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

SECTON 1. 20.143 (1) (c) of the statutes, as affected by 1993 Wisconsin Act 16, is amended to read:

20.143 (1) (c) Wisconsin development fund, grants and loans. Biennially, as a continuing appropriation, the amounts in the schedule for grants and loans under ss. 560.62, 560.625, 560.63 and 560.66; for loans under ss. 560.16 and 560.165; for grants and loans under 1989 Wisconsin Act 336, section 3015 (1m); and for the grant under 1993 Wisconsin Act 5, section 3.

SECTION 1m. 20.143 (1) (c) of the statutes, as affected by 1993 Wisconsin Act ... (this act), is repealed and recreated to read:

20.143 (1) (c) Wisconsin development fund, grants and loans. Biennially, the amounts in the schedule for grants and loans under ss. 560.62, 560.625, 560.63 and 560.66; for loans under ss. 560.16 and 560.165; for grants and loans under 1989 Wisconsin Act 336, section 3015 (1m); and for the grant under 1993 Wisconsin Act 5, section 3.

SECTION 2. 71.28 (1di) (i) of the statutes is created to read:

71.28 (1di) (i) The development zones credit under this subsection, as it applies to a person certified under s. 560.765 (3), applies to a corporation that conducts economic activity in a development opportunity zone under s. 560.795 (1) and that is entitled to tax benefits under s. 560.795 (3), subject to the limits under s. 560.795 (2). A development opportunity zone credit under this paragraph may be calculated using expenses incurred by a claimant beginning on the effective date of this paragraph .... [revisor inserts date].

SECTION 3. 71.28 (1dj) (i) of the statutes is created to read:

71.28 (1dj) (i) The development zones credit under this subsection, as it applies to a person certified under s. 560.765 (3), applies to a corporation that conducts economic activity in a development opportunity zone under s. 560.795 (1) and that is entitled to tax benefits under s. 560.795 (3), subject to the limits under s. 560.795 (2). A development opportunity zone credit under this paragraph may be calculated using expenses incurred by a claimant beginning on the effective date of this paragraph .... [revisor inserts date].

SECTION 4. 71.28 (1dL) (i) of the statutes is created to read:

71.28 (1dL) (i) The development zones credit under this subsection, as it applies to a person certified under s. 560.765 (3), applies to a corporation that conducts economic activity in a development opportunity zone under s. 560.795 (1) and that is entitled to tax benefits under s. 560.795 (3), subject to the limits under s. 560.795 (2). A development opportunity zone credit under this paragraph may be calculated using expenses incurred by a claimant beginning on the effective date of this paragraph .... [revisor inserts date].
SECTION 5. 71.28 (1ds) (i) of the statutes is created to read:

71.28 (1ds) (i) The development zones credit under this subsection, as it applies to a person certified under s. 560.765 (3), applies to a corporation that conducts economic activity in a development opportunity zone under s. 560.795 (1) and that is entitled to tax benefits under s. 560.795 (3), subject to the limits under s. 560.795 (2). A development opportunity zone credit under this paragraph may be calculated using expenses incurred by a claimant beginning on the effective date of this paragraph .... [revisor inserts date].

SECTION 6. 71.28 (4) (am) of the statutes is renumbered 71.28 (4) (am) 1 and amended to read:

71.28 (4) (am) 1. In addition to the credit under par. (a), any corporation may credit against taxes otherwise due under this chapter an amount equal to 5% of the amount obtained by subtracting from the corporation's qualified research expenses, as defined in section 41 of the internal revenue code, except that "qualified research expenses" include only expenses incurred by the claimant in a development zone under subch. VI of ch. 560 and except that "qualified research expenses" do not include compensation used in computing the credit under sub. (1dj) nor research expenses incurred before the claimant is certified for tax benefits under s. 560.765 (3), the corporation's base amount, as defined in section 41 (c) of the internal revenue code, in a development zone, except that gross receipts used in calculating the base amount means gross receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2. and (d) and research expenses used in calculating the base amount include research expenses incurred before the claimant is certified for tax benefits under s. 560.765 (3), in a development zone, if the claimant submits with the claimant's return a copy of the claimant's certification for tax benefits under s. 560.765 (3) and a statement from the department of development verifying the claimant's qualified research expenses for research conducted exclusively in a development zone. The rules under s. 73.03 (35) apply to the credit under this paragraph subdivision. The rules under sub. (1di) (f) and (g) as they apply to the credit under that subsection apply to claims under this paragraph subdivision. Section 41 (h) of the internal revenue code does not apply to the credit under this paragraph subdivision.

SECTION 7. 71.28 (4) (am) 2 of the statutes is created to read:

71.28 (4) (am) 2. The development zones credit under subd. 1, as it applies to a person certified under s. 560.765 (3), applies to a corporation that conducts economic activity in a development opportunity zone under s. 560.795 (1) and that is entitled to tax benefits under s. 560.795 (3), subject to the limits under s. 560.795 (2). A development opportunity zone credit under this subdivision may be calculated using expenses incurred by a claimant beginning on the effective date of this subdivision .... [revisor inserts date].

SECTION 8. 560.60 (18m) of the statutes is created to read:

560.60 (18m) “Technology–based nonprofit organization” means a nonprofit corporation that is organized under ch. 181, or an organization described in section 501 (c) (3) of the internal revenue code that is exempt from federal income tax under section 501 (a) of the internal revenue code, and that has as a mission the transfer of technology to businesses in this state.

SECTION 9. 560.62 (1) (intro.) of the statutes, as affected by 1993 Wisconsin Act 16, is amended to read:

560.62 (1) (intro.) The board may award a technology development grant or loan to a business or consortium for any of the following purposes:

SECTION 10. 560.62 (1) (a) of the statutes, as affected by 1993 Wisconsin Act 16, is amended to read:

560.62 (1) (a) To a technology development grant or loan to a business or consortium to fund technical research intended to result in the development of a new, or the improvement of an existing, industrial product or process.

SECTION 11. 560.62 (1) (b) of the statutes, as created by 1993 Wisconsin Act 16, is amended to read:

560.62 (1) (b) To a technology development loan to a business to provide working capital or fixed asset financing for the development of the infrastructure of the business or for the initial commercialization of the new industrial product or process if the business received a technology development grant or loan under par. (a) and if the research that was funded by the grant or loan under par. (a) resulted in the successful development of a new, or the improvement of an existing, industrial product or process. A business that receives a loan under this paragraph may use the proceeds only to pay costs related to the production, marketing or sales of the new or improved product or process.

SECTION 12. 560.62 (2) (intro.) of the statutes is amended to read:

560.62 (2) (intro.) The board may not award a technology development grant or loan under sub. (1) (a) unless the business or consortium seeking the grant or loan first enters into a written agreement regarding all of the following:

SECTION 13. 560.62 (2m) of the statutes, as created by 1993 Wisconsin Act 16, is repealed and recreated to read:

560.62 (2m) The board may award a grant under s. 560.61 to a consortium, a higher educational institution or a technology–based nonprofit organization to provide matching funds for establishing a manufacturing extension center that will promote technology transfer to businesses in this state. The proceeds of the grant may be used...
only to pay for fixed–asset costs related to the project and costs directly related to technology transfer activity between the manufacturing extension center and a business, excluding common overhead expenses and marketing or other administrative costs. The board may allow a portion of the match provided by the grant recipient to be in–kind.

SECTION 14. 560.795 of the statutes is created to read:

560.795 Development opportunity zones. (1) DESIGNATION OF DEVELOPMENT OPPORTUNITY ZONES. The following areas are designated as development opportunity zones:

(a) An area in the city of Beloit, the legal description of which is provided to the department by the local governing body of the city of Beloit.

(b) An area in the city of West Allis, the legal description of which is provided to the department by the local governing body of the city of West Allis.

(2) DURATION, LIMITS AND EXPIRATION. (a) Except as provided in par. (d), the designation of each area under sub. (1) as a development opportunity zone shall be effective for 36 months, beginning on the effective date of this paragraph .... [revisor inserts date].

(b) 1. The limit for tax benefits for the development opportunity zone under sub. (1) (a) is $10,000,000.

2. The limit for tax benefits for the development opportunity zone under sub. (1) (b) is $3,000,000.

(c) Annually, the department shall estimate the amount of foregone state revenue because of tax benefits claimed by corporations in each development opportunity zone.

(d) 1. Notwithstanding par. (a), the designation of an area as a development opportunity zone shall expire 90 days after the day on which the department determines that the foregone tax revenues under par. (c) will equal or exceed the limit for the development opportunity zone.

2. The department shall immediately notify the local governing body of the city in which the development opportunity zone is located of a change in the expiration date of the development opportunity zone under this paragraph.

(3) APPLICATION AND ENTITLEMENT TO TAX BENEFITS. (a) Any corporation that is conducting or that intends to conduct economic activity in a development opportunity zone under sub. (1) and that, in conjunction with the local governing body of the city in which the development opportunity zone is located, submits a project plan as described in par. (b) to the department no later than 6 months after the effective date of this paragraph .... [revisor inserts date]. shall be entitled to claim tax benefits while the area is designated as a development opportunity zone.

(b) A project plan under par. (a) shall include all of the following:

1. The name and address of the corporation’s business for which tax benefits will be claimed.

2. The appropriate federal tax identification number of the corporation.

3. The names and addresses of other locations outside of the development opportunity zone where the corporation conducts business and a description of the business activities conducted at those locations.

4. The amount that the corporation proposes to invest in a business, or spend on the construction, rehabilitation, repair or remodeling of a building, located within the development opportunity zone.

5. The estimated total investment of the corporation in the development opportunity zone.

6. The number of jobs that will be created, retained or substantially upgraded as a result of the corporation’s economic activity in relation to the amount of tax benefits estimated for the corporation.

7. The corporation’s plans to make reasonable attempts to hire employees from the targeted population.

8. A description of the commitment of the local governing body of the city in which the development opportunity zone is located to the corporation’s project.

9. Other information required by the department or the department of revenue.

(c) The department shall notify the department of revenue of all corporations entitled to claim tax benefits under this section.

(d) The department shall verify information submitted to the department under s. 71.28 (1d) (d) 2., (1d) (e) 3., (1dL) (f), (1ds) (d) 2. and (4) (am).

(4) REVOCATION OF ENTITLEMENT. (a) The department shall revoke the entitlement of a corporation to claim tax benefits under this section if the corporation does any of the following:

1. Supplies false or misleading information to obtain the tax benefits.

2. Leaves the development opportunity zone to conduct substantially the same business outside of the development opportunity zone.

3. Ceases operations in the development opportunity zone and does not renew operation of the trade or business or a similar trade or business in the development opportunity zone within 12 months.

(b) The department shall notify the department of revenue within 30 days after revoking an entitlement under par. (a).

SECTION 15. Nonstatutory provisions. (1) Report on program to assist teaching factory organizations. No later than December 31, 1994, the department of development shall submit a report to the department of administration that analyzes the feasibility of, and makes recommendations on, creating an ongoing program to financially assist teaching factory organizations.

SECTION 15m. Appropriation changes. (1) Development fund appropriation. All unexpended moneys encumbered under section 20.143 (1) (d), 1989 stats., are transferred from the appropriation account under section
20.143 (1) (d), 1989 stats., to the appropriation account under section 20.143 (1) (c) of the statutes, as affected by the acts of 1993, and the amounts in the schedule under section 20.005 (3) of the statutes for the appropriation under section 20.143 (1) (c) of the statutes, as affected by the acts of 1993, are increased by the amount of the transfer for fiscal year 1993–94.

**SECTION 15r. Initial applicability.** (1) **DEVELOPMENT FUND APPROPRIATION.** The treatment of section 20.143 (1) (c) of the statutes first applies to moneys encumbered under that appropriation on July 1, 1987.

**SECTION 16. Effective dates.** This act takes effect on the day after publication, except as follows:

(1) **DEVELOPMENT FUND APPROPRIATION.** The repeal and recreation of section 20.143 (1) (c) of the statutes takes effect on June 30, 1995.