
Wisconsin Legislative Council

AMENDMENT MEMO



Memo published: February 10, 2020

Contact: Dan Schmidt, Deputy Director

2019 Senate Bill 440

**Senate
Amendment 1**

2019 SENATE BILL 440

Similar to the provisions of the federal opportunity zone program, current law permits a Wisconsin taxpayer to decrease the amount of his or her capital gains in an investment by investing the proceeds of those gains in a Wisconsin opportunity zone. Under current law, a taxpayer who invests capital gains in a qualified opportunity fund and holds the investment for at least five years may exclude 10 percent of the gains from income at the time of sale or at the expiration of the program in 2026. A taxpayer who invests capital gains in a qualified opportunity fund and holds the investment for at least seven years may exclude 15 percent of the gains from income at the time of sale or at the expiration of the program in 2026. In addition, if a taxpayer holds an investment in a qualified opportunity fund for at least 10 years, the investment's earnings are not taxed.

Under Senate Bill 440, an investor in a Wisconsin Opportunity Zone who invests capital gains in a qualified opportunity fund for at least five years may exclude an additional 10 percent (20 percent total) of the gains for Wisconsin income and franchise tax purposes. An investor who does the same for at least seven years may exclude an additional 15 percent (30 percent total). These provisions apply to taxable years beginning after December 31, 2018. The bill also provides that a qualified opportunity fund must certify to each investor and the Department of Revenue (DOR) on an annual basis that the fund is qualified for the fund's taxable year.

SENATE AMENDMENT 1

Senate Amendment 1 changes the effective date of the bill to taxable years beginning after December 31, 2019, and requires a qualified opportunity fund to certify its annual qualification by January 31 of the year following the close of a fund's taxable year.

BILL HISTORY

Senate Bill 440 was introduced by Senator Feyen on September 23, 2019. Senate Amendment 1 was offered by Senator Feyen on December 11, 2019. On February 6, 2020, the Senate Committee on Agriculture, Revenue and Financial Institutions recommended the adoption of Senate Amendment 1 by a vote of Ayes, 9; Noes, 0, and recommended passage of Senate Bill 440, as amended, by a vote of Ayes, 7; Noes, 2.

DWS:jal