WISCONSIN LEGISLATIVE COUNCIL
AMENDMENT MEMO

2011 Assembly Bill 211	Assembly Amendments 1, 2, 3, and 4
***Memo published*: October 11, 2011**	***Contact*: Anna Henning, Staff Attorney (266-0292) Mary Matthias, Senior Staff Attorney (266-0932)**

2011 ASSEMBLY BILL 211

2011 Assembly Bill 211 creates a tax credit for investments in community development financial institutions. Under the bill, "community development financial institution" means an entity that is certified as a community development financial institution by the U.S. Treasury Department, is organized under the laws of Wisconsin, and uses investments given under the bill for projects based in this state.

The tax credits authorized under the bill are nonrefundable credits, which may be used to offset income or franchise tax liability or specified license fees paid by insurance companies. To qualify for the credits, investments must be interest-free loans or deposits made for a period of no less than 60 months, and the community development financial institution must have complete control over the funds during the investment period. Claimants may claim a 10% credit for investments of more than $10,000 but not more than $150,000. Claimants may claim a 12% credit for investments of more than $150,000 but not more than $500,000. The credits must be claimed for taxable years beginning after December 31, 2011 and before January 1, 2014. No more than $500,000 in credits may be awarded in any calendar year.

The bill authorizes the Wisconsin Economic Development Corporation (WEDC) to register community development financial institutions and requires registered community development financial institutions to submit annual reports containing financial statements and other specified information. The bill also authorizes WEDC to certify persons who are eligible to receive the tax credits and requires WEDC to notify the Department of Revenue (DOR) of every certification issued.

The bill contains a repayment provision for investments that are withdrawn prior to the end of the fifth year after a qualified investment is made. Unless a withdrawn investment is immediately reinvested, tax credits issued for such investments must be added to a person's tax liability according to a graduated scale based on the time of the withdrawal.

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ASSEMBLY AMENDMENT 1

Assembly Amendment 1 to Assembly Bill 211 increases the limit on the total amount of credits that may be awarded in a calendar year from $500,000 to $1 million. The amendment also provides for the possible extension of the tax credit beyond 2013 and requires the WEDC to determine whether to certify persons for the credit beyond that time.

ASSEMBLY AMENDMENT 2

Assembly Amendment 2 to Assembly Bill 211 moves the repayment provision for early withdrawals to chs. 71 and 76, Stats., to facilitate DOR administration of the provision. Under the bill, the provision would be codified in ch. 238, Stats.

ASSEMBLY AMENDMENT 3

Assembly Amendment 3 to Assembly Bill 211 prohibits a person from claiming a credit for reinvesting funds that had already been invested in a community development financial institution on the effective date of the Act. The amendment also prohibits a person from claiming a credit twice for funds that are invested, withdrawn, and reinvested.

ASSEMBLY AMENDMENT 4

Assembly Amendment 4 to Assembly Bill 211 changes the name of the tax credit created by the bill from the "community development financial institution credit" to the "Steve Hilgenberg community development credit."

LEGISLATIVE HISTORY

Assembly Amendment 1 to Assembly Bill 211 was offered by Representatives Molepske, Jr. and Williams on September 2, 2011. Assembly Amendment 2 was offered by Representative Molepske, Jr. on September 2, 2011. Assembly Amendment 3 was offered by Representative Kapenga on September 6, 2011. On September 6, 2011, the Assembly Committee on Jobs, Economy and Small Business recommended adoption of Assembly Amendment 1 on a vote of Ayes, 14; Noes, 1. The committee also recommended adoption of Assembly Amendment 2 and Assembly Amendment 3 on votes of Ayes, 15; Noes, 0. On the same day, the committee recommended passage of Assembly Bill 211, as amended, on a vote of Ayes, 14; Noes, 1. Assembly Amendment 4 to Assembly Bill 211 was offered by Representatives Barca, Roys, Clark, Berceau, Bernard, Schaber, Bewley, E. Coggs, D. Cullen, Danou, Doyle, Grigsby, Hebl, Hintz, Hulsey, Jorgensen, Kessler, Mason, Milroy, Molepske, Jr., Pasch, Pocan, Pope-Roberts, Radcliffe, Richards, Ringhand, Seidel, Sinicki, Staskunas, Tauchen, Toles, Turner, Vruwink, Young, Zamarripa, and Zepnick on September 13, 2011.

On September 13, 2011, the Assembly adopted Assembly Amendments 1, 2, 3, and 4 to Assembly Bill 211 on voice votes. On the same day, the Assembly passed Assembly Bill 211, as amended, on a vote of Ayes, 92; Noes, 5; Absent; or Not Voting, 1.

On October 5, 2011, the Senate Committee on Economic Development, Veterans, and Military Affairs, voted to recommend concurrence in Assembly Bill 211 on a vote of Ayes, 7; Noes, 0.

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