

2013 DRAFTING REQUEST

Bill

Received: 10/10/2012 Received By: mgallagh
Wanted: As time permits Same as LRB:
For: Administration-Budget 6-7597 By/Representing: Ley
May Contact: Drafter: fknepp
Subject: Econ. Development - misc. Addl. Drafters: jkreye
Econ. Development - tax incentives
Extra Copies: RAC

Submit via email: YES
Requester's email:
Carbon copy (CC) to: michael.gallagher@legis.wisconsin.gov
fern.knepp@legis.wisconsin.gov
joseph.kreye@legis.wisconsin.gov

Pre Topic:

DOA:.....Ley, BB0149 -

Topic:

Calculation of jobs and enterprise zone tax credits

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	fknepp 1/17/2013	csicilia 10/30/2012	rschluet 10/30/2012	_____	rosee 10/30/2012		State
/1		csicilia 1/17/2013	jfrantze 1/17/2013	_____	sbasford 1/17/2013		State

FE Sent For:

<END>

2013 DRAFTING REQUEST

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Pre Topic:

DOA:.....Ley, BB00149 -

Topic:

Calculation of jobs and enterprise zone tax credits

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 10/29/2012	csicilia 10/30/2012	10/30/2012	_____	srose 10/30/2012		State

FE Sent For:

1 cjs 11/17
13
11/17

<END>

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Pre Topic:

DOA:.....Ley, BB00149 -

Topic:

Calculation of jobs and enterprise zone tax credits

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	fknepp	P1 gjs 10/30/12	P1 gjs 10/13/12				State

FE Sent For:

<END>

Gallagher, Michael

From: Hanaman, Cathlene
Sent: Wednesday, October 10, 2012 5:04 PM
To: Gallagher, Michael; Knepp, Fern
Subject: FW: [Possible SPAM] Statutory Language Drafting Request

Importance: Low

From: Emily.Ley@wisconsin.gov [<mailto:Emily.Ley@wisconsin.gov>]
Sent: Friday, October 05, 2012 1:26 PM
To: Hanaman, Cathlene
Cc: Frederick, Caitlin - DOA; Ley, Emily A - DOA; Thornton, Scott - DOA
Subject: [Possible SPAM] Statutory Language Drafting Request
Importance: Low

Biennial Budget: 2013-15

DOA Tracking Code: BB0149

Topic: Modify the wage standard used in calculating tax benefits under the Jobs and Enterprise Zone Tax Credit programs

SBO Team: TLGED

SBO Analyst: Ley, Emily - DOA
Phone: 608-266-7597
E-mail: Emily.Ley@wisconsin.gov

Agency Acronym: WEDC

Agency Number: 192

Priority: Medium

Intent:

Modify the base salary above which benefits are calculated under the Jobs and Enterprise Zone Tax Credit Programs from a qualifying job that is in excess of \$20,000 (\$30,000 in counties that are not "distressed") to the same level as the eligibility threshold, currently 150% of the federal minimum wage. The intent is to resolve an inconsistency in both programs between the minimum wage rate needed for a job to qualify for benefits (150% of the federal minimum wage, currently \$22,620 annually) and the base wage upon which the benefits are calculated (\$20,000 or \$30,000 in counties that are not "distressed").

Attachments: False

Please send completed drafts to statlanguage@wisapps.wi.gov

Knepp, Fern

From: Ley, Emily A - DOA <Emily.Ley@wisconsin.gov>
Sent: Wednesday, October 24, 2012 4:51 PM
To: Knepp, Fern
Subject: RE: BB0149
Attachments: WEDC Wage Standard.docx

Hi Fern,

As promised, here is WEDC's issue paper on modifying the wage standard under the Jobs and Enterprise Zone Tax Credit Programs. The intent is eliminate the confusion between the wage rate need to qualify for benefits and the base wage upon which benefits are calculated by raising the base salary to match the wage rate needed to qualify for benefits. Both figures will reference 150% the federal minimum wage.

The proposal does not eliminate the tier I and tier II designations. Again, the paper is very helpful in clarifying the intent. Please let me know if other questions come up. Now that I know who to contact, it should be much easier to get information!

Emily

From: Knepp, Fern [<mailto:Fern.Knepp@legis.wisconsin.gov>]
Sent: Thursday, October 18, 2012 10:23 AM
To: Ley, Emily A - DOA
Subject: RE: BB0149

Sounds great. Thanks.

From: Ley, Emily A - DOA [<mailto:Emily.Ley@wisconsin.gov>]
Sent: Thursday, October 18, 2012 10:22 AM
To: Knepp, Fern
Subject: RE: BB0149

Hi Fern,

I haven't forgotten about your questions on modifying the wage standard. I've requested some information from WEDC and I'll let you know as soon as I hear back.

Emily

From: Knepp, Fern [<mailto:Fern.Knepp@legis.wisconsin.gov>]
Sent: Wednesday, October 17, 2012 4:13 PM
To: Ley, Emily A - DOA
Subject: BB0149

Good Afternoon, Emily.

Sorry to bother you. I have a couple questions about the budget request to modify the wage standard used in calculating tax benefits under the jobs and enterprise zone tax credit programs.

1. Is it WEDC's intent to eliminate the concept of tier I and tier II counties or municipalities for purposes of determining the amount of the tax benefits under the jobs tax credit program (s. 238.16 (4) (b) 1.) and the tax benefits under the enterprise zone tax credit program (for example in s. 71.07 (3w) (b) 1.)?
2. Does WEDC also want to alter the eligibility for tax benefits in s. 238.16 (3) (a) in the same manner to avoid any inconsistency between that subsection and the definition of eligible employee? If so, is it WEDC's intent to preserve the distinction between a tier I and tier II county or municipality for purposes of eligibility?

Thanks,

Fern

Fern F. Knepp

Legislative Attorney
Wisconsin Legislative Reference Bureau
P.O. Box 2037
Madison, WI 53701-2037
(608) 261-6927
fern.knepp@legis.wisconsin.gov

Wisconsin Economic Development Corporation

2013/15 Biennial Budget

Jobs Tax Credit and Enterprise Zone Programs - Wage Standard

The Wisconsin Economic Development Corporation (WEDC) proposes to modify the wage standard used in calculating tax benefits under the Jobs and Enterprise Zone Tax Credit Programs. The change is intended to resolve an inconsistency within the programs between the wage rate needed to qualify for benefits and the base wage upon which those benefits are calculated.

Background

The WEDC administers several tax credit programs, including the jobs tax credit, the economic development tax credit, the development opportunity zone tax credit, and the enterprise zone tax credit programs. Each of the programs establishes wage thresholds that must be met in order for jobs to qualify for tax benefits. However, they vary in the methodologies used to calculate those benefits.

The Jobs and Enterprise Zone Tax Credit Programs offer tax benefits to businesses that create eligible jobs. Eligible jobs are defined as full-time jobs in which an individual is required to work 2,080 hours in a year and receives pay equal to at least 150% of the federal minimum wage (currently \$22,620 on an annual basis). The programs use a similar approach in determining the level of tax benefits offered for job creation. Unlike economic development and development opportunity zone tax credits, which are earned on the basis of a fixed dollar amount for each qualifying new job, jobs and enterprise zone tax credits are calculated as a percentage of the wages paid to eligible employees.

The Jobs Program provides an annual benefit equal to 10% of wages paid to eligible employees who earn at least \$20,000 in the year in which the credits are claimed for those employees, if the business is located in a so-called Tier 1 county or municipality. Tier 1 counties and municipalities are those determined by the WEDC to exhibit signs of economic distress. In Tier 2 (non-distressed) counties and municipalities, the rate is 10% of wages paid to eligible employees who earn at least \$30,000. The annual credit may not exceed \$10,000 per eligible employee.

The Enterprise Zone Program uses a slightly different approach. In it, annual benefits are calculated at a rate of up to 7% of the amount of salary for each eligible job that is greater than \$20,000 in a Tier 1 county or municipality, or that is greater than \$30,000 in a Tier 2 county or municipality. Thus, in a Tier 1 location, the first \$20,000 of salary earns no benefit and in a Tier 2 location, the first \$30,000 of salary earns no benefit. Also, no benefit is derived from an amount of salary for an eligible employee in any year that exceeds \$100,000.

The current structure has caused some confusion because, in Tier 1 locations, the programs appear to utilize conflicting wage standards. Both define eligible jobs as those paying at least \$22,620 in annual

wages (150% of the federal minimum wage) but then use a \$20,000 standard in the calculation of benefits. This has led some applicants and local economic development partners to conclude that the qualifying wage in a Tier 1 location is \$20,000 rather than \$22,620. The proposal seeks to address this misunderstanding by eliminating the discrepancy between these two numbers.

Modify the Wage Standard Under the Jobs and Enterprise Zone Tax Credit Programs

To remove the discrepancy between the qualifying wage standard and the annual salary used to determine tax benefits, the proposal would raise the latter figure to the same level as the qualifying wage standard. Both would stand at 150% of the federal minimum wage.

The change is expected to have little, if any, fiscal impact. Under the Jobs Program, it could delay the recognition of a new job that pays a qualifying hourly wage but doesn't accumulate a sufficient number of hours to generate an annual salary of \$22,620. That's only slightly higher than the current \$20,000 standard so it is reasonable to assume that few awards would be affected. In such a situation, the job would be recognized in the following year.

The impact on awards under the Enterprise Zone Program would be different, but also very modest. In Tier 1 counties and municipalities, the change will raise the base wage, above which benefits are calculated, by \$2,620. In other words, rather than discounting the first \$20,000 of salary in the calculation of tax benefits, the revised standard would discount the first \$22,620 of salary. That would reduce the annual benefit per eligible job by a maximum of \$183 (7% of \$2,620). This is a small impact on awards that, in the Enterprise Zone Program, routinely total in the tens of millions of dollars.

And while the potential impact on future awards is quite modest, in fact, there may be no impact at all. That's because, under both programs, tax benefits can be earned for activities other than job creation or retention. A recipient might recoup benefits it loses as a result of this adjustment, for example, by earning more through job training or investment. Moreover, award offers are not formulaic. They reflect a whole host of other factors such as project scale, competitive pressures from other states, and applicant need, any one of which might influence the final award offer.

In sum, the proposal is best characterized as a technical administrative correction. It does not reflect a significant policy change.



DOA:.....Ley, BB00149 - Calculation of jobs and enterprise zone tax credits
FOR 2013-2015 BUDGET - NOT READY FOR INTRODUCTION

SKW
x-120

in 10-29-12

jjs

Do NOT Gen

for certain full-time employees

of those employees

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

Analysis by the Legislative Reference Bureau
TAXATION
INCOME TAXATION

Under current law, WEDC administers the jobs tax credit program and the enterprise zone tax credit program. These programs provide tax benefits to businesses that create or retain certain full-time jobs in this state. Currently, under the jobs tax credit program, WEDC may award tax benefits in an amount that is up to ~~ten~~ percent of the wages a business pays to certain full-time employees who annually earn at least \$20,000 or \$30,000, depending on where the business is located. Under the enterprise zone tax credit program, DOR provides tax benefits to a business certified by WEDC in an amount that is ~~seven~~ percent of the amount ~~that~~ the annual ~~salary~~ for each ~~full-time job~~ exceeds either \$20,000 or \$30,000, depending on where the business is located.

Under this bill, WEDC may award tax benefits under the jobs tax credit program in an amount that is up to ~~ten~~ percent of the wages a business pays to certain full-time employees who annually earn at least: (a) what an individual earns making 150 percent of federal minimum wage for 2,080 hours or (b) \$30,000, depending on where the business is located. Similarly, under this bill, the amount of tax benefits DOR provides under the enterprise zone tax credit program is ~~seven~~ percent of the amount ~~that~~ the annual ~~salary~~ for each full-time ~~job~~ exceeds either: (a) what an individual earns making 150 percent of federal minimum wage for 2,080 hours or (b) \$30,000, depending on where the business is located.

by which

10

wages

up to 7

up to 7

by which

wages

employee

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 (3w) (b) 1. a. of the statutes is amended to read:

2 71.07 (3w) (b) 1. a. The number of full-time employees whose annual wages
3 are greater than \$20,000 the amount determined by multiplying 2,080 by 150
4 percent of the federal minimum wage in a tier I county or municipality or greater
5 than \$30,000 in a tier II county or municipality and who the claimant employed in
6 the enterprise zone in the taxable year, minus the number of full-time employees
7 whose annual wages were greater than \$20,000 the amount determined by
8 multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or
9 municipality or greater than \$30,000 in a tier II county or municipality and who the
10 claimant employed in the area that comprises the enterprise zone in the base year.

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. 337m to 339m, 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; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; s. 35.17 correction in (2dr) (a), (5n) (a) (intro.).

11 **SECTION 2.** 71.07 (3w) (b) 1. b. of the statutes is amended to read:

12 71.07 (3w) (b) 1. b. The number of full-time employees whose annual wages
13 are greater than \$20,000 the amount determined by multiplying 2,080 by 150
14 percent of the federal minimum wage in a tier I county or municipality or greater
15 than \$30,000 in a tier II county or municipality and who the claimant employed in
16 the state in the taxable year, minus the number of full-time employees whose annual
17 wages were greater than \$20,000 the amount determined by multiplying 2,080 by
18 150 percent of the federal minimum wage in a tier I county or municipality or greater

1 than \$30,000 in a tier II county or municipality and who the claimant employed in
2 the state in the base year.

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; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; s. 35.17 correction in (2dr) (a), (5n) (a) (intro.).

3 **SECTION 3. 71.07 (3w) (b) 2. of the statutes is amended to read:**

4 **71.07 (3w) (b) 2.** Determine the claimant's average zone payroll by dividing
5 total wages for full-time employees whose annual wages are greater than \$20,000
6 the amount determined by multiplying 2,080 by 150 percent of the federal minimum
7 wage in a tier I county or municipality or greater than \$30,000 in a tier II county or
8 municipality and who the claimant employed in the enterprise zone in the taxable
9 year by the number of full-time employees whose annual wages are greater than
10 \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal
11 minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II
12 county or municipality and who the claimant employed in the enterprise zone in the
13 taxable year.

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; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; s. 35.17 correction in (2dr) (a), (5n) (a) (intro.).

14 **SECTION 4. 71.07 (3w) (b) 3. of the statutes is amended to read:**

15 **71.07 (3w) (b) 3.** For employees in a tier I county or municipality, subtract
16 \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal
17 minimum wage from the amount determined under subd. 2. and for employees in a
18 tier II county or municipality, subtract \$30,000 from the amount determined under
19 subd. 2.

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; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; s. 35.17 correction in (2dr) (a), (5n) (a) (intro.).

20 **SECTION 5. 71.07 (3w) (bm) 2. of the statutes is amended to read:**

1 71.07 (3w) (bm) 2. In addition to the credits under par. (b) and subds. 1., 3., and
2 4., and subject to the limitations provided in this subsection and s. 238.399 or s.
3 560.799, 2009 stats., a claimant may claim as a credit against the tax imposed under
4 s. 71.02 or 71.08 an amount equal to the percentage, as determined under s. 238.399
5 or s. 560.799, 2009 stats., not to exceed 7 percent, of the claimant's zone payroll paid
6 in the taxable year to all of the claimant's full-time employees whose annual wages
7 are greater than \$20,000 the amount determined by multiplying 2,080 by 150
8 percent of the federal minimum wage in a tier I county or municipality, not including
9 the wages paid to the employees determined under par. (b) 1., or greater than \$30,000
10 in a tier II county or municipality, not including the wages paid to the employees
11 determined under par. (b) 1., and who the claimant employed in the enterprise zone
12 in the taxable year, if the total number of such employees is equal to or greater than
13 the total number of such employees in the base year. A claimant may claim a credit
14 under this subdivision for no more than 5 consecutive taxable years.

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; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401;
2011 a. 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; s. 35.17 correction in (2dr) (a), (5n) (a) (intro.).

15 **SECTION 6. 71.28 (3w) (b) 1. a. of the statutes is amended to read:**

16 71.28 (3w) (b) 1. a. The number of full-time employees whose annual wages
17 are greater than \$20,000 the amount determined by multiplying 2,080 by 150
18 percent of the federal minimum wage in a tier I county or municipality or greater
19 than \$30,000 in a tier II county or municipality and who the claimant employed in
20 the enterprise zone in the taxable year, minus the number of full-time employees
21 whose annual wages were greater than \$20,000 the amount determined by
22 multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or

1 municipality or greater than \$30,000 in a tier II county or municipality and who the
2 claimant employed in the area that comprises the enterprise zone in the base year.

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; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; s. 35.17 correction in (1dm) (a) 1.

3 **SECTION 7. 71.28 (3w) (b) 1. b. of the statutes is amended to read:**

4 **71.28 (3w) (b) 1. b.** The number of full-time employees whose annual wages
5 are greater than \$20,000 the amount determined by multiplying 2,080 by 150
6 percent of the federal minimum wage in a tier I county or municipality or greater
7 than \$30,000 in a tier II county or municipality and who the claimant employed in
8 the state in the taxable year, minus the number of full-time employees whose annual
9 wages were greater than \$20,000 the amount determined by multiplying 2,080 by
10 150 percent of the federal minimum wage in a tier I county or municipality or greater
11 than \$30,000 in a tier II county or municipality and who the claimant employed in
12 the state in the base year.

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; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; s. 35.17 correction in (1dm) (a) 1.

13 **SECTION 8. 71.28 (3w) (b) 2. of the statutes is amended to read:**

14 **71.28 (3w) (b) 2.** Determine the claimant's average zone payroll by dividing
15 total wages for full-time employees whose annual wages are greater than \$20,000
16 the amount determined by multiplying 2,080 by 150 percent of the federal minimum
17 wage in a tier I county or municipality or greater than \$30,000 in a tier II county or
18 municipality and who the claimant employed in the enterprise zone in the taxable
19 year by the number of full-time employees whose annual wages are greater than
20 \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal
21 minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II

1 county or municipality and who the claimant employed in the enterprise zone in the
2 taxable year.

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; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; s. 35.17 correction in (1dm) (a) 1.

3 **SECTION 9.** 71.28 (3w) (b) 3. of the statutes is amended to read:

4 71.28 (3w) (b) 3. For employees in a tier I county or municipality, subtract
5 \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal
6 minimum wage from the amount determined under subd. 2. and for employees in a
7 tier II county or municipality, subtract \$30,000 from the amount determined under
8 subd. 2.

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; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; s. 35.17 correction in (1dm) (a) 1.

9 **SECTION 10.** 71.28 (3w) (bm) 2. of the statutes is amended to read:

10 71.28 (3w) (bm) 2. In addition to the credits under par. (b) and subds. 1., 3., and
11 4., and subject to the limitations provided in this subsection and s. 238.399 or s.
12 560.799, 2009 stats., a claimant may claim as a credit against the tax imposed under
13 s. 71.23 an amount equal to the percentage, as determined under s. 238.399 or s.
14 560.799, 2009 stats., not to exceed 7 percent, of the claimant's zone payroll paid in
15 the taxable year to all of the claimant's full-time employees whose annual wages are
16 greater than \$20,000 the amount determined by multiplying 2,080 by 150 percent
17 of the federal minimum wage in a tier I county or municipality, not including the
18 wages paid to the employees determined under par. (b) 1., or greater than \$30,000
19 in a tier II county or municipality, not including the wages paid to the employees
20 determined under par. (b) 1., and who the claimant employed in the enterprise zone
21 in the taxable year, if the total number of such employees is equal to or greater than

1 the total number of such employees in the base year. A claimant may claim a credit
2 under this subdivision for no more than 5 consecutive taxable years.

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. 3399f 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; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; s. 35.17 correction in (1dm) (a) 1.

3 **SECTION 11. 71.47 (3w) (b) 1. a.** of the statutes is amended to read:

4 **71.47 (3w) (b) 1. a.** The number of full-time employees whose annual wages
5 are greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150
6 percent of the federal minimum wage in a tier I county or municipality or greater
7 than \$30,000 in a tier II county or municipality and who the claimant employed in
8 the enterprise zone in the taxable year, minus the number of full-time employees
9 whose annual wages were greater than ~~\$20,000~~ the amount determined by
10 multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or
11 municipality or greater than \$30,000 in a tier II county or municipality and who the
12 claimant employed in the area that comprises the enterprise zone in the base year.

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; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 ss. 80, 81.

13 **SECTION 12. 71.47 (3w) (b) 1. b.** of the statutes is amended to read:

14 **71.47 (3w) (b) 1. b.** The number of full-time employees whose annual wages
15 are greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150
16 percent of the federal minimum wage in a tier I county or municipality or greater
17 than \$30,000 in a tier II county or municipality and who the claimant employed in
18 the state in the taxable year, minus the number of full-time employees whose annual
19 wages were greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by
20 150 percent of the federal minimum wage in a tier I county or municipality or greater

1 than \$30,000 in a tier II county or municipality and who the claimant employed in
2 the state in the base year.

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; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 ss. 80, 81.

3 **SECTION 13.** 71.47 (3w) (b) 2. of the statutes is amended to read:

4 71.47 (3w) (b) 2. Determine the claimant's average zone payroll by dividing
5 total wages for full-time employees whose annual wages are greater than \$20,000
6 the amount determined by multiplying 2,080 by 150 percent of the federal minimum
7 wage in a tier I county or municipality or greater than \$30,000 in a tier II county or
8 municipality and who the claimant employed in the enterprise zone in the taxable
9 year by the number of full-time employees whose annual wages are greater than
10 \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal
11 minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II
12 county or municipality and who the claimant employed in the enterprise zone in the
13 taxable year.

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; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 ss. 80, 81.

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

15 71.47 (3w) (b) 3. For employees in a tier I county or municipality, subtract
16 \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal
17 minimum wage from the amount determined under subd. 2. and for employees in a
18 tier II county or municipality, subtract \$30,000 from the amount determined under
19 subd. 2.

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; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 ss. 80, 81.

20 **SECTION 15.** 71.47 (3w) (bm) 2. of the statutes is amended to read:

21 71.47 (3w) (bm) 2. In addition to the credits under par. (b) and subds. 1., 3., and
22 4., and subject to the limitations provided in this subsection and s. 238.399 or s.

1 560.799, 2009 stats., a claimant may claim as a credit against the tax imposed under
 2 s. 71.43 an amount equal to the percentage, as determined under s. 238.399 or s.
 3 560.799, 2009 stats., not to exceed 7 percent, of the claimant's zone payroll paid in
 4 the taxable year to all of the claimant's full-time employees whose annual wages are
 5 greater than \$20,000 the amount determined by multiplying 2,080 by 150 percent
 6 of the federal minimum wage in a tier I county or municipality, not including the
 7 wages paid to the employees determined under par. (b) 1., or greater than \$30,000
 8 in a tier II county or municipality, not including the wages paid to the employees
 9 determined under par. (b) 1., and who the claimant employed in the enterprise zone
 10 in the taxable year, if the total number of such employees is equal to or greater than
 11 the total number of such employees in the base year. A claimant may claim a credit
 12 under this subdivision for no more than 5 consecutive taxable years.

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; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 ss. 80, 81.

13 **SECTION 16.** 238.16 (3) (a) of the statutes is amended to read:

14 238.16 (3) (a) In a tier I county or municipality, an eligible employee for whom
 15 the person claims a tax credit will earn at least \$20,000 the amount determined by
 16 multiplying 2,080 by 150 percent of the federal minimum wage in wages from the
 17 person in the year for which the credit is claimed.

History: 2009 a. 28, 265; 2011 a. 32 ss. 2864, 3357 to 3366; Stats. 2011 s. 238.16; 2011 a. 88.

18 **SECTION 17.** 238.16 (4) (b) 1. a. of the statutes is amended to read:

19 238.16 (4) (b) 1. a. In a tier I county or municipality, at least \$20,000 the amount
 20 determined by multiplying 2,080 by 150 percent of the federal minimum wage.

History: 2009 a. 28, 265; 2011 a. 32 ss. 2864, 3357 to 3366; Stats. 2011 s. 238.16; 2011 a. 88.

21 **SECTION 9337. Initial applicability; Revenue** 

22 (1) ENTERPRISE ZONE JOBS CREDIT. The treatment of sections 71.07 (3w) (b) 1. a.
 23 and b., 2., and 3.  and (bm) 2., 71.28(3w) (b) 1. a. and b., 2., and 3.  and (bm) 2., 71.47

✓ ✓ ✓ ✓ ✓ 

✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓
① (3w) (b) 1. a. and b., 2., and 3. and (bm) 2., and 238.16 (3) (a) and (4) (b) 1. a. of the
2 statutes first applies to taxable years beginning on January 1, 2013.

3 (END)

Knepp, Fern

From: Ley, Emily A - DOA <Emily.Ley@wisconsin.gov>
Sent: Thursday, January 17, 2013 10:54 AM
To: Knepp, Fern
Subject: RE: Draft review: LRB -0297/P1 Topic: Calculation of jobs and enterprise zone tax credits

Aha! Sorry Fern,

I've been knee deep in these drafts all morning and totally forgot that you sent this email. I apologize. Yes, this is exactly what I'm referring to and yes, we were waiting on me before correcting it. I don't see any other changes so please go ahead and make a /2.

Thank you!

From: Knepp, Fern [<mailto:Fern.Knepp@legis.wisconsin.gov>]
Sent: Thursday, January 17, 2013 10:50 AM
To: Ley, Emily A - DOA
Subject: FW: Draft review: LRB -0297/P1 Topic: Calculation of jobs and enterprise zone tax credits

Emily,

I think this is the issue you are referring to. Would you like a /2 that corrects the error? I think we were waiting to see if there would be any other changes.

Fern

From: Ley, Emily A - DOA [<mailto:Emily.Ley@wisconsin.gov>]
Sent: Tuesday, October 30, 2012 2:05 PM
To: Knepp, Fern
Subject: RE: Draft review: LRB -0297/P1 Topic: Calculation of jobs and enterprise zone tax credits

Hi Fern,
Thanks for alerting me.

From: Knepp, Fern [<mailto:Fern.Knepp@legis.wisconsin.gov>]
Sent: Tuesday, October 30, 2012 2:03 PM
To: Ley, Emily A - DOA
Subject: FW: Draft review: LRB -0297/P1 Topic: Calculation of jobs and enterprise zone tax credits

Emily-

I believe you just received this draft or will shortly. Upon review, I notice there is an error in the analysis. It states that under current law, the jobs tax credit is "up to" 10 % of certain wages when it should say "equal to" 10% of certain wages. As you know, the change from "equal to" to "up to" is the subject of a separate request. I can send out a /P2 with that correction right away or I can wait to find out if other changes are necessary and do it as part of the next redraft.

Thanks for your understanding,
Fern

From: LRB.Legal

Sent: Tuesday, October 30, 2012 1:49 PM

To: Knepp, Fern

Subject: Draft review: LRB -0297/P1 Topic: Calculation of jobs and enterprise zone tax credits

Draft Requester: Administration-Budget

Following is the PDF version of draft LRB -0297/P1.



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-0297/R1
FFK&JK:cjs:rs

stays

1
RMR

In 1-17-2013

DOA:.....Ley, BB00149 - Calculation of jobs and enterprise zone tax credits

FOR 2013-2015 BUDGET -- NOT READY FOR INTRODUCTION

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do NOT gen

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

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, WEDC administers the jobs tax credit program and the enterprise zone tax credit program. These programs provide tax benefits to businesses that create or retain certain full-time jobs in this state. Currently, under the jobs tax credit program, WEDC may award tax benefits in an amount that is ^{up} to 10 percent of the wages a business pays to certain full-time employees who annually earn at least \$20,000 or \$30,000, depending on where the business is located. Under the enterprise zone tax credit program, DOR provides tax benefits to a business certified by WEDC for certain full-time employees in an amount that is up to 7 percent of the amount by which the annual wages for each of those employees exceeds either \$20,000 or \$30,000, depending on where the business is located.

equal

Under this bill, WEDC may award tax benefits under the jobs tax credit program in an amount that is ^{of equal} up to 10 percent of the wages a business pays to certain full-time employees who annually earn at least: (a) what an individual earns making 150 percent of federal minimum wage for 2,080 hours or (b) \$30,000, depending on where the business is located. Similarly, under this bill, the amount of tax benefits DOR provides under the enterprise zone tax credit program is up to 7 percent of the amount by which the annual wages for each full-time employee exceeds either: (a)

what an individual earns making 150 percent of federal minimum wage for 2,080 hours or (b) \$30,000, depending on where the business is located.

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 (3w) (b) 1. a. of the statutes is amended to read:

2 71.07 (3w) (b) 1. a. The number of full-time employees whose annual wages
3 are greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150
4 percent of the federal minimum wage in a tier I county or municipality or greater
5 than \$30,000 in a tier II county or municipality and who the claimant employed in
6 the enterprise zone in the taxable year, minus the number of full-time employees
7 whose annual wages were greater than ~~\$20,000~~ the amount determined by
8 multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or
9 municipality or greater than \$30,000 in a tier II county or municipality and who the
10 claimant employed in the area that comprises the enterprise zone in the base year.

11 **SECTION 2.** 71.07 (3w) (b) 1. b. of the statutes is amended to read:

12 71.07 (3w) (b) 1. b. The number of full-time employees whose annual wages
13 are greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150
14 percent of the federal minimum wage in a tier I county or municipality or greater
15 than \$30,000 in a tier II county or municipality and who the claimant employed in
16 the state in the taxable year, minus the number of full-time employees whose annual
17 wages were greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by
18 150 percent of the federal minimum wage in a tier I county or municipality or greater
19 than \$30,000 in a tier II county or municipality and who the claimant employed in
20 the state in the base year.

1 **SECTION 3.** 71.07 (3w) (b) 2. of the statutes is amended to read:

2 71.07 (3w) (b) 2. Determine the claimant's average zone payroll by dividing
3 total wages for full-time employees whose annual wages are greater than \$20,000
4 the amount determined by multiplying 2,080 by 150 percent of the federal minimum
5 wage in a tier I county or municipality or greater than \$30,000 in a tier II county or
6 municipality and who the claimant employed in the enterprise zone in the taxable
7 year by the number of full-time employees whose annual wages are greater than
8 ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent of the federal
9 minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II
10 county or municipality and who the claimant employed in the enterprise zone in the
11 taxable year.

12 **SECTION 4.** 71.07 (3w) (b) 3. of the statutes is amended to read:

13 71.07 (3w) (b) 3. For employees in a tier I county or municipality, subtract
14 ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent of the federal
15 minimum wage from the amount determined under subd. 2. and for employees in a
16 tier II county or municipality, subtract \$30,000 from the amount determined under
17 subd. 2.

18 **SECTION 5.** 71.07 (3w) (bm) 2. of the statutes is amended to read:

19 71.07 (3w) (bm) 2. In addition to the credits under par. (b) and subsd. 1., 3., and
20 4., and subject to the limitations provided in this subsection and s. 238.399 or s.
21 560.799, 2009 stats., a claimant may claim as a credit against the tax imposed under
22 s. 71.02 or 71.08 an amount equal to the percentage, as determined under s. 238.399
23 or s. 560.799, 2009 stats., not to exceed 7 percent, of the claimant's zone payroll paid
24 in the taxable year to all of the claimant's full-time employees whose annual wages
25 are greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150

1 percent of the federal minimum wage in a tier I county or municipality, not including
2 the wages paid to the employees determined under par. (b) 1., or greater than \$30,000
3 in a tier II county or municipality, not including the wages paid to the employees
4 determined under par. (b) 1., and who the claimant employed in the enterprise zone
5 in the taxable year, if the total number of such employees is equal to or greater than
6 the total number of such employees in the base year. A claimant may claim a credit
7 under this subdivision for no more than 5 consecutive taxable years.

8 **SECTION 6.** 71.28 (3w) (b) 1. a. of the statutes is amended to read:

9 71.28 (3w) (b) 1. a. The number of full-time employees whose annual wages
10 are greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150
11 percent of the federal minimum wage in a tier I county or municipality or greater
12 than \$30,000 in a tier II county or municipality and who the claimant employed in
13 the enterprise zone in the taxable year, minus the number of full-time employees
14 whose annual wages were greater than ~~\$20,000~~ the amount determined by
15 multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or
16 municipality or greater than \$30,000 in a tier II county or municipality and who the
17 claimant employed in the area that comprises the enterprise zone in the base year.

18 **SECTION 7.** 71.28 (3w) (b) 1. b. of the statutes is amended to read:

19 71.28 (3w) (b) 1. b. The number of full-time employees whose annual wages
20 are greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150
21 percent of the federal minimum wage in a tier I county or municipality or greater
22 than \$30,000 in a tier II county or municipality and who the claimant employed in
23 the state in the taxable year, minus the number of full-time employees whose annual
24 wages were greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by
25 150 percent of the federal minimum wage in a tier I county or municipality or greater

1 than \$30,000 in a tier II county or municipality and who the claimant employed in
2 the state in the base year.

3 **SECTION 8.** 71.28 (3w) (b) 2. of the statutes is amended to read:

4 71.28 (3w) (b) 2. Determine the claimant's average zone payroll by dividing
5 total wages for full-time employees whose annual wages are greater than \$20,000
6 the amount determined by multiplying 2,080 by 150 percent of the federal minimum
7 wage in a tier I county or municipality or greater than \$30,000 in a tier II county or
8 municipality and who the claimant employed in the enterprise zone in the taxable
9 year by the number of full-time employees whose annual wages are greater than
10 \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal
11 minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II
12 county or municipality and who the claimant employed in the enterprise zone in the
13 taxable year.

14 **SECTION 9.** 71.28 (3w) (b) 3. of the statutes is amended to read:

15 71.28 (3w) (b) 3. For employees in a tier I county or municipality, subtract
16 \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal
17 minimum wage from the amount determined under subd. 2. and for employees in a
18 tier II county or municipality, subtract \$30,000 from the amount determined under
19 subd. 2.

20 **SECTION 10.** 71.28 (3w) (bm) 2. of the statutes is amended to read:

21 71.28 (3w) (bm) 2. In addition to the credits under par. (b) and subs. 1., 3., and
22 4., and subject to the limitations provided in this subsection and s. 238.399 or s.
23 560.799, 2009 stats., a claimant may claim as a credit against the tax imposed under
24 s. 71.23 an amount equal to the percentage, as determined under s. 238.399 or s.
25 560.799, 2009 stats., not to exceed 7 percent, of the claimant's zone payroll paid in

1 the taxable year to all of the claimant's full-time employees whose annual wages are
2 greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent
3 of the federal minimum wage in a tier I county or municipality, not including the
4 wages paid to the employees determined under par. (b) 1., or greater than \$30,000
5 in a tier II county or municipality, not including the wages paid to the employees
6 determined under par. (b) 1., and who the claimant employed in the enterprise zone
7 in the taxable year, if the total number of such employees is equal to or greater than
8 the total number of such employees in the base year. A claimant may claim a credit
9 under this subdivision for no more than 5 consecutive taxable years.

10 **SECTION 11.** 71.47 (3w) (b) 1. a. of the statutes is amended to read:

11 71.47 (3w) (b) 1. a. The number of full-time employees whose annual wages
12 are greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150
13 percent of the federal minimum wage in a tier I county or municipality or greater
14 than \$30,000 in a tier II county or municipality and who the claimant employed in
15 the enterprise zone in the taxable year, minus the number of full-time employees
16 whose annual wages were greater than ~~\$20,000~~ the amount determined by
17 multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or
18 municipality or greater than \$30,000 in a tier II county or municipality and who the
19 claimant employed in the area that comprises the enterprise zone in the base year.

20 **SECTION 12.** 71.47 (3w) (b) 1. b. of the statutes is amended to read:

21 71.47 (3w) (b) 1. b. The number of full-time employees whose annual wages
22 are greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150
23 percent of the federal minimum wage in a tier I county or municipality or greater
24 than \$30,000 in a tier II county or municipality and who the claimant employed in
25 the state in the taxable year, minus the number of full-time employees whose annual

1 wages were greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by
2 150 percent of the federal minimum wage in a tier I county or municipality or greater
3 than \$30,000 in a tier II county or municipality and who the claimant employed in
4 the state in the base year.

5 **SECTION 13.** 71.47 (3w) (b) 2. of the statutes is amended to read:

6 71.47 (3w) (b) 2. Determine the claimant's average zone payroll by dividing
7 total wages for full-time employees whose annual wages are greater than ~~\$20,000~~
8 the amount determined by multiplying 2,080 by 150 percent of the federal minimum
9 wage in a tier I county or municipality or greater than \$30,000 in a tier II county or
10 municipality and who the claimant employed in the enterprise zone in the taxable
11 year by the number of full-time employees whose annual wages are greater than
12 ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent of the federal
13 minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II
14 county or municipality and who the claimant employed in the enterprise zone in the
15 taxable year.

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

17 71.47 (3w) (b) 3. For employees in a tier I county or municipality, subtract
18 ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent of the federal
19 minimum wage from the amount determined under subd. 2. and for employees in a
20 tier II county or municipality, subtract \$30,000 from the amount determined under
21 subd. 2.

22 **SECTION 15.** 71.47 (3w) (bm) 2. of the statutes is amended to read:

23 71.47 (3w) (bm) 2. In addition to the credits under par. (b) and subds. 1., 3., and
24 4., and subject to the limitations provided in this subsection and s. 238.399 or s.
25 560.799, 2009 stats., a claimant may claim as a credit against the tax imposed under

1 s. 71.43 an amount equal to the percentage, as determined under s. 238.399 or s.
2 560.799, 2009 stats., not to exceed 7 percent, of the claimant's zone payroll paid in
3 the taxable year to all of the claimant's full-time employees whose annual wages are
4 greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent
5 of the federal minimum wage in a tier I county or municipality, not including the
6 wages paid to the employees determined under par. (b) 1., or greater than \$30,000
7 in a tier II county or municipality, not including the wages paid to the employees
8 determined under par. (b) 1., and who the claimant employed in the enterprise zone
9 in the taxable year, if the total number of such employees is equal to or greater than
10 the total number of such employees in the base year. A claimant may claim a credit
11 under this subdivision for no more than 5 consecutive taxable years.

12 **SECTION 16.** 238.16 (3) (a) of the statutes is amended to read:

13 238.16 (3) (a) In a tier I county or municipality, an eligible employee for whom
14 the person claims a tax credit will earn at least ~~\$20,000~~ the amount determined by
15 multiplying 2,080 by 150 percent of the federal minimum wage in wages from the
16 person in the year for which the credit is claimed.

17 **SECTION 17.** 238.16 (4) (b) 1. a. of the statutes is amended to read:

18 238.16 (4) (b) 1. a. In a tier I county or municipality, at least ~~\$20,000~~ the amount
19 determined by multiplying 2,080 by 150 percent of the federal minimum wage.

20 **SECTION 9337. Initial applicability; Revenue.**

21 (1) ENTERPRISE ZONE JOBS CREDIT. The treatment of sections 71.07 (3w) (b) 1. a.
22 and b., 2., and 3. and (bm) 2., 71.28 (3w) (b) 1. a. and b., 2., and 3. and (bm) 2., 71.47
23 (3w) (b) 1. a. and b., 2., and 3. and (bm) 2., and 238.16 (3) (a) and (4) (b) 1. a. of the
24 statutes first applies to taxable years beginning on January 1, 2013.

25 (END)



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-0297/1
FFK&JK:cjs:jf

DOA:.....Ley, BB0149 - Calculation of jobs and enterprise zone tax credits

FOR 2013-2015 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, WEDC administers the jobs tax credit program and the enterprise zone tax credit program. These programs provide tax benefits to businesses that create or retain certain full-time jobs in this state. Currently, under the jobs tax credit program, WEDC may award tax benefits in an amount that is equal to 10 percent of the wages a business pays to certain full-time employees who annually earn at least \$20,000 or \$30,000, depending on where the business is located. Under the enterprise zone tax credit program, DOR provides tax benefits to a business certified by WEDC for certain full-time employees in an amount that is up to 7 percent of the amount by which the annual wages for each of those employees exceeds either \$20,000 or \$30,000, depending on where the business is located.

Under this bill, WEDC may award tax benefits under the jobs tax credit program in an amount that is equal to 10 percent of the wages a business pays to certain full-time employees who annually earn at least: (a) what an individual earns making 150 percent of federal minimum wage for 2,080 hours or (b) \$30,000, depending on where the business is located. Similarly, under this bill, the amount of tax benefits DOR provides under the enterprise zone tax credit program is up to 7 percent of the amount by which the annual wages for each full-time employee

exceeds either: (a) what an individual earns making 150 percent of federal minimum wage for 2,080 hours or (b) \$30,000, depending on where the business is located.

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 (3w) (b) 1. a. of the statutes is amended to read:

2 71.07 (3w) (b) 1. a. The number of full-time employees whose annual wages
3 are greater than \$20,000 the amount determined by multiplying 2,080 by 150
4 percent of the federal minimum wage in a tier I county or municipality or greater
5 than \$30,000 in a tier II county or municipality and who the claimant employed in
6 the enterprise zone in the taxable year, minus the number of full-time employees
7 whose annual wages were greater than \$20,000 the amount determined by
8 multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or
9 municipality or greater than \$30,000 in a tier II county or municipality and who the
10 claimant employed in the area that comprises the enterprise zone in the base year.

11 **SECTION 2.** 71.07 (3w) (b) 1. b. of the statutes is amended to read:

12 71.07 (3w) (b) 1. b. The number of full-time employees whose annual wages
13 are greater than \$20,000 the amount determined by multiplying 2,080 by 150
14 percent of the federal minimum wage in a tier I county or municipality or greater
15 than \$30,000 in a tier II county or municipality and who the claimant employed in
16 the state in the taxable year, minus the number of full-time employees whose annual
17 wages were greater than \$20,000 the amount determined by multiplying 2,080 by
18 150 percent of the federal minimum wage in a tier I county or municipality or greater
19 than \$30,000 in a tier II county or municipality and who the claimant employed in
20 the state in the base year.

1 **SECTION 3.** 71.07 (3w) (b) 2. of the statutes is amended to read:

2 71.07 (3w) (b) 2. Determine the claimant's average zone payroll by dividing
3 total wages for full-time employees whose annual wages are greater than \$20,000
4 the amount determined by multiplying 2,080 by 150 percent of the federal minimum
5 wage in a tier I county or municipality or greater than \$30,000 in a tier II county or
6 municipality and who the claimant employed in the enterprise zone in the taxable
7 year by the number of full-time employees whose annual wages are greater than
8 \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal
9 minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II
10 county or municipality and who the claimant employed in the enterprise zone in the
11 taxable year.

12 **SECTION 4.** 71.07 (3w) (b) 3. of the statutes is amended to read:

13 71.07 (3w) (b) 3. For employees in a tier I county or municipality, subtract
14 \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal
15 minimum wage from the amount determined under subd. 2. and for employees in a
16 tier II county or municipality, subtract \$30,000 from the amount determined under
17 subd. 2.

18 **SECTION 5.** 71.07 (3w) (bm) 2. of the statutes is amended to read:

19 71.07 (3w) (bm) 2. In addition to the credits under par. (b) and subsd. 1., 3., and
20 4., and subject to the limitations provided in this subsection and s. 238.399 or s.
21 560.799, 2009 stats., a claimant may claim as a credit against the tax imposed under
22 s. 71.02 or 71.08 an amount equal to the percentage, as determined under s. 238.399
23 or s. 560.799, 2009 stats., not to exceed 7 percent, of the claimant's zone payroll paid
24 in the taxable year to all of the claimant's full-time employees whose annual wages
25 are greater than \$20,000 the amount determined by multiplying 2,080 by 150

1 percent of the federal minimum wage in a tier I county or municipality, not including
2 the wages paid to the employees determined under par. (b) 1., or greater than \$30,000
3 in a tier II county or municipality, not including the wages paid to the employees
4 determined under par. (b) 1., and who the claimant employed in the enterprise zone
5 in the taxable year, if the total number of such employees is equal to or greater than
6 the total number of such employees in the base year. A claimant may claim a credit
7 under this subdivision for no more than 5 consecutive taxable years.

8 **SECTION 6.** 71.28 (3w) (b) 1. a. of the statutes is amended to read:

9 71.28 (3w) (b) 1. a. The number of full-time employees whose annual wages
10 are greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150
11 percent of the federal minimum wage in a tier I county or municipality or greater
12 than \$30,000 in a tier II county or municipality and who the claimant employed in
13 the enterprise zone in the taxable year, minus the number of full-time employees
14 whose annual wages were greater than ~~\$20,000~~ the amount determined by
15 multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or
16 municipality or greater than \$30,000 in a tier II county or municipality and who the
17 claimant employed in the area that comprises the enterprise zone in the base year.

18 **SECTION 7.** 71.28 (3w) (b) 1. b. of the statutes is amended to read:

19 71.28 (3w) (b) 1. b. The number of full-time employees whose annual wages
20 are greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150
21 percent of the federal minimum wage in a tier I county or municipality or greater
22 than \$30,000 in a tier II county or municipality and who the claimant employed in
23 the state in the taxable year, minus the number of full-time employees whose annual
24 wages were greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by
25 150 percent of the federal minimum wage in a tier I county or municipality or greater

1 than \$30,000 in a tier II county or municipality and who the claimant employed in
2 the state in the base year.

3 **SECTION 8.** 71.28 (3w) (b) 2. of the statutes is amended to read:

4 71.28 (3w) (b) 2. Determine the claimant's average zone payroll by dividing
5 total wages for full-time employees whose annual wages are greater than \$20,000
6 the amount determined by multiplying 2,080 by 150 percent of the federal minimum
7 wage in a tier I county or municipality or greater than \$30,000 in a tier II county or
8 municipality and who the claimant employed in the enterprise zone in the taxable
9 year by the number of full-time employees whose annual wages are greater than
10 \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal
11 minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II
12 county or municipality and who the claimant employed in the enterprise zone in the
13 taxable year.

14 **SECTION 9.** 71.28 (3w) (b) 3. of the statutes is amended to read:

15 71.28 (3w) (b) 3. For employees in a tier I county or municipality, subtract
16 \$20,000 the amount determined by multiplying 2,080 by 150 percent of the federal
17 minimum wage from the amount determined under subd. 2. and for employees in a
18 tier II county or municipality, subtract \$30,000 from the amount determined under
19 subd. 2.

20 **SECTION 10.** 71.28 (3w) (bm) 2. of the statutes is amended to read:

21 71.28 (3w) (bm) 2. In addition to the credits under par. (b) and subds. 1., 3., and
22 4., and subject to the limitations provided in this subsection and s. 238.399 or s.
23 560.799, 2009 stats., a claimant may claim as a credit against the tax imposed under
24 s. 71.23 an amount equal to the percentage, as determined under s. 238.399 or s.
25 560.799, 2009 stats., not to exceed 7 percent, of the claimant's zone payroll paid in

1 the taxable year to all of the claimant's full-time employees whose annual wages are
2 greater than \$20,000 the amount determined by multiplying 2,080 by 150 percent
3 of the federal minimum wage in a tier I county or municipality, not including the
4 wages paid to the employees determined under par. (b) 1., or greater than \$30,000
5 in a tier II county or municipality, not including the wages paid to the employees
6 determined under par. (b) 1., and who the claimant employed in the enterprise zone
7 in the taxable year, if the total number of such employees is equal to or greater than
8 the total number of such employees in the base year. A claimant may claim a credit
9 under this subdivision for no more than 5 consecutive taxable years.

10 **SECTION 11.** 71.47 (3w) (b) 1. a. of the statutes is amended to read:

11 71.47 (3w) (b) 1. a. The number of full-time employees whose annual wages
12 are greater than \$20,000 the amount determined by multiplying 2,080 by 150
13 percent of the federal minimum wage in a tier I county or municipality or greater
14 than \$30,000 in a tier II county or municipality and who the claimant employed in
15 the enterprise zone in the taxable year, minus the number of full-time employees
16 whose annual wages were greater than \$20,000 the amount determined by
17 multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or
18 municipality or greater than \$30,000 in a tier II county or municipality and who the
19 claimant employed in the area that comprises the enterprise zone in the base year.

20 **SECTION 12.** 71.47 (3w) (b) 1. b. of the statutes is amended to read:

21 71.47 (3w) (b) 1. b. The number of full-time employees whose annual wages
22 are greater than \$20,000 the amount determined by multiplying 2,080 by 150
23 percent of the federal minimum wage in a tier I county or municipality or greater
24 than \$30,000 in a tier II county or municipality and who the claimant employed in
25 the state in the taxable year, minus the number of full-time employees whose annual

1 wages were greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by
2 150 percent of the federal minimum wage in a tier I county or municipality or greater
3 than \$30,000 in a tier II county or municipality and who the claimant employed in
4 the state in the base year.

5 **SECTION 13.** 71.47 (3w) (b) 2. of the statutes is amended to read:

6 71.47 (3w) (b) 2. Determine the claimant's average zone payroll by dividing
7 total wages for full-time employees whose annual wages are greater than \$20,000
8 the amount determined by multiplying 2,080 by 150 percent of the federal minimum
9 wage in a tier I county or municipality or greater than \$30,000 in a tier II county or
10 municipality and who the claimant employed in the enterprise zone in the taxable
11 year by the number of full-time employees whose annual wages are greater than
12 ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent of the federal
13 minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II
14 county or municipality and who the claimant employed in the enterprise zone in the
15 taxable year.

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

17 71.47 (3w) (b) 3. For employees in a tier I county or municipality, subtract
18 ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent of the federal
19 minimum wage from the amount determined under subd. 2. and for employees in a
20 tier II county or municipality, subtract \$30,000 from the amount determined under
21 subd. 2.

22 **SECTION 15.** 71.47 (3w) (bm) 2. of the statutes is amended to read:

23 71.47 (3w) (bm) 2. In addition to the credits under par. (b) and subds. 1., 3., and
24 4., and subject to the limitations provided in this subsection and s. 238.399 or s.
25 560.799, 2009 stats., a claimant may claim as a credit against the tax imposed under

1 s. 71.43 an amount equal to the percentage, as determined under s. 238.399 or s.
2 560.799, 2009 stats., not to exceed 7 percent, of the claimant's zone payroll paid in
3 the taxable year to all of the claimant's full-time employees whose annual wages are
4 greater than ~~\$20,000~~ the amount determined by multiplying 2,080 by 150 percent
5 of the federal minimum wage in a tier I county or municipality, not including the
6 wages paid to the employees determined under par. (b) 1., or greater than \$30,000
7 in a tier II county or municipality, not including the wages paid to the employees
8 determined under par. (b) 1., and who the claimant employed in the enterprise zone
9 in the taxable year, if the total number of such employees is equal to or greater than
10 the total number of such employees in the base year. A claimant may claim a credit
11 under this subdivision for no more than 5 consecutive taxable years.

12 **SECTION 16.** 238.16 (3) (a) of the statutes is amended to read:

13 238.16 (3) (a) In a tier I county or municipality, an eligible employee for whom
14 the person claims a tax credit will earn at least ~~\$20,000~~ the amount determined by
15 multiplying 2,080 by 150 percent of the federal minimum wage in wages from the
16 person in the year for which the credit is claimed.

17 **SECTION 17.** 238.16 (4) (b) 1. a. of the statutes is amended to read:

18 238.16 (4) (b) 1. a. In a tier I county or municipality, at least ~~\$20,000~~ the amount
19 determined by multiplying 2,080 by 150 percent of the federal minimum wage.

20 **SECTION 9337. Initial applicability; Revenue.**

21 (1) ENTERPRISE ZONE JOBS CREDIT. The treatment of sections 71.07 (3w) (b) 1. a.
22 and b., 2., and 3. and (bm) 2., 71.28 (3w) (b) 1. a. and b., 2., and 3. and (bm) 2., 71.47
23 (3w) (b) 1. a. and b., 2., and 3. and (bm) 2., and 238.16 (3) (a) and (4) (b) 1. a. of the
24 statutes first applies to taxable years beginning on January 1, 2013.

25 (END)