20.143 (1) (gm).

3 **SECTION 9310. Initial applicability; Commerce.**

4 (1) EARLY STAGE SEED INVESTMENT CREDIT. The treatment of section 560.205 (1)  
5 (f) of the statutes, the renumbering and amendment of section 560.205 (1) (g) of the  
6 statutes, and the creation of section 560.205 (1) (g) 2) and (3) (e) of the statutes first  
7 apply to taxable years beginning on January 1, 2012.

8 (END)

*Handwritten annotations:*  
- Arrows pointing to (1) and (g) in line 4.  
- Circles around (f) in line 5, (g) in line 5, and 2012 in line 7.  
- Underline under (f) in line 5.  
- Underline under (g) in line 5.  
- Underline under (g) 2) and (3) (e) in line 6.  
- Circle around 2012 in line 7.  
- Circle around (2) in line 7.  
- Circle around 2009 in line 8.  
- The word "applies" written in line 8.

**2009-2010 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0252/P7ins  
JK:kjf:md

**Insert 2 - 1**

1           **SECTION 1.** 71.07 (5b) (c) 1. of the statutes is amended to read:  
2           71.07 (5b) (c) 1. Except as provided in s. 73.03 (63), the maximum amount of  
3           the credits that may be claimed under this subsection and ss. 71.28 (5b) and, 71.47  
4           (5b), and 76.638 for all taxable years combined is \$52,500,000.

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).

**Insert 2 - 19 A**

5           **SECTION 2.** 71.28 (5b) (c) 1. of the statutes is amended to read:  
6           71.28 (5b) (c) 1. Except as provided in s. 73.03 (63), the maximum amount of  
7           the credits that may be claimed under this subsection and ss. 71.07 (5b) and, 71.47  
8           (5b), and 76.638 for all taxable years combined is \$52,500,000.

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; s. 13.92 (2) (i).

9           **SECTION 3.** 71.47 (5b) (c) 1. of the statutes is amended to read:  
10          71.47 (5b) (c) 1. Except as provided in s. 73.03 (63), the maximum amount of  
11          the credits that may be claimed under this subsection and ss. 71.07 (5b) and, 71.28  
12          (5b), and 76.638 for all taxable years combined is \$52,500,000.

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; s. 13.92 (2) (i).

**Insert 4 - 17**

13          **SECTION 4.** 560.205 (1) (L) of the statutes is created to read:  
14          560.205 (1) (L) For taxable years beginning after December 31, 2010, it has not  
15          received more than \$8,000,000 in investments that have qualified for tax credits  
16          under ss. 71.07 (5b) and (5d), 71.28 (5b), and 71.47 (5b) and 76.638

17          **SECTION 5.** 560.205 (2) of the statutes is amended to read:  
18          560.205 (2) EARLY STAGE SEED INVESTMENT TAX CREDITS. The department shall  
19          implement a program to certify investment fund managers for purposes of ss. 71.07

and 76.638

1 (5b), 71.28 (5b), ~~and 71.47 (5b)~~. An investment fund manager desiring certification  
2 shall submit an application to the department. The investment fund manager shall  
3 specify in the application the investment amount that the manager wishes to raise  
4 and the department may certify the manager and determine the amount that  
5 qualifies for purposes of ss. 71.07 (5b), 71.28 (5b), and 71.47 (5b). In determining  
6 whether to certify an investment fund manager, the department shall consider the  
7 investment fund manager's experience in managing venture capital funds, the past  
8 performance of investment funds managed by the applicant, the expected level of  
9 investment in the investment fund to be managed by the applicant, and any other  
10 relevant factors. The department may certify only investment fund managers that  
11 commit to consider placing investments in businesses certified under sub. (1).

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

and 76.638

Draft 2-19B

## 2007 ASSEMBLY BILL 817

February 19, 2008 - Introduced by Representatives STRACHOTA, SINICKI, JESKEWITZ, HAHN, MUSSER, ALBERS, BIES, LEMAHIEU, TOWNSEND, VOS and SHILLING, cosponsored by Senators SULLIVAN, TAYLOR, KEDZIE, DARLING and ROESSLER. Referred to Committee on Jobs and The Economy.

1 AN ACT *to renumber and amend* 71.07 (5d) (b); *to amend* 73.03 (63), 76.67 (2),  
 2 560.205 (1) (k), 560.205 (2), 560.205 (3) (c) 1. and 560.205 (3) (d); and *to create*  
 3 71.07 (5d) (b) 2., 76.637 and 560.275 (2m) of the statutes; **relating to:** the early  
 4 stage seed and angel investment tax credits, the submission of budget  
 5 information by the department of commerce, and allocating funding to the  
 6 technology commercialization grant and loan program.

### *Analysis by the Legislative Reference Bureau*

Under current law, generally, a taxpayer may claim a credit against the taxpayer's income and franchise tax liability on certain amounts invested in new businesses under the early stage seed investment tax credit or the angel investment tax credit. This bill allows insurers to claim the early stage seed investment credits against the license fees imposed on insurance companies.

Under current law, the maximum amount of angel investments that a business may receive is \$1,000,000. This bill increases the maximum amount of angel investments that a business may receive to \$4,000,000.

Currently, the Department of Commerce (department) may generally award a technology commercialization grant or loan for the development or commercialization of a technologically innovative product, process, or service; to enhance a person's ability to obtain early stage capital from third parties; or to support certain entrepreneurial and technology transfer centers. Such grants and

**ASSEMBLY BILL 817**

loans are funded by the Wisconsin Development Fund (fund), which also funds several other economic development programs.

This bill instructs the department to prepare its budget request for the fund for the 2009–11 fiscal biennium as though the fund were appropriated an additional \$2.5 million for the 2007–09 fiscal biennium. The bill also directs the department to allocate \$5,000,000 from the fund in each fiscal biennium to technology commercialization grants and loans.

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

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***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.* 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 July 1, 2009, in each taxable year for 2  
7 consecutive years, beginning with the taxable year as certified by the department of  
8 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 June 30, 2009, for the taxable  
12 year certified by the department of commerce, an amount equal to 25 percent of the  
13 claimant's bona fide angel investment made directly in a qualified new business  
14 venture.

15           **SECTION 3.** 73.03 (63) of the statutes, as created by 2007 Wisconsin Act 20, is  
16 amended to read:

INSERT  
2-193

ASSEMBLY BILL 817

76.638 ✓

1 73.03 (63) Notwithstanding the amount limitations specified under ss. 71.07  
 2 (5b) (c) 1. and (5d) (c) 1., 71.28 (5b) (c) 1., 71.47 (5b) (c) 1., 76.637 (3) ✓ and 560.205 (3)  
 3 (d), in consultation with the department of commerce, to carry forward to subsequent  
 4 taxable years unclaimed credit amounts of the early stage seed investment credits  
 5 under ss. 71.07 (5b), 71.28 (5b), and 71.47 (5b), and 76.637 ✓ and the angel investment  
 6 credit under s. 71.07 (5d). Annually, no later than July 1, the department of  
 7 commerce shall submit to the department of revenue its recommendations for the  
 8 carry forward of credit amounts as provided under this subsection. ✓

9 SECTION 4. 76.637 ✓ of the statutes is created to read:

10 76.637 ✓ Early stage seed investment credit. (1) DEFINITIONS. In this  
 11 section, "fund manager" means an investment fund manager certified under s.  
 12 560.205 (2). *December 31, 2008*

13 (2) FILING CLAIMS. For taxable years beginning after June 30, 2009 ✓, subject to  
 14 the limitations provided under this subsection and s. 560.205, an insurer may claim  
 15 as a credit against the fees imposed under s. 76.60 ✓, 76.63 ✓, 76.65 ✓, 76.66 ✓, or 76.67 ✓, 25  
 16 percent of the insurer's investment paid to a fund manager that the fund manager  
 17 invests in a business certified under s. 560.205 (1).

18 (3) LIMITATIONS. Except as provided in s. 73.03 (63) ✓, the maximum amount of  
 19 the credits that may be claimed under this section and ss. 71.07 (5b) ✓, 71.28 (5b) ✓, and  
 20 71.47 (5b) for all taxable years combined is \$52,500,000.

21 (4) INVESTMENT BASIS. The Wisconsin adjusted basis of any investment for  
 22 which a credit is claimed under sub. (2) shall be reduced by the amount of the credit  
 23 that is offset against the fees imposed under s. 76.60, 76.63, 76.65, 76.66, or 76.67 ✓.

24 (5) CARRY-FORWARD. If the credit under sub. (2) is not entirely offset against the  
 25 fees under s. 76.60, 76.63, 76.65, 76.66, or 76.67 ✓ otherwise due, the unused balance

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**ASSEMBLY BILL 817****SECTION 4**

1 may be carried forward and credited against those fees for the following 15 years to  
2 the extent that it is not offset by those fees otherwise due in all the years between  
3 the year in which the expense was made and the year in which the carry-forward  
4 credit is claimed.

5 **SECTION 5.** 76.67 (2) of the statutes is amended to read:

6 76.67 (2) If any domestic insurer is licensed to transact insurance business in  
7 another state, this state may not require similar insurers domiciled in that other  
8 state to pay taxes greater in the aggregate than the aggregate amount of taxes that  
9 a domestic insurer is required to pay to that other state for the same year less the  
10 credits under ss. 76.635, 76.636, 76.637, and 76.655, except that the amount imposed  
11 shall not be less than the total of the amounts due under ss. 76.65 (2) and 601.93 and,  
12 if the insurer is subject to s. 76.60, 0.375% of its gross premiums, as calculated under  
13 s. 76.62, less offsets allowed under s. 646.51 (7) or under ss. 76.635, 76.636, 76.637,  
14 and 76.655 against that total, and except that the amount imposed shall not be less  
15 than the amount due under s. 601.93.

16 **SECTION 6.** 560.205 (1) (k) of the statutes is amended to read:

17 560.205 (1) (k) It has not received more than \$1,000,000 \$4,000,000 in  
18 investments that have qualified for tax credits under s. 71.07 (5d).

19 **SECTION 7.** 560.205 (2) of the statutes is amended to read:

20 560.205 (2) **EARLY STAGE SEED INVESTMENT TAX CREDITS.** The department shall  
21 implement a program to certify investment fund managers for purposes of ss. 71.07  
22 (5b), 71.28 (5b), and 71.47 (5b), and 76.637. An investment fund manager desiring  
23 certification shall submit an application to the department. In determining whether  
24 to certify an investment fund manager, the department shall consider the  
25 investment fund manager's experience in managing venture capital funds, the past