



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0643/B  
PJK:kmg:km  
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DOA:.....Walker - Designate a development opportunity zone in Milwaukee  
FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

SOON  
(1-10)  
D-vote

do not gain cost

the budget ✓

1 AN ACT relating to a development opportunity zone in the city of Milwaukee.

Analysis by the Legislative Reference Bureau  
COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT (department)

The department of commerce administers three types of development zone programs: 1) the development zone program; 2) the development opportunity zone program; and 3) the enterprise development zone program. Generally, after an area is designated as one of the three types of development zones, a person or corporation that conducts or that intends to conduct economic activity in the designated zone is or may be certified by the department as eligible for certain tax credits, which are based on the creation or retention of jobs, on expenses incurred to remediate environmental problems, and on significant capital investment to retain jobs. The bill designates an area in the city of Milwaukee as a development opportunity zone and authorizes up to \$4,700,000 to be claimed in tax credits for economic activity in the zone.

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

Insert A ✓

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

Insert 2-1 →

1 SECTION 1. 560.795 (1) (e) of the statutes is created to read:

2 560.795 (1) (e) An area in the city of Milwaukee, the legal description of which  
3 is provided to the department by the local governing body of the city of Milwaukee.

4 SECTION 2. 560.795 (2) (a) of the statutes is amended to read:

5 560.795 (2) (a) Except as provided in par. (d), the designation of each area under  
6 sub. (1) (a), (b) and, (c), and (e) as a development opportunity zone shall be effective  
7 for 36 months, with the designation of the areas under sub. (1) (a) and (b) beginning  
8 on April 23, 1994, and the designation of the area under sub. (1) (c) beginning on  
9 April 28, 1995, and the designation of the area under sub. (1) (e) beginning on the  
10 effective date of this paragraph .... [revisor inserts date]. Except as provided in par.  
11 (d), the designation of the area under sub. (1) (d) as a development opportunity zone  
12 shall be effective for 84 months, beginning on January 1, 2000.

\*\*\*NOTE: The instructions did not provide how long the designation for the area in the city of Milwaukee should last, so I used the most usual amount of time: 36 months. The instructions also did not indicate whether the designation should begin on a particular date, so I used the effective date of the budget act. Let me know if you need any changes.

13 SECTION 3. 560.795 (2) (b) 5. of the statutes is created to read:

14 560.795 (2) (b) 5. The limit for tax benefits for the development opportunity  
15 zone under sub. (1) (e) is \$4,700,000.

16 SECTION 4. 560.795 (3) (a) 4. of the statutes is created to read:

17 560.795 (3) (a) 4. Any corporation that is conducting or that intends to conduct  
18 economic activity in a development opportunity zone under sub. (1) (e) and that, in  
19 conjunction with the local governing body of the city in which the development  
20 opportunity zone is located, submits a project plan as described in par. (b) to the  
21 department no later than the first day of the 7th month beginning after the effective

1 date of this subdivision .... [revisor inserts date], shall be entitled to claim tax benefits  
2 while the area is designated as a development opportunity zone.

~~\*\*\*\*NOTE: The date in this subdivision will be the first day of the 7th month beginning after the effective date of the budget act unless you want it to be another specific date.~~

3 SECTION 5. 560.795 (3) (b) 7. of the statutes is amended to read:

4 560.795 (3) (b) 7. The corporation's plans to make reasonable attempts to hire  
5 employees from the targeted target population.

~~\*\*\*\*NOTE: There are a number of "targeted" population references in ch. 560 besides this one (five others). Would you like me to change them to "target" population? See the defined term at s. 560.70 (6).~~

6

(END)

Insert 3-5 ✓

2001-2002 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-0643/P1ins  
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INSERT A

MS 9 The bill also provides that in the new development opportunity zone in the city of Milwaukee, a person conducting economic activity in the zone that would not otherwise be able to claim tax credits may be certified for tax credits if the economic activity is instrumental in enabling another person to conduct economic activity in the zone that would not have occurred but for the first person's involvement, if the department ~~of Commerce~~ determines that the person being certified for tax credits will pass the benefit of the tax credits through to the other person conducting the economic activity in the zone, and if the other person conducting economic activity in the zone does not claim tax credits for the economic activity.

(END OF INSERT A)

INSERT 2-1

1 SECTION 1. 71.07 (2di) (a) (intro.)<sup>X</sup> of the statutes is amended to read:

2 71.07 (2di) (a) (intro.) Except as provided in pars. (dm) and (f) and s. 73.03 (35),  
3 for any taxable year for which the person is entitled under s. 560.795 (3) to claim tax  
4 benefits or certified under s. 560.795 (5),<sup>✓</sup> any person may claim as a credit against  
5 taxes otherwise due under this chapter 2.5% of the purchase price of depreciable,  
6 tangible personal property, or 1.75% of the purchase price of depreciable, tangible  
7 personal property that is expensed under section 179 of the internal revenue code for  
8 purposes of the taxes under this chapter, except that:

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.

9 SECTION 2. 71.07 (2di) (a) 2.<sup>✓</sup> of the statutes is amended to read:

10 71.07 (2di) (a) 2. The credit under this subsection may be claimed only by the  
11 person who purchased the property the investment in which is the basis for the credit  
12 or by the person certified under s. 560.795 (5),<sup>✓</sup> except that only partners may claim  
13 the credit based on purchases by a partnership, only members may claim the credit  
14 based on purchases by a limited liability company and except that only shareholders  
15 may claim the credit based on purchases by a tax-option corporation.

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.

SECTION 3. 71.07 (2di) (d) 1. of the statutes is amended to read:

71.07 (2di) (d) 1. A copy of a verification from the department of commerce that the claimant may claim tax benefits under s. 560.795 (3) or is certified under s. 560.795 (5).

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.

SECTION 4. 71.07 (2di) (f) of the statutes is amended to read:

71.07 (2di) (f) If a person who is entitled under s. 560.795 (3) to claim tax benefits becomes ineligible for such tax benefits, or if a person's certification under s. 560.795 (5) is revoked, that person may claim no credits under this subsection for the taxable year that includes the day on which the person becomes ineligible for tax benefits, the taxable year that includes the day on which the certification is revoked, or succeeding taxable years and that person may carry over no unused credits from previous years to offset tax under this chapter for the taxable year that includes the day on which the person becomes ineligible for tax benefits, the taxable year that includes the day on which the certification is revoked, or succeeding 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.

SECTION 5. 71.07 (2di) (g) of the statutes is amended to read:

71.07 (2di) (g) If a person who is entitled under s. 560.795 (3) to claim tax benefits or certified under s. 560.795 (5) ceases business operations in the development zone during any of the taxable years that that zone exists, that person may not carry over to any taxable year following the year during which operations cease any unused credits from the taxable year during which operations cease or from previous 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.

SECTION 6. 71.07 (2dx) (b) (intro.) of the statutes is amended to read:

1            71.07 (2dx) (b) *Credit*. (intro.) Except as provided in s. 73.03 (35) and subject  
 2 to s. 560.785, for any taxable year for which the person is entitled under s. 560.795  
 3 (3) to claim tax benefits or certified under s. 560.765 (3), 560.795 (5) or 560.797 (4),  
 4 any person may claim as a credit against taxes imposed on the person's income from  
 5 the person's business activities in a development zone the following amounts:

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.

6            **SECTION 7.** 71.07 (2dx) (c) of the statutes is amended to read:

7            71.07 (2dx) (c) *Credit precluded*. If the certification of a person for tax benefits  
 8 under s. 560.765 (3), 560.795 (5) or 560.797 (4) is revoked, or if the person becomes  
 9 ineligible for tax benefits under s. 560.795 (3), that person may not claim credits  
 10 under this subsection for the taxable year that includes the day on which the  
 11 certification is revoked; the taxable year that includes the day on which the person  
 12 becomes ineligible for tax benefits; or succeeding taxable years and that person may  
 13 not carry over unused credits from previous years to offset tax under this chapter for  
 14 the taxable year that includes the day on which certification is revoked; the taxable  
 15 year that includes the day on which the person becomes ineligible for tax benefits;  
 16 or succeeding 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.

17            **SECTION 8.** 71.07 (2dx) (d) of the statutes is amended to read:

18            71.07 (2dx) (d) *Carry-over precluded*. If a person who is entitled under s.  
 19 560.795 (3) to claim tax benefits or certified under s. 560.765 (3), 560.795 (5) or  
 20 560.797 (4) for tax benefits ceases business operations in the development zone  
 21 during any of the taxable years that that zone exists, that person may not carry over  
 22 to any taxable year following the year during which operations cease any unused

1 credits from the taxable year during which operations cease or from previous taxable  
2 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, 336, 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.

3 **SECTION 9. 71.28 (1di) (a) (intro.)** of the statutes is amended to read:

4 **71.28 (1di) (a) (intro.)** Except as provided in pars. (dm) and (f) and s. 73.03 (35),  
5 for any taxable year for which the person is entitled under s. 560.795 (3) to claim tax  
6 benefits or certified under s. 560.795 (5), any person may claim as a credit against  
7 taxes otherwise due under this chapter 2.5% of the purchase price of depreciable,  
8 tangible personal property, or 1.75% of the purchase price of depreciable, tangible  
9 personal property that is expensed under section 179 of the internal revenue code for  
10 purposes of the taxes under this chapter, except that:

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.

11 **SECTION 10. 71.28 (1di) (a) 2.** of the statutes is amended to read:

12 **71.28 (1di) (a) 2.** The credit under this subsection may be claimed only by the  
13 person who purchased the property the investment in which is the basis for the credit  
14 or by the person certified under s. 560.795 (5), except that only partners may claim  
15 the credit based on purchases by a partnership, only members may claim the credit  
16 based on purchases by a limited liability company and except that only shareholders  
17 may claim the credit based on purchases by a tax-option corporation.

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.

18 **SECTION 11. 71.28 (1di) (d) 1.** of the statutes is amended to read:

19 **71.28 (1di) (d) 1.** A copy of a verification from the department of commerce that  
20 the claimant may claim tax benefits under s. 560.795 (3) or is certified under  
21 s. 560.795 (5).

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.

22 **SECTION 12. 71.28 (1di) (f)** of the statutes is amended to read:

1           71.28 (1di) (f) If a person who is entitled under s. 560.795 (3) to claim tax  
 2 benefits becomes ineligible for such tax benefits, or if a person's certification under  
 3 s. 560.795 (5) is revoked, that person may claim no credits under this subsection for  
 4 the taxable year that includes the day on which the person becomes ineligible for tax  
 5 benefits, the taxable year that includes the day on which the certification is revoked,  
 6 or succeeding taxable years and that person may carry over no unused credits from  
 7 previous years to offset tax under this chapter for the taxable year that includes the  
 8 day on which the person becomes ineligible for tax benefits, the taxable year that  
 9 includes the day on which the certification is revoked, or succeeding 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. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9.

10           **SECTION 13.** 71.28 (1di) (g) of the statutes is amended to read:

11           71.28 (1di) (g) If a person who is entitled under s. 560.795 (3) to claim tax  
 12 benefits or certified under s. 560.795 (5) ceases business operations in the  
 13 development zone during any of the taxable years that that zone exists, that person  
 14 may not carry over to any taxable year following the year during which operations  
 15 cease any unused credits from the taxable year during which operations cease or  
 16 from previous 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. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9.

17           **SECTION 14.** 71.28 (1dx) (b) (intro.) of the statutes is amended to read:

18           71.28 (1dx) (b) *Credit.* (intro.) Except as provided in s. 73.03 (35) and subject  
 19 to s. 560.785, for any taxable year for which the person is entitled under s. 560.795  
 20 (3) to claim tax benefits or certified under s. 560.765 (3), 560.795 (5) or 560.797 (4),  
 21 any person may claim as a credit against taxes imposed on the person's income from



1 the person's business activities in a development zone under this subchapter the  
2 following amounts:

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. X

3 SECTION 15. 71.28 (1dx) (c) of the statutes is amended to read:

4 71.28 (1dx) (c) *Credit precluded.* If the certification of a person for tax benefits  
5 under s. 560.765 (3), 560.795 (5) or 560.797 (4) is revoked, or if the person becomes  
6 ineligible for tax benefits under s. 560.795 (3), that person may not claim credits  
7 under this subsection for the taxable year that includes the day on which the  
8 certification is revoked; the taxable year that includes the day on which the person  
9 becomes ineligible for tax benefits; or succeeding taxable years and that person may  
10 not carry over unused credits from previous years to offset tax under this chapter for  
11 the taxable year that includes the day on which certification is revoked; the taxable  
12 year that includes the day on which the person becomes ineligible for tax benefits;  
13 or succeeding 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. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9. X

14 SECTION 16. 71.28 (1dx) (d) of the statutes is amended to read:

15 71.28 (1dx) (d) *Carry-over precluded.* If a person who is entitled under s.  
16 560.795 (3) to claim tax benefits or certified under s. 560.765 (3), 560.795 (5) or  
17 560.797 (4) for tax benefits ceases business operations in the development zone  
18 during any of the taxable years that that zone exists, that person may not carry over  
19 to any taxable year following the year during which operations cease any unused  
20 credits from the taxable year during which operations cease or from previous taxable  
21 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. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9. X

22 SECTION 17. 71.47 (1di) (a) (intro.) of the statutes is amended to read:

1           **71.47 (1di) (a) (intro.)** Except as provided in pars. (dm) and (f) and s. 73.03 (35),  
 2 for any taxable year for which the person is entitled under s. 560.795 (3) to claim tax  
 3 benefits or certified under s. 560.795 (5), any person may claim as a credit against  
 4 taxes otherwise due under this chapter 2.5% of the purchase price of depreciable,  
 5 tangible personal property, or 1.75% of the purchase price of depreciable, tangible  
 6 personal property that is expensed under section 179 of the internal revenue code for  
 7 purposes of the taxes under this chapter, except that:

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.

8           **SECTION 18.** 71.47 (1di) (a) 2. of the statutes is amended to read:

9           **71.47 (1di) (a) 2.** The credit under this subsection may be claimed only by the  
 10 person who purchased the property the investment in which is the basis for the credit  
 11 or by the person certified under s. 560.795 (5), except that only partners may claim  
 12 the credit based on purchases by a partnership, only members may claim the credit  
 13 based on purchases by a limited liability company and except that only shareholders  
 14 may claim the credit based on purchases by a tax-option corporation.

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.

15           **SECTION 19.** 71.47 (1di) (d) 1. of the statutes is amended to read:

16           **71.47 (1di) (d) 1.** A copy of a verification from the department of commerce that  
 17 the claimant may claim tax benefits under s. 560.795 (3) or is certified under  
 18 s. 560.795 (5).

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.

19           **SECTION 20.** 71.47 (1di) (f) of the statutes is amended to read:

20           **71.47 (1di) (f)** If a person who is entitled under s. 560.795 (3) to claim tax  
 21 benefits becomes ineligible for such tax benefits or if a person's certification under  
 22 s. 560.795 (5) is revoked, that person may claim no credits under this subsection for  
 23 the taxable year that includes the day on which the person becomes ineligible for tax

1 benefits, the taxable year that includes the day on which the certification is revoked,  
 2 or succeeding taxable years and that person may carry over no unused credits from  
 3 previous years to offset tax under this chapter for the taxable year that includes the  
 4 day on which the person becomes ineligible for tax benefits, the taxable year that  
 5 includes the day on which the certification is revoked, or succeeding 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.

6 **SECTION 21.** 71.47 (1di) (g) of the statutes is amended to read:

7 71.47 (1di) (g) If a person who is entitled under s. 560.795 (3) to claim tax  
 8 benefits or certified under s. 560.795 (5) ceases business operations in the  
 9 development zone during any of the taxable years that that zone exists, that person  
 10 may not carry over to any taxable year following the year during which operations  
 11 cease any unused credits from the taxable year during which operations cease or  
 12 from previous 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.

13 **SECTION 22.** 71.47 (1dx) (b) (intro.) of the statutes is amended to read:

14 71.47 (1dx) (b) *Credit.* (intro.) Except or provided in s. 73.03 (35) and subject  
 15 to s. 560.785, for any taxable year for which the person is entitled under s. 560.795  
 16 (3) to claim tax benefits or certified under s. 560.765 (3), 560.795 (5) or 560.797 (4),  
 17 any person may claim as a credit against taxes imposed on the person's income from  
 18 the person's business activities in a development zone under this subchapter the  
 19 following amounts:

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.

20 **SECTION 23.** 71.47 (1dx) (c) of the statutes is amended to read:

21 71.47 (1dx) (c) *Credit precluded.* If the certification of a person for tax benefits  
 22 under s. 560.765 (3), 560.795 (5) or 560.797 (4) is revoked, or if the person becomes  
 23 ineligible for tax benefits under s. 560.795 (3), that person may not claim credits

1 under this subsection for the taxable year that includes the day on which the  
 2 certification is revoked; the taxable year that includes the day on which the person  
 3 becomes ineligible for tax benefits; or succeeding taxable years and that person may  
 4 not carry over unused credits from previous years to offset tax under this chapter for  
 5 the taxable year that includes the day on which certification is revoked; the taxable  
 6 year that includes the day on which the person becomes ineligible for tax benefits;  
 7 or succeeding 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.

8 **SECTION 24.** 71.47 (1dx) (d) of the statutes is amended to read:

9 71.47 (1dx) (d) *Carry-over precluded.* If a person who is entitled under s.  
 10 560.795 (3) to claim tax benefits or certified under s. 560.765 (3), 560.795 (5), or  
 11 560.797 (4) for tax benefits ceases business operations in the development zone  
 12 during any of the taxable years that that zone exists, that person may not carry over  
 13 to any taxable year following the year during which operations cease any unused  
 14 credits from the taxable year during which operations cease or from previous taxable  
 15 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.

16 **SECTION 25.** 560.785 (1) (a) of the statutes is amended to read:

17 560.785 (1) (a) Limit a person's eligibility to claim tax benefits for retaining,  
 18 or being instrumental in the retention of, full-time jobs to those jobs that likely  
 19 would not have been retained but for the tax benefits.

History: 1997 a. 27, 41; 1999 a. 9.

20 **SECTION 26.** 560.785 (1) (b) of the statutes is amended to read:

21 560.785 (1) (b) Allow a person to claim up to \$8,000 in tax benefits during the  
 22 time that an area is designated as a development zone, as a development opportunity

1 zone, or as an enterprise development zone for creating, or being instrumental in the  
2 creation of, a full-time job that is filled by a member of the target population.

History: 1997 a. 27, 41; 1999 a. 9.

3 **SECTION 27.** 560.785 (1) (c) 1. of the statutes is amended to read:

4 560.785 (1) (c) 1. Creating, or being instrumental in the creation of, a full-time  
5 job that is filled by an individual who is a Wisconsin resident and who is not a member  
6 of the target population.

History: 1997 a. 27, 41; 1999 a. 9.

7 **SECTION 28.** 560.785 (1) (c) 2. of the statutes is amended to read:

8 560.785 (1) (c) 2. Retaining, or being instrumental in the retention of, a  
9 full-time job that is filled by an individual who is a Wisconsin resident and who is  
10 not a member of the target population.

History: 1997 a. 27, 41; 1999 a. 9.

11 **SECTION 29.** 560.785 (1) (d) of the statutes is amended to read:

12 560.785 (1) (d) Except for a person claiming tax benefits only for environmental  
13 remediation under s. 71.07 (2dx) (b) 1., 71.28 (1dx) (b) 1., or 71.47 (1dx) (b) 1., require  
14 at least 25% of the tax benefits claimed by a person to be based on creating or  
15 retaining, or being instrumental in the creation or retention of, full-time jobs.

History: 1997 a. 27, 41; 1999 a. 9.

16 **SECTION 30.** 560.785 (1) (e) of the statutes is amended to read:

17 560.785 (1) (e) Require at least one-third of the tax benefits claimed by a person  
18 that are based on creating, or being instrumental in the creation of, full-time jobs  
19 to be based on creating, or being instrumental in the creation of, full-time jobs that  
20 are filled by members of the target population.

History: 1997 a. 27, 41; 1999 a. 9.

21 **SECTION 31.** 560.785 (1) (h) of the statutes is amended to read:

22 560.785 (1) (h) Provide that a person's eligibility to claim tax benefits for  
23 environmental remediation under s. 71.07 (2dx) (b) 1., 71.28 (1dx) (b) 1., or 71.47

1 (Idx) (b) 1. is not based on creating or retaining, or being instrumental in the creation  
2 or retention of, jobs.

History: 1997 a. 27, 41; 1999 a. 9.

(END OF INSERT 2-1)

INSERT 3-5

3 SECTION 32. 560.795 (3) (c) of the statutes is amended to read:

4 560.795 (3) (c) The department shall notify the department of revenue of all  
5 corporations entitled to claim tax benefits under this section subsection.

History: 1993 a. 232; 1995 a. 2; 1995 a. 27 ss. 6936p, 6936r, 9130 (4); 1997 a. 3, 27; 1999 a. 9, 32.

6 SECTION 33. 560.795 (4) (a) (intro.) of the statutes is amended to read:

7 560.795 (4) (a) (intro.) The department shall revoke the entitlement of a  
8 corporation to claim tax benefits under this section sub. (3) if the corporation does  
9 any of the following:

10 SECTION 34. 560.795 (5) of the statutes is created to read:

11 560.795 (5) CERTIFICATION BASED ON THE ACTIVITY OF ANOTHER. (a) The  
12 department may certify for tax benefits a person that is conducting economic activity  
13 in the development opportunity zone under sub. (1) (e) and that is not otherwise  
14 entitled to claim tax benefits if all of the following apply:

15 1. The person's economic activity is instrumental in enabling another person  
16 to conduct economic activity in the development opportunity zone under sub. (1) (e).

17 2. The department determines that the economic activity of the other person  
18 under subd. 1. would not have occurred but for the involvement of the person to be  
19 certified for tax benefits under this subsection.

20 3. The person to be certified for tax benefits under this subsection will pass the  
21 benefits through to the other person conducting the economic activity under subd.  
22 1., as determined by the department.

1 4. The other person conducting the economic activity under subd. 1. does not  
2 claim tax benefits under sub. (3). ✓

3 (b) A person intending to claim tax benefits under this subsection shall submit ✓  
4 to the department an application, in the form required by the department, containing  
5 information required by the department and by the department of revenue. ✓

6 (c) The department shall notify the department of revenue of all persons  
7 certified to claim tax benefits under this subsection. ✓

8 (d) The department annually shall verify information submitted to the  
9 department under s. 71.07 (2di) or (2dx), 71.28 (1di) or (1dx), or 71.47 (1di) or (1dx). ✓

10 (e) The department shall revoke the entitlement of a person to claim tax  
11 benefits under this subsection if the person does any of the following:

- 12 1. Supplies false or misleading information to obtain the tax benefits.
- 13 2. Ceases operations in the development opportunity zone under sub. (1) (e). ✓
- 14 3. Does not pass the benefits through to the other person conducting the  
15 economic activity under par. <sup>a</sup> 1., as determined by the department.

16 (f) The department shall notify the department of revenue within 30 days after  
17 revoking an entitlement under par. (e). ✓

18 **SECTION 9344. Initial applicability; revenue.** ✓

19 (1) MILWAUKEE DEVELOPMENT OPPORTUNITY ZONE. The treatment of sections  
 20 71.07 (2di) (a) (intro.) and 2., (d) 1., (f), and (g) ~~71.07~~ and  
 21 71.28 (1di) (a) (intro.) and 2., (d) 1., (f), and (g) ~~71.28~~ and  
 22 71.47 (1di) (a) (intro.) and 2., (d) 1., (f), and (g) ~~71.47~~ and  
 23 560.785 (1) (a), (b), (c) 1. and 2., (d), (e), and (h), 560.795 (1) (e), (2) (a) ~~560.795~~ and  
 24 (a) 4., ~~560.795~~ (b) 7. ~~560.795~~ and  
 25 (c), (4) (a) (intro.), and (5) of the statutes first applies to taxable  
 years beginning on January 1 of the year in which this subsection takes effect, except

1 that if this subsection takes effect after July 31 the treatment of sections 71.07 (2di)  
 2 (a) (intro.) and 2., (d) 1., (f), and (g) ~~71.28 (2dx)~~ <sup>and</sup> (b) (intro.), (c), and (d), 71.28 (1di) (a)  
 3 (intro.) and 2., (d) 1., (f), and (g) ~~71.47 (1dx)~~ (1dx) (b) (intro.), (c), and (d), 71.47 (1di) (a)  
 4 (intro.) and 2., (d) 1., (f), and (g) ~~560.785 (1dx)~~ <sup>and</sup> (b) (intro.), (c), and (d), 560.785 (1) (a),  
 5 (b), (c) 1. and 2., (d), (e), and (h), ~~560.795 (1) (e), (2) (a)~~ <sup>and</sup> (b) 5., (3) (a) 4., ~~71.47~~ (b) 7.,  
 6 <sup>and</sup> ~~(a)~~ (c), (4) (a) (intro.), and (5) of the statutes first applies to taxable years beginning  
 7 on January 1 of the year following the year in which this subsection <sup>✓</sup> takes effect.

(END OF INSERT 3-5)



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

LRB-0643/1dn

PJK:kmg/km

date

**Bill:**

Because the concept in LRB-0642 is now dependent on the new development opportunity zone created in LRB-0643, we have incorporated LRB-0642 into LRB-0643. LRB-0642 should not be in the compile.

Pamela J. Kahler  
Senior Legislative Attorney  
Phone: (608) 266-2682  
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Joseph T. Kreye  
Legislative Attorney  
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**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-0643/P1dn  
PJK:kmg:rs

January 11, 2001

**Bill:**

Because the concept in LRB-0642 is now dependent on the new development opportunity zone created in LRB-0643, we have incorporated LRB-0642 into LRB-0643. LRB-0642 should not be in the compile.

Pamela J. Kahler  
Senior Legislative Attorney  
Phone: (608) 266-2682  
E-mail: pam.kahler@legis.state.wi.us

Joseph T. Kreye  
Legislative Attorney  
Phone: (608) 266-2263  
E-mail: joseph.kreye@legis.state.wi.us

## Kahler, Pam

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**From:** Walker, William  
**Sent:** Thursday, January 25, 2001 4:28 PM  
**To:** Kahler, Pam  
**Subject:** RE: LRB-0643

It would be a courtesy to Julie to add "under s. 560.795 (5)" as you suggest if that does not burden you.

She is proposing eliminating any time requirement. I don't feel comfortable eliminating the time frame since that is part of the other DOZs as well.

I will check with Dave whether it is ok for us to do so. Until, then, leave the time as is.

-----Original Message-----

**From:** Kahler, Pam  
**Sent:** Thursday, January 25, 2001 4:20 PM  
**To:** Walker, William  
**Subject:** RE: LRB-0643

Second question first. I agree with you. Section 560.785 only addresses rules that the department must promulgate. The program language spells out who is eligible for tax credits. The only program the "instrumental" language applies to is the program under s. 560.795. If Julie is uncomfortable with the language, though, "under s. 560.795 (5)" could be added after each instance of "being instrumental."

First question. In looking at the drafting file, I see that I added, in pencil, "the first day of the 7th month beginning after" before "the effective date of this subdivision," since there was no instruction on when the project plan should be submitted. As I originally drafted it, the corporation was required to submit the project plan no later than the effective date of the act, which is what you see in s. 560.795 (3) (a) 3. In s. 560.795 (3) (a) 1. and 2., the date was 6 month after the effective date. I used that 6 month delay for this one, but worded it a bit differently. The time frame for submitting a project plan is up to you. Is the proposal to take out the time frame altogether so that the language would be any corporation that submits a project plan is entitled to claim tax credits?

-----Original Message-----

**From:** Walker, William  
**Sent:** Thursday, January 25, 2001 3:35 PM  
**To:** Kahler, Pam  
**Subject:** LRB-0643

Julie Keal of Commerce has some points. I'm not sure about them (see my comments inline)

JK: "Page 11, line 25. Delete the "no later than the first day of the 7th month" clause. It imposes an artificial timing constraint on the project. We'll still be requiring the project plan -- they just won't have to get it in during that time period."

This seems like a big deal to me. Where did the 7 month requirement originate?

JK: "Pages 9 and 10. Can we make it more clear that the changes to 560.785 (the "instrumental" language) apply only to the DOZ? I'm a little concerned about another business reading this and thinking that they can use it."

The "instrumental" language just gives Commerce authority to make rules about the topic. It grants no rights. I don't think that we need to make the clarification she wants. Do you agree?

**Bill Walker**  
Executive Policy and Budget Analyst  
Department of Administration  
(608) 266-7329

**Kahler, Pam**

---

**From:** Walker, William  
**Sent:** Friday, January 26, 2001 9:16 AM  
**To:** Kahler, Pam  
**Subject:** Milwaukee DOZ

Following up on the Milwaukee DOZ signup times:

1. DO eliminate the time limit for plan submission.
2. Also, extend the life of the zone to 84 months from the current 36 (only for this zone of course, leave the others at 36 --- they've all expired anyway, if I remember right).



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0643/A  
PJK&JK:jld&kmg:rs

*v m is run*

DOA:.....Walker – Designate a development opportunity zone in Milwaukee and authorize tax benefits on basis of another's economic activity in that zone

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

*SOON  
(1-26)*

*do not  
generate*

1 AN ACT; relating to: the budget.

**Analysis by the Legislative Reference Bureau  
COMMERCE AND ECONOMIC DEVELOPMENT**

**ECONOMIC DEVELOPMENT**

The department of commerce (department) administers three types of development zone programs: 1) the development zone program; 2) the development opportunity zone program; and 3) the enterprise development zone program. Generally, after an area is designated as one of the three types of development zones, a person or corporation that conducts or that intends to conduct economic activity in the designated zone is or may be certified by the department as eligible for certain tax credits, which are based on the creation or retention of jobs, on expenses incurred to remediate environmental problems, and on significant capital investment to retain jobs.

The bill designates an area in the city of Milwaukee as a development opportunity zone and authorizes up to \$4,700,000 to be claimed in tax credits for economic activity in the zone. The bill also provides that in the new development opportunity zone in the city of Milwaukee, a person conducting economic activity in the zone that would not otherwise be able to claim tax credits may be certified for tax credits if the economic activity is instrumental in enabling another person to conduct

economic activity in the zone that would not have occurred but for the first person's involvement, if the department determines that the person being certified for tax credits will pass the benefit of the tax credits through to the other person conducting the economic activity in the zone, and if the other person conducting economic activity in the zone does not claim tax credits for the economic activity.

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 (2di) (a) (intro.) of the statutes is amended to read:

2           71.07 (2di) (a) (intro.) Except as provided in pars. (dm) and (f) and s. 73.03 (35),  
3 for any taxable year for which the person is entitled under s. 560.795 (3) to claim tax  
4 benefits or certified under s. 560.795 (5), any person may claim as a credit against  
5 taxes otherwise due under this chapter 2.5% of the purchase price of depreciable,  
6 tangible personal property, or 1.75% of the purchase price of depreciable, tangible  
7 personal property that is expensed under section 179 of the internal revenue code for  
8 purposes of the taxes under this chapter, except that:

9           **SECTION 2.** 71.07 (2di) (a) 2. of the statutes is amended to read:

10          71.07 (2di) (a) 2. The credit under this subsection may be claimed only by the  
11 person who purchased the property the investment in which is the basis for the credit  
12 or by the person certified under s. 560.795 (5), except that only partners may claim  
13 the credit based on purchases by a partnership, only members may claim the credit  
14 based on purchases by a limited liability company and except that only shareholders  
15 may claim the credit based on purchases by a tax-option corporation.

16          **SECTION 3.** 71.07 (2di) (d) 1. of the statutes is amended to read:

1           71.07 (2di) (d) 1. A copy of a verification from the department of commerce that  
2           the claimant may claim tax benefits under s. 560.795 (3) or is certified under s.  
3           560.795 (5).

4           **SECTION 4.** 71.07 (2di) (f) of the statutes is amended to read:

5           71.07 (2di) (f) If a person who is entitled under s. 560.795 (3) to claim tax  
6           benefits becomes ineligible for such tax benefits, or if a person's certification under  
7           s. 560.795 (5) is revoked, that person may claim no credits under this subsection for  
8           the taxable year that includes the day on which the person becomes ineligible for tax  
9           benefits, the taxable year that includes the day on which the certification is revoked,  
10          or succeeding taxable years and that person may carry over no unused credits from  
11          previous years to offset tax under this chapter for the taxable year that includes the  
12          day on which the person becomes ineligible for tax benefits, the taxable year that  
13          includes the day on which the certification is revoked, or succeeding taxable years.

14          **SECTION 5.** 71.07 (2di) (g) of the statutes is amended to read:

15          71.07 (2di) (g) If a person who is entitled under s. 560.795 (3) to claim tax  
16          benefits or certified under s. 560.795 (5) ceases business operations in the  
17          development zone during any of the taxable years that that zone exists, that person  
18          may not carry over to any taxable year following the year during which operations  
19          cease any unused credits from the taxable year during which operations cease or  
20          from previous taxable years.

21          **SECTION 6.** 71.07 (2dx) (b) (intro.) of the statutes is amended to read:

22          71.07 (2dx) (b) *Credit.* (intro.) Except as provided in s. 73.03 (35) and subject  
23          to s. 560.785, for any taxable year for which the person is entitled under s. 560.795  
24          (3) to claim tax benefits or certified under s. 560.765 (3), 560.795 (5), or 560.797 (4),

1 any person may claim as a credit against taxes imposed on the person's income from  
2 the person's business activities in a development zone the following amounts:

3 **SECTION 7.** 71.07 (2dx) (c) of the statutes is amended to read:

4 **71.07 (2dx) (c) *Credit precluded.*** If the certification of a person for tax benefits  
5 under s. 560.765 (3), 560.795 (5), or 560.797 (4) is revoked, or if the person becomes  
6 ineligible for tax benefits under s. 560.795 (3), that person may not claim credits  
7 under this subsection for the taxable year that includes the day on which the  
8 certification is revoked; the taxable year that includes the day on which the person  
9 becomes ineligible for tax benefits; or succeeding taxable years and that person may  
10 not carry over unused credits from previous years to offset tax under this chapter for  
11 the taxable year that includes the day on which certification is revoked; the taxable  
12 year that includes the day on which the person becomes ineligible for tax benefits;  
13 or succeeding taxable years.

14 **SECTION 8.** 71.07 (2dx) (d) of the statutes is amended to read:

15 **71.07 (2dx) (d) *Carry-over precluded.*** If a person who is entitled under s.  
16 560.795 (3) to claim tax benefits or certified under s. 560.765 (3), 560.795 (5), or  
17 560.797 (4) for tax benefits ceases business operations in the development zone  
18 during any of the taxable years that that zone exists, that person may not carry over  
19 to any taxable year following the year during which operations cease any unused  
20 credits from the taxable year during which operations cease or from previous taxable  
21 years.

22 **SECTION 9.** 71.28 (1di) (a) (intro.) of the statutes is amended to read:

23 **71.28 (1di) (a) (intro.)** Except as provided in pars. (dm) and (f) and s. 73.03 (35),  
24 for any taxable year for which the person is entitled under s. 560.795 (3) to claim tax  
25 benefits or certified under s. 560.795 (5), any person may claim as a credit against



1 taxes otherwise due under this chapter 2.5% of the purchase price of depreciable,  
2 tangible personal property, or 1.75% of the purchase price of depreciable, tangible  
3 personal property that is expensed under section 179 of the internal revenue code for  
4 purposes of the taxes under this chapter, except that:

5 **SECTION 10.** 71.28 (1di) (a) 2. of the statutes is amended to read:

6 71.28 (1di) (a) 2. The credit under this subsection may be claimed only by the  
7 person who purchased the property the investment in which is the basis for the credit  
8 or by the person certified under s. 560.795 (5), except that only partners may claim  
9 the credit based on purchases by a partnership, only members may claim the credit  
10 based on purchases by a limited liability company and except that only shareholders  
11 may claim the credit based on purchases by a tax-option corporation.

12 **SECTION 11.** 71.28 (1di) (d) 1. of the statutes is amended to read:

13 71.28 (1di) (d) 1. A copy of a verification from the department of commerce that  
14 the claimant may claim tax benefits under s. 560.795 (3) or is certified under s.  
15 560.795 (5).

16 **SECTION 12.** 71.28 (1di) (f) of the statutes is amended to read:

17 71.28 (1di) (f) If a person who is entitled under s. 560.795 (3) to claim tax  
18 benefits becomes ineligible for such tax benefits, or if a person's certification under  
19 s. 560.795 (5) is revoked, that person may claim no credits under this subsection for  
20 the taxable year that includes the day on which the person becomes ineligible for tax  
21 benefits, the taxable year that includes the day on which the certification is revoked,  
22 or succeeding taxable years and that person may carry over no unused credits from  
23 previous years to offset tax under this chapter for the taxable year that includes the  
24 day on which the person becomes ineligible for tax benefits, the taxable year that  
25 includes the day on which the certification is revoked, or succeeding taxable years.

1           **SECTION 13.** 71.28 (1di) (g) of the statutes is amended to read:

2           71.28 (1di) (g) If a person who is entitled under s. 560.795 (3) to claim tax  
3           benefits or certified under s. 560.795 (5) ceases business operations in the  
4           development zone during any of the taxable years that that zone exists, that person  
5           may not carry over to any taxable year following the year during which operations  
6           cease any unused credits from the taxable year during which operations cease or  
7           from previous taxable years.

8           **SECTION 14.** 71.28 (1dx) (b) (intro.) of the statutes is amended to read:

9           71.28 (1dx) (b) *Credit.* (intro.) Except as provided in s. 73.03 (35) and subject  
10          to s. 560.785, for any taxable year for which the person is entitled under s. 560.795  
11          (3) to claim tax benefits or certified under s. 560.765 (3), 560.795 (5), or 560.797 (4),  
12          any person may claim as a credit against taxes imposed on the person's income from  
13          the person's business activities in a development zone under this subchapter the  
14          following amounts:

15          **SECTION 15.** 71.28 (1dx) (c) of the statutes is amended to read:

16          71.28 (1dx) (c) *Credit precluded.* If the certification of a person for tax benefits  
17          under s. 560.765 (3), 560.795 (5), or 560.797 (4) is revoked, or if the person becomes  
18          ineligible for tax benefits under s. 560.795 (3), that person may not claim credits  
19          under this subsection for the taxable year that includes the day on which the  
20          certification is revoked; the taxable year that includes the day on which the person  
21          becomes ineligible for tax benefits; or succeeding taxable years and that person may  
22          not carry over unused credits from previous years to offset tax under this chapter for  
23          the taxable year that includes the day on which certification is revoked; the taxable  
24          year that includes the day on which the person becomes ineligible for tax benefits;  
25          or succeeding taxable years.

1           **SECTION 16.** 71.28 (1dx) (d) of the statutes is amended to read:

2           71.28 (1dx) (d) *Carry-over precluded.* If a person who is entitled under s.  
3 560.795 (3) to claim tax benefits or certified under s. 560.765 (3), 560.795 (5), or  
4 560.797 (4) for tax benefits ceases business operations in the development zone  
5 during any of the taxable years that that zone exists, that person may not carry over  
6 to any taxable year following the year during which operations cease any unused  
7 credits from the taxable year during which operations cease or from previous taxable  
8 years.

9           **SECTION 17.** 71.47 (1di) (a) (intro.) of the statutes is amended to read:

10           71.47 (1di) (a) (intro.) Except as provided in pars. (dm) and (f) and s. 73.03 (35),  
11 for any taxable year for which the person is entitled under s. 560.795 (3) to claim tax  
12 benefits or certified under s. 560.795 (5), any person may claim as a credit against  
13 taxes otherwise due under this chapter 2.5% of the purchase price of depreciable,  
14 tangible personal property, or 1.75% of the purchase price of depreciable, tangible  
15 personal property that is expensed under section 179 of the internal revenue code for  
16 purposes of the taxes under this chapter, except that:

17           **SECTION 18.** 71.47 (1di) (a) 2. of the statutes is amended to read:

18           71.47 (1di) (a) 2. The credit under this subsection may be claimed only by the  
19 person who purchased the property the investment in which is the basis for the credit  
20 or by the person certified under s. 560.795 (5), except that only partners may claim  
21 the credit based on purchases by a partnership, only members may claim the credit  
22 based on purchases by a limited liability company and except that only shareholders  
23 may claim the credit based on purchases by a tax-option corporation.

24           **SECTION 19.** 71.47 (1di) (d) 1. of the statutes is amended to read:

1           71.47 (1di) (d) 1. A copy of a verification from the department of commerce that  
2 the claimant may claim tax benefits under s. 560.795 (3) or is certified under s.  
3 560.795 (5).

4           **SECTION 20.** 71.47 (1di) (f) of the statutes is amended to read:

5           71.47 (1di) (f) If a person who is entitled under s. 560.795 (3) to claim tax  
6 benefits becomes ineligible for such tax benefits or if a person's certification under  
7 s. 560.795 (5) is revoked, that person may claim no credits under this subsection for  
8 the taxable year that includes the day on which the person becomes ineligible for tax  
9 benefits, the taxable year that includes the day on which the certification is revoked,  
10 or succeeding taxable years and that person may carry over no unused credits from  
11 previous years to offset tax under this chapter for the taxable year that includes the  
12 day on which the person becomes ineligible for tax benefits, the taxable year that  
13 includes the day on which the certification is revoked, or succeeding taxable years.

14           **SECTION 21.** 71.47 (1di) (g) of the statutes is amended to read:

15           71.47 (1di) (g) If a person who is entitled under s. 560.795 (3) to claim tax  
16 benefits or certified under s. 560.795 (5) ceases business operations in the  
17 development zone during any of the taxable years that that zone exists, that person  
18 may not carry over to any taxable year following the year during which operations  
19 cease any unused credits from the taxable year during which operations cease or  
20 from previous taxable years.

21           **SECTION 22.** 71.47 (1dx) (b) (intro.) of the statutes is amended to read:

22           71.47 (1dx) (b) *Credit.* (intro.) Except or provided in s. 73.03 (35) and subject  
23 to s. 560.785, for any taxable year for which the person is entitled under s. 560.795  
24 (3) to claim tax benefits or certified under s. 560.765 (3), 560.795 (5), or 560.797 (4),  
25 any person may claim as a credit against taxes imposed on the person's income from

1 the person's business activities in a development zone under this subchapter the  
2 following amounts:

3 SECTION 23. 71.47 (1dx) (c) of the statutes is amended to read:

4 71.47 (1dx) (c) *Credit precluded.* If the certification of a person for tax benefits  
5 under s. 560.765 (3), 560.795 (5), or 560.797 (4) is revoked, or if the person becomes  
6 ineligible for tax benefits under s. 560.795 (3), that person may not claim credits  
7 under this subsection for the taxable year that includes the day on which the  
8 certification is revoked; the taxable year that includes the day on which the person  
9 becomes ineligible for tax benefits; or succeeding taxable years and that person may  
10 not carry over unused credits from previous years to offset tax under this chapter for  
11 the taxable year that includes the day on which certification is revoked; the taxable  
12 year that includes the day on which the person becomes ineligible for tax benefits;  
13 or succeeding taxable years.

14 SECTION 24. 71.47 (1dx) (d) of the statutes is amended to read:

15 71.47 (1dx) (d) *Carry-over precluded.* If a person who is entitled under s.  
16 560.795 (3) to claim tax benefits or certified under s. 560.765 (3), 560.795 (5), or  
17 560.797 (4) for tax benefits ceases business operations in the development zone  
18 during any of the taxable years that that zone exists, that person may not carry over  
19 to any taxable year following the year during which operations cease any unused  
20 credits from the taxable year during which operations cease or from previous taxable  
21 years.

22 SECTION 25. 560.785 (1) (a) of the statutes is amended to read:

23 560.785 (1) (a) Limit a person's eligibility to claim tax benefits for retaining,  
24 or being instrumental in the retention of, full-time jobs to those jobs that likely  
25 would not have been retained but for the tax benefits.

→ under s. 560.795(5) ✓

1 SECTION 26. 560.785 (1) (b) of the statutes is amended to read:

2 560.785 (1) (b) Allow a person to claim up to \$8,000 in tax benefits during the  
3 time that an area is designated as a development zone, as a development opportunity  
4 zone, or as an enterprise development zone for creating, or being instrumental in the  
5 creation of, a full-time job that is filled by a member of the target population.

6 SECTION 27. 560.785 (1) (c) 1. of the statutes is amended to read:

7 560.785 (1) (c) 1. Creating, or being instrumental in the creation of, a full-time  
8 job that is filled by an individual who is a Wisconsin resident and who is not a member  
9 of the target population.

10 SECTION 28. 560.785 (1) (c) 2. of the statutes is amended to read:

11 560.785 (1) (c) 2. Retaining, or being instrumental in the retention of, a  
12 full-time job that is filled by an individual who is a Wisconsin resident and who is  
13 not a member of the target population.

14 SECTION 29. 560.785 (1) (d) of the statutes is amended to read:

15 560.785 (1) (d) Except for a person claiming tax benefits only for environmental  
16 remediation under s. 71.07 (2dx) (b) 1., 71.28 (1dx) (b) 1., or 71.47 (1dx) (b) 1., require  
17 at least 25% of the tax benefits claimed by a person to be based on creating or  
18 retaining, or being instrumental in the creation or retention of, full-time jobs.

19 SECTION 30. 560.785 (1) (e) of the statutes is amended to read:

20 560.785 (1) (e) Require at least one-third of the tax benefits claimed by a person  
21 that are based on creating, or being instrumental in the creation of, full-time jobs  
22 to be based on creating, or being instrumental in the creation of, full-time jobs that  
23 are filled by members of the target population.

24 SECTION 31. 560.785 (1) (h) of the statutes is amended to read:

number A. 560.795 (5)

under A. 560.795(5) ←

with the designation of the area under sub. (1)(d) ↓

1 560.785 (1) (h) Provide that a person's eligibility to claim tax benefits for  
2 environmental remediation under s. 71.07 (2dx) (b) 1., 71.28 (1dx) (b) 1., or 71.47  
3 (1dx) (b) 1. is not based on creating or retaining, or being instrumental in the creation  
4 or retention of, jobs.

5 SECTION 32. 560.795 (1) (e) of the statutes is created to read:

6 560.795 (1) (e) An area in the city of Milwaukee, the legal description of which  
7 is provided to the department by the local governing body of the city of Milwaukee.

8 SECTION 33. 560.795 (2) (a) of the statutes is amended to read:

9 *plain* 560.795 (2) (a) Except as provided in par. (d), the designation of each area under  
10 sub. (1) (a), (b) ~~and (c) and (e)~~ as a development opportunity zone shall be effective

11 for 36 months, with the designation of the areas under sub. (1) (a) and (b) beginning

12 *plain* on April 23, 1994, and the designation of the area under sub. (1) (c) beginning on

13 April 28, 1995, and the designation of the area under sub. (1) (e) beginning on the

14 effective date of this paragraph ... [revisor inserts date] Except as provided in par.

15 (d), the designation of <sup>each</sup> the area under sub. (1) (d) <sup>and (e)</sup> as a development opportunity zone

16 shall be effective for 84 months, beginning on January 1, 2000.

17 SECTION 34. 560.795 (2) (b) 5. of the statutes is created to read:

18 560.795 (2) (b) 5. The limit for tax benefits for the development opportunity  
19 zone under sub. (1) (e) is \$4,700,000.

20 SECTION 35. 560.795 (3) (a) 4. of the statutes is created to read:

21 560.795 (3) (a) 4. Any corporation that is conducting or that intends to conduct  
22 economic activity in a development opportunity zone under sub. (1) (e) and that, in  
23 conjunction with the local governing body of the city in which the development  
24 opportunity zone is located, submits a project plan as described in par. (b) to the  
25 department ~~no later than the first day of the third month beginning after the effective~~

1 ~~(date of this subdivision ... [reviser inserts date])~~ shall be entitled to claim tax benefits  
2 while the area is designated as a development opportunity zone.

3 **SECTION 36.** 560.795 (3) (b) 7. of the statutes is amended to read:

4 560.795 (3) (b) 7. The corporation's plans to make reasonable attempts to hire  
5 employees from the ~~targeted~~ target population.

6 **SECTION 37.** 560.795 (3) (c) of the statutes is amended to read:

7 560.795 (3) (c) The department shall notify the department of revenue of all  
8 corporations entitled to claim tax benefits under this ~~section~~ subsection.

9 **SECTION 38.** 560.795 (4) (a) (intro.) of the statutes is amended to read:

10 560.795 (4) (a) (intro.) The department shall revoke the entitlement of a  
11 corporation to claim tax benefits under this ~~section sub. (3)~~ if the corporation does  
12 any of the following:

13 **SECTION 39.** 560.795 (5) of the statutes is created to read:

14 560.795 (5) CERTIFICATION BASED ON THE ACTIVITY OF ANOTHER. (a) The  
15 department may certify for tax benefits a person that is conducting economic activity  
16 in the development opportunity zone under sub. (1) (e) and that is not otherwise  
17 entitled to claim tax benefits if all of the following apply:

18 1. The person's economic activity is instrumental in enabling another person  
19 to conduct economic activity in the development opportunity zone under sub. (1) (e).

20 2. The department determines that the economic activity of the other person  
21 under subd. 1. would not have occurred but for the involvement of the person to be  
22 certified for tax benefits under this subsection.

23 3. The person to be certified for tax benefits under this subsection will pass the  
24 benefits through to the other person conducting the economic activity under subd.  
25 1., as determined by the department.



1           4. The other person conducting the economic activity under subd. 1. does not  
2 claim tax benefits under sub. (3).

3           (b) A person intending to claim tax benefits under this subsection shall submit  
4 to the department an application, in the form required by the department, containing  
5 information required by the department and by the department of revenue.

6           (c) The department shall notify the department of revenue of all persons  
7 certified to claim tax benefits under this subsection.

8           (d) The department annually shall verify information submitted to the  
9 department under s. 71.07 (2di) or (2dx), 71.28 (1di) or (1dx), or 71.47 (1di) or (1dx).

10          (e) The department shall revoke the entitlement of a person to claim tax  
11 benefits under this subsection if the person does any of the following:

- 12           1. Supplies false or misleading information to obtain the tax benefits.
- 13           2. Ceases operations in the development opportunity zone under sub. (1) (e).
- 14           3. Does not pass the benefits through to the other person conducting the  
15 economic activity under par. (a) 1., as determined by the department.

16          (f) The department shall notify the department of revenue within 30 days after  
17 revoking an entitlement under par. (e).

18           **SECTION 9344. Initial applicability; revenue.**

19          (1) MILWAUKEE DEVELOPMENT OPPORTUNITY ZONE. The treatment of sections  
20 71.07 (2di) (a) (intro.) and 2., (d) 1., (f), and (g) and (2dx) (b) (intro.), (c), and (d), 71.28  
21 (1di) (a) (intro.) and 2., (d) 1., (f), and (g) and (1dx) (b) (intro.), (c), and (d), 71.47 (1di)  
22 (a) (intro.) and 2., (d) 1., (f), and (g) and (1dx) (b) (intro.), (c), and (d), 560.785 (1) (a),  
23 (b), (c) 1. and 2., (d), (e), and (h), and 560.795 (1) (e), (2) (a) and (b) 5., (3) (a) 4., (b)  
24 7., and (c), (4) (a) (intro.), and (5) of the statutes first applies to taxable years  
25 beginning on January 1 of the year in which this subsection takes effect, except that

1 if this subsection takes effect after July 31 the treatment of sections 71.07 (2di) (a)  
2 (intro.) and 2., (d) 1., (f), and (g) and (2dx) (b) (intro.), (c), and (d), 71.28 (1di) (a) (intro.)  
3 and 2., (d) 1., (f), and (g) and (1dx) (b) (intro.), (c), and (d), 71.47 (1di) (a) (intro.) and  
4 2., (d) 1., (f), and (g) and (1dx) (b) (intro.), (c), and (d), 560.785 (1) (a), (b), (c) 1. and  
5 2., (d), (e), and (h), and 560.795 (1) (e), (2) (a) and (b) 5., (3) (a) 4., (b) 7., and (c), (4)  
6 (a) (intro.), and (5) of the statutes first applies to taxable years beginning on January  
7 1 of the year following the year in which this subsection takes effect.

8

**(END)**

Keep In LRB 01-0643 File

Save

LRB-0642

10/11/2000 10:50:08 AM  
Page 1

2001 DRAFTING REQUEST

Bill

Received: 10/03/2000

Received By: kahlepj

Wanted: As time permits

Identical to LRB:

For: Administration-Budget 6-7329

By/Representing: Walker

This file may be shown to any legislator: NO

Drafter: kahlepj

May Contact:

Alt. Drafters: jkreye

Subject: Econ. Development - misc.

Extra Copies: Commerce  
Commerce

Pre Topic:

DOA:.....Walker -

Topic:

Authorize certification of a person for tax credits on the basis of another person's economic activity

Instructions:

See Attached

Became A Part of 01-0643  
→ file moved

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>
/?	kahlepj 10/06/2000 jkreye 10/06/2000 kahlepj 10/06/2000	csicilia 10/11/2000		_____			State
/P1			martykr 10/11/2000	_____	lrb_docadmin 10/11/2000		

Vers.    Drafted    Reviewed    Typed    Proofed    Submitted    Jacketed    Required

FE Sent For:

<END>

**2001 DRAFTING REQUEST**

**Bill**

Received: 10/03/2000

Received By: **kahlepj**

Wanted. As time permits

Identical to LRB:

For: **Administration-Budget 6-7329**

By/Representing: **Walker**

This file may be shown to any legislator: **NO**

Drafter: **kahlepj**

May Contact:

Alt. Drafters: **jkreye**

Subject: **Econ. Development - misc.**

Extra Copies: **Commerce**  
~~Commerce~~

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See Attached

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<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
1?	kahlepj	PZ cjs 10/9	dm 10/11	Sept 10/11			State

FE Sent For:

<END>

High

Tax Credit Claimants. Authorize Commerce to certify a person to claim CDZ, DOZ, and EDZ tax credits based on the economic activity of another person if all of the following apply:

- A. Except for the involvement of the person to be certified by Commerce, the economic activity within the zone would not have occurred.
- B. The party claiming the tax credit will pass the benefits through to the party creating the economic activity, as determined by Commerce.

D. Claiming of Tax Credits by Persons Who did not Incur the Eligible Expenses

Authorize Commerce to certify a person to claim CDZ, DOZ, and EDZ tax credits based on the economic activity of another person if all of the following apply:

- 1. Except for the involvement of the person to be certified by Commerce, the economic activity within the zone would not have occurred.
- 2. The party claiming the tax credit will pass the benefits through to the party creating the economic activity, as determined by Commerce.



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0642/7

PJK

PI  
cjs  
JK

DOA:.....Walker – Authorize certification of a person for tax credits on the basis of another person’s economic activity

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

SOON  
(10-6)  
D-note

do not  
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1 AN ACT; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**COMMERCE AND ECONOMIC DEVELOPMENT**

**ECONOMIC DEVELOPMENT**

The department of commerce administers three types of development zone programs: 1) the development zone program; 2) the development opportunity zone program; and 3) the enterprise development zone program. Generally, after an area is designated as one of the three types of development zones, a person or corporation that conducts or that intends to conduct economic activity in the designated zone is or may be certified by the department as eligible for certain tax credits, which are based on the creation or retention of jobs, on expenses incurred to remediate environmental problems, and on significant capital investment to retain jobs. The bill provides that in any of the three types of zones, a person that is not conducting and that does not intend to conduct economic activity in the zone may also be certified for tax credits if economic activity that is being conducted in the zone would not have occurred but for the person’s involvement and if the department of commerce determines that the person will pass the benefit of the tax credits through to the person conducting the economic activity in the zone.

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.** 560.75 (7) of the statutes is amended to read:

2           560.75 (7) Prepare forms for the ~~certification~~ certifications described under s.

3           560.765 (5) and 560.766 (3).

4           History: 1987 a. 328; 1989 a. 31; 1989 a. 56 s. 259; 1991 <sup>✓</sup> a. 39; 1993 a. 16; 1995 a. 27 ss. 6936, 9130 (4); 1995 a. 209; 1997 a. 3, 27, 103; 1999 a. 9.

5           **SECTION 2.** 560.766 of the statutes is created to read:

6           **560.766 Certification based on the activity of another. (1)**

7           Notwithstanding s. 560.765 (1), (2), and (3), the department may certify for tax  
8           benefits a person that is not conducting and that does not intend to conduct economic  
9           activity in a development zone if all of the following apply:

10           (a) A person is conducting economic activity in a development zone.

11           (b) The department determines that the economic activity would not have  
12           occurred but for the involvement of the person to be certified for tax benefits under  
13           this subsection.

14           (c) The person to be certified for tax benefits under this subsection will pass the  
15           benefits through to the person conducting the economic activity in the development  
16           zone, as determined by the department.

17           (2) Within 3 months after a person is certified under sub. (1), the department  
18           shall estimate the amount of tax benefits that the person will claim while an area is  
19           designated as a development zone.

20           (3) The department shall provide a person certified under sub. (1) and the  
21           department of revenue with a copy of the certification.

22           **SECTION 3.** 560.795 (4) (a) (intro.) of the statutes is amended to read:



1           560.795 (4) (a) (intro.) The department shall revoke the entitlement of a  
2 corporation to claim tax benefits under ~~this section~~ sub. (3) if the corporation does  
3 any of the following:

4 History: 1993 a. 232; 1995 a. 2; 1995 a. 27 ss. 6936p, 6936r, 9130 (4); 1997 a. 3, 27; 1999 a. 9, 32.

**SECTION 4. 560.795 (5) of the statutes is created to read:**

5           560.795 (5) CERTIFICATION BASED ON THE ACTIVITY OF ANOTHER. The department  
6 may certify for tax benefits a person that is not conducting and that does not intend  
7 to conduct economic activity in a development opportunity zone if all of the following  
8 apply:

9           (a) A corporation is conducting economic activity in a development opportunity  
10 zone.

11           (b) The department determines that the economic activity would not have  
12 occurred but for the involvement of the person to be certified for tax benefits under  
13 this subsection.

14           (c) The person to be certified for tax benefits under this subsection will pass the  
15 benefits through to the corporation conducting the economic activity in the  
16 development opportunity zone, as determined by the department.

17           **SECTION 5. 560.797 (6) (a) (intro.) of the statutes is amended to read:**

18           560.797 (6) (a) (intro.) The department shall revoke the entitlement of a person  
19 to claim tax benefits under ~~this section~~ sub. (4), and the designation of the area as  
20 an enterprise development zone shall expire, if the person does any of the following:

History: 1995 a. 27 ss. 6936s to 6936v, 9130 (4); 1995 a. 209, 227, 417; 1997 a. 3, 27, 39; 1999 a. 9, 32.

21           **SECTION 6. 560.797 (4) (b) of the statutes is amended to read:**

INSERT  
"A"

(insert as  
indicated  
on next page)

*Insert "A"  
Insert "A"  
From prev.  
page  
here*

1           560.797 (4) (b) The department may certify only one person as eligible for tax  
2           benefits for conducting a project in an area designated as an enterprise development  
3           zone.

History: 1995 a. 27 ss. 6936s to 6936v, 9130 (4); 1995 a. 209, 227, 417; 1997 a. 3, 27, 39; 1999 a. 9, 32.

4           **SECTION 7. 560.797 (7) of the statutes is created to read:**

5           **560.797 (7) CERTIFICATION BASED ON THE ACTIVITY OF ANOTHER.** In addition to  
6           certifying a person under sub. (4), the department may certify for tax benefits a  
7           person that is not conducting and that does not intend to conduct a project in an  
8           enterprise development zone if all of the following apply:

- 9           (a) A person is conducting a project in an enterprise development zone.
- 10          (b) The department determines that the project would not have occurred but  
11          for the involvement of the person to be certified for tax benefits under this subsection.
- 12          (c) The person to be certified for tax benefits under this subsection will pass the  
13          benefits through to the person conducting the project in the enterprise development  
14          zone, as determined by the department.

(END)

*D-note*

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

LRB-0642/?dn  
PJK&JKP.....

**Bill:**

1. I made the assumption that both the party conducting the economic activity and the party being certified for tax benefits based on the other party's activity would be certified for tax benefits. Is that correct? If so, are the tax benefits allocated between the two parties? How are they allocated?
2. Do you want to specify what the party being certified for tax benefits based on another party's activity must submit to the department for certification?
3. Do you want to specify whether and on what basis a party being certified for tax benefits based on another party's activity may have his or her benefit entitlement revoked?
4. Since a party may claim tax benefits for *intending* to conduct economic activity in a zone, is it possible for a party to be certified for tax benefits based on another party's intention to conduct economic activity that never occurs? As drafted in this bill, the other party must actually be conducting economic activity. But what if the other party leaves the zone and has his or her benefit entitlement revoked? Would the party certified on the basis of that party's activity also have his or her entitlement revoked? Is the party being certified for tax benefits based on another party's activity entitled to claim tax benefits for as long as the party conducting the activity is entitled to claim the benefits? These issues could be addressed in rules promulgated under s. 560.785. ✓
5. Do you want to amend s. 560.745 (3) (a) and (b) by adding a person certified under s. 560.766 (1)? ✓
6. Section 560.768 applies only to a person certified under s. 560.765 (3). Except for s. 560.768 (1) (a), the language is really not applicable to a person certified under s. 560.766 (1). Do you want anything similar to s. 560.768 for a person certified under s. 560.766 (1)? ✓

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

LRB-0642/P1dn  
PJK&JK:cjs:km

October 11, 2000

**Bill:**

1. I made the assumption that both the party conducting the economic activity and the party being certified for tax benefits based on the other party's activity would be certified for tax benefits. Is that correct? If so, are the tax benefits allocated between the two parties? How are they allocated?
2. Do you want to specify what the party being certified for tax benefits based on another party's activity must submit to the department for certification?
3. Do you want to specify whether and on what basis a party being certified for tax benefits based on another party's activity may have his or her benefit entitlement revoked?
4. Since a party may claim tax benefits for *intending* to conduct economic activity in a zone, is it possible for a party to be certified for tax benefits based on another party's intention to conduct economic activity that never occurs? As drafted in this bill, the other party must actually be conducting economic activity. But what if the other party leaves the zone and has his or her benefit entitlement revoked? Would the party certified on the basis of that party's activity also have his or her entitlement revoked? Is the party being certified for tax benefits based on another party's activity entitled to claim tax benefits for as long as the party conducting the activity is entitled to claim the benefits? These issues could be addressed in rules promulgated under s. 560.785.
5. Do you want to amend s. 560.745 (3) (a) and (b) by adding a person certified under s. 560.766 (1)?
6. Section 560.768 applies only to a person certified under s. 560.765 (3). Except for s. 560.768 (1) (a), the language is really not applicable to a person certified under s. 560.766 (1). Do you want anything similar to s. 560.768 for a person certified under s. 560.766 (1)?

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LPS: Please  
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sheet

3

tax credit for

opportunity zone

DOA:.....Walker - Capital investment in a development zone tax credit

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

in 2-4-01

SOON

in Milwaukee and authorize tax benefits on basis of another's economic activity in that zone

D-N

INSERTS ARE OUT OF ORDER.

INSERT A

DO NOT GEN

1

AN ACT ..., relating to: the budget.

Analysis by the Legislative Reference Bureau  
COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

The department of commerce administers three types of development zone programs: 1) the development zone program; 2) the development opportunity zone program; and 3) the enterprise development zone program. Generally, after the department designates an area as one of the three types of development zones, a business entity that conducts or intends to conduct economic activity in the designated zone is or may be certified by the department as eligible for certain tax credits based, generally, on the creation or retention of jobs, on expenses incurred to remediate environmental problems, and on capital investment to retain jobs.

This bill creates an income tax and franchise tax credit for a business that is certified to receive tax benefits in a development zone, development opportunity zone, or enterprise development zone (development zone). The credit is equal to 3% of the following: 1) the purchase price of tangible personal property that is used for at least 50% of its use for the business at a location in a development zone; and 2) the amount expended to acquire, construct, rehabilitate, remodel, or repair real property in a development zone. A business may claim the credit only to offset taxes that are imposed on income that is attributable to the operations of the business in the development zone.

Partnerships, limited liability companies, and tax-option corporations compute the credit but pass it on to the partners, members, and shareholders in

in the city of Milwaukee

proportion to their ownership interests. If a business claims a credit that exceeds its tax liability, the business will not receive a refund check, but the business may carry forward any remaining credit to subsequent taxable years.

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. 71.05 (6) (a) 15. of the statutes is amended to read:

2 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
3 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx) and (3s) and not passed through by a  
4 partnership, limited liability company or tax-option corporation that has added that  
5 amount to the partnership's, company's or tax-option corporation's income under s.  
6 71.21 (4) or 71.34 (1) (g).

7 SECTION 2. 71.07 (2dm) of the statutes is created to read:

8 71.07 (2dm) DEVELOPMENT ZONE CAPITAL INVESTMENT CREDIT. (a) In this  
9 subsection:

10 1. "Certified" means entitled under s. 560.795 (3) to claim tax benefits or  
11 certified under s. ~~560.785 (3) or 560.797 (4)~~ 560.795 (5) ✓

12 2. "Claimant" means a person who files a claim under this subsection.

13 3. "Development zone" means a ~~development zone~~ under s. 560.795 or a  
14 development opportunity zone under s. 560.795, or an enterprise zone under s.  
15 ~~560.797~~ (1)(2) ✓

16 4. "Previously owned property" means real property that the claimant or a  
17 related person owned during the 2 years prior to the department of commerce  
18 designating the place where the property is located as a development zone under  
19 ~~560.71, 560.795 (1) or 560.797 (2)~~ and for which the claimant may not deduct a loss

1 from the sale of the property to, or an exchange of the property with, the related  
2 person under section 267 of the Internal Revenue Code, except that section 267 (b)  
3 of the Internal Revenue Code is modified so that if the claimant owns any part of the  
4 property, rather than 50% ownership, the claimant is subject to section 267 (a) (1) of  
5 the Internal Revenue Code for purposes of this subsection.

6 (b) Subject to the limitations provided in this subsection and in s. 73.03 (35),  
7 for any taxable year for which the claimant is certified, a claimant may claim as a  
8 credit against the taxes imposed under s. 71.02 an amount that is equal to 3% of the  
9 following:

- 10 1. The purchase price of depreciable, tangible personal property.
- 11 2. The amount expended to acquire, construct, rehabilitate, remodel, or repair  
12 real property in a development zone ~~under subch. VI of ch. 560.~~

13 (c) A claimant may claim the credit under par. (b) 1., if the tangible personal  
14 property is purchased after the claimant is certified and the personal property is  
15 used for at least 50% of its use in the claimant's business at a location in a  
16 development zone or, if the property is mobile, the property's base of operations for  
17 at least 50% of its use is at a location in a development zone.

18 (d) A claimant may claim the credit under par. (b) 2. for an amount expended  
19 to construct, rehabilitate, remodel, or repair real property, if the ~~person~~ <sup>claimant</sup> began the  
20 physical work of construction, rehabilitation, remodeling, or repair, or any  
21 demolition or destruction in preparation for the physical work, after the place where  
22 the property is located was designated a development zone ~~under s. 560.71, 560.795~~  
23 ~~(1), or 560.797 (2)~~ or if the completed project is placed in service after the claimant  
24 is certified. In this paragraph, "physical work" does not include preliminary

1 activities such as planning, designing, securing financing, researching, developing  
2 specifications, or stabilizing the property to prevent deterioration.

3 (e) A claimant may claim the credit under par. (b) 2. for an amount expended  
4 to acquire real property, if the property is not previously owned property and if the  
5 claimant acquires the property after the place where the property is located was  
6 designated a development zone under ~~s. 560.71, 560.797 (1), or 560.797 (2)~~, or if the  
7 completed project is placed in service after the claimant is certified.

8 ~~(f) No credit is allowed under this subsection for property which is the basis for~~  
9 ~~a credit under sub. (2d).~~

10 (g) In calculating the credit under par. (b) a claimant shall reduce the amount  
11 expended to acquire property by a percentage equal to the percentage of the area of  
12 the real property not used for the purposes for which the claimant is certified and  
13 shall reduce the amount expended for other purposes by the amount expended on the  
14 part of the property not used for the purposes for which the claimant is certified.

15 (h) The claimant may claim the credit under par. (b), including any credits  
16 carried over, only against the taxes imposed under s. 71.02 that are attributable to  
17 income from the business operations of the claimant in the development zone and  
18 from directly related business operations.

19 (i) The carry-over provisions of s. 71.28 (4) (e) and (f) as they relate to the credit  
20 under s. 71.28 (4) relate to the credit under this subsection.

21 (j) Partnerships, limited liability companies, and tax-option corporations may  
22 not claim the credit under this subsection, but the eligibility for, and the amount of,  
23 that credit shall be determined on the basis of their economic activity, not that of their  
24 shareholders, partners, or members. The corporation, partnership, or limited  
25 liability company shall compute the amount of credit that may be claimed by each

INSERT 4-9 ↓



1 of its shareholders, partners, or members and provide that information to its  
2 shareholders, partners, or members. Partners, members of limited liability  
3 companies, and shareholders of tax-option corporations may claim the credit based  
4 on the partnership's, company's, or corporation's activities in proportion to their  
5 ownership interest and may offset it against the tax attributable to their income from  
6 the partnership's, company's, or corporation's business operations in the  
7 development zone and against the tax attributable to their income from the  
8 partnership's, company's, or corporation's directly related business operations.

9 ~~(k) Subsection (2di) (d), (f), and (g) as it applies to the credit under that~~  
10 ~~subsection applies to the credit under this subsection.~~

11 (L) Section 71.28 (4) (g) and (h) as it applies to the credit under s. 71.28 (4)  
12 applies to the credit under this subsection.

13 **SECTION 3.** 71.08 (1) (intro.) of the statutes is amended to read:

14 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married  
15 couple filing jointly, trust or estate under s. 71.02, not considering the credits under  
16 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2fd), (3m), (3s),  
17 (6) and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1fd), (2m) and  
18 (3) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1fd), (2m) and (3) and  
19 subchs. VIII and IX and payments to other states under s. 71.07 (7), is less than the  
20 tax under this section, there is imposed on that natural person, married couple filing  
21 jointly, trust or estate, instead of the tax under s. 71.02, an alternative minimum tax  
22 computed as follows:

23 **SECTION 4.** 71.10 (4) (grb) of the statutes is created to read:

24 71.10 (4) (grb) Development zone~~s~~ capital investment credit under s. 71.07  
25 (2dm).

INSERT  
S-10

1           **SECTION 5.** 71.21 (4) of the statutes is amended to read:

2           71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
3 (2dj), (2dL), (2dm), (2ds), (2dx) and (3s) and passed through to partners shall be  
4 added to the partnership's income.

5           **SECTION 6.** 71.26 (2) (a) of the statutes is amended to read:

6           71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means  
7 the gross income as computed under the internal revenue code as modified under  
8 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit  
9 computed under s. 71.28 (1) and (3) to (5) plus the amount of the credit computed  
10 under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds) and (1dx) and not passed  
11 through by a partnership, limited liability company or tax-option corporation that  
12 has added that amount to the partnership's, limited liability company's or tax-option  
13 corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from  
14 the sale or other disposition of assets the gain from which would be wholly exempt  
15 income, as defined in sub. (3) (L), if the assets were sold or otherwise disposed of at  
16 a gain and minus deductions, as computed under the internal revenue code as  
17 modified under sub. (3), plus or minus, as appropriate, an amount equal to the  
18 difference between the federal basis and Wisconsin basis of any asset sold,  
19 exchanged, abandoned or otherwise disposed of in a taxable transaction during the  
20 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

21           **SECTION 7.** 71.26 (3) (n) of the statutes is amended to read:

22           71.26 (3) (n) Sections 381, 382 and 383 (relating to carry-overs in certain  
23 corporate acquisitions) are modified so that they apply to losses under sub. (4) and  
24 credits under s. 71.28 (1di), (1dL), (1dm), (1dx) and (3) to (5) instead of to federal  
25 credits and federal net operating losses.

1 SECTION 8. 71.28 (1dm) of the statutes is created to read:

2 71.28 (1dm) DEVELOPMENT ZONES/CAPITAL INVESTMENT CREDIT. (a) In this  
3 subsection:

4 1. "Certified" means entitled under s. 560.795 (3) to claim tax benefits or  
5 certified under s. ~~560.765 (3) or 560.797 (4)~~ <sup>(a) 4.</sup> 560.795(5)

6 2. "Claimant" means a person who files a claim under this subsection.

7 3. "Development zone" means a ~~development zone under s. 560.70, a~~  
8 ~~development opportunity zone under s. 560.795, or an enterprise zone under s.~~  
9 ~~560.797.~~ (1)(e)

10 4. "Previously owned property" means real property that the claimant or a  
11 related person owned during the 2 years prior to the department of commerce  
12 designating the place where the property is located as a development zone ~~under s.~~  
13 ~~560.71, 560.795 (1), or 560.797 (2)~~ and for which the claimant may not deduct a loss  
14 from the sale of the property to, or an exchange of the property with, the related  
15 person under section 267 of the Internal Revenue Code, except that section 267 (b)  
16 of the Internal Revenue Code is modified so that if the claimant owns any part of the  
17 property, rather than 50% ownership, the claimant is subject to section 267 (a) (1) of  
18 the Internal Revenue Code for purposes of this subsection.

19 (b) Subject to the limitations provided in this subsection and in s. 73.03 (35),  
20 for any taxable year for which the claimant is certified, a claimant may claim as a  
21 credit against the taxes imposed under s. 71.23 an amount that is equal to 3% of the  
22 following:

- 23 1. The purchase price of depreciable, tangible personal property.
- 24 2. The amount expended to acquire, construct, rehabilitate, remodel, or repair
- 25 real property in a development zone ~~under subch. VI of ch. 560.~~

1 (c) A claimant may claim the credit under par. (b) 1., if the tangible personal  
 2 property is purchased after the claimant is certified and the personal property is  
 3 used for at least 50% of its use in the claimant's business at a location in a  
 4 development zone or, if the property is mobile, the property's base of operations for  
 5 at least 50% of its use is at a location in a development zone.

6 (d) A claimant may claim the credit under par. (b) 2. for an amount expended  
 7 to construct, rehabilitate, remodel, or repair real property, if the ~~person~~ <sup>claimant</sup> began the  
 8 physical work of construction, rehabilitation, remodeling, or repair, or any  
 9 demolition or destruction in preparation for the physical work, after the place where  
 10 the property is located was designated a development zone under s. ~~560.71, 560.795~~  
 11 ~~(1), or 560.797 (2)~~, or if the completed project is placed in service after the claimant  
 12 is certified. In this paragraph, "physical work" does not include preliminary  
 13 activities such as planning, designing, securing financing, researching, developing  
 14 specifications, or stabilizing the property to prevent deterioration.

15 (e) A claimant may claim the credit under par. (b) 2. for an amount expended  
 16 to acquire real property, if the property is not previously owned property and if the  
 17 claimant acquires the property after the place where the property is located was  
 18 designated a development zone under s. ~~560.71, 560.795 (1), or 560.797 (2)~~, or if the  
 19 completed project is placed in service after the claimant is certified.

20 (f) ~~No credit is allowed under this subsection for property which is the basis for~~  
 21 ~~a credit under sub. (1d).~~

22 (g) In calculating the credit under par. (b) a claimant shall reduce the amount  
 23 expended to acquire property by a percentage equal to the percentage of the area of  
 24 the real property not used for the purposes for which the claimant is certified and

INSERT 8-21

1 shall reduce the amount expended for other purposes by the amount expended on the  
2 part of the property not used for the purposes for which the claimant is certified.

3 (h) The claimant may claim the credit under par. (b), including any credits  
4 carried over, only against the taxes imposed under s. 71.23 that are attributable to  
5 income from the business operations of the claimant in the development zone and  
6 from directly related business operations.

7 (i) The carry-over provisions of sub. (4) (e) and (f) as they relate to the credit  
8 under sub. (4) relate to the credit under this subsection.

9 (j) Partnerships, limited liability companies, and tax-option corporations may  
10 not claim the credit under this subsection, but the eligibility for, and the amount of,  
11 that credit shall be determined on the basis of their economic activity, not that of their  
12 shareholders, partners, or members. The corporation, partnership, or limited  
13 liability company shall compute the amount of credit that may be claimed by each  
14 of its shareholders, partners, or members and provide that information to its  
15 shareholders, partners, or members. Partners, members of limited liability  
16 companies, and shareholders of tax-option corporations may claim the credit based  
17 on the partnership's, company's, or corporation's activities in proportion to their  
18 ownership interest and may offset it against the tax attributable to their income from  
19 the partnership's, company's, or corporation's business operations in the  
20 development zone and against the tax attributable to their income from the  
21 partnership's, company's, or corporation's directly related business operations.

22 (k) Subsection (1d) (d), (f), and (g) as it applies to the credit under that  
23 subsection applies to the credit under this subsection.

24 (L) Subsection (4) (g) and (h) as it applies to the credit under sub. (4) applies  
25 to the credit under this subsection.

INSERT 9-23 ↓

1 SECTION 9. 71.30 (3) (emb) of the statutes is created to read:

2 71.30 (3) (emb) Development zones capital investment credit under s. 71.28  
3 (1dm).

4 SECTION 10. 71.34 (1) (g) of the statutes is amended to read:

5 71.34 (1) (g) An addition shall be made for credits computed by a tax-option  
6 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx) and (3)  
7 and passed through to shareholders. <sup>5</sup>

8 SECTION 11. 71.47 (1dm) of the statutes is created to read:

9 71.47 (1dm) DEVELOPMENT ZONES CAPITAL INVESTMENT CREDIT. (a) In this  
10 subsection:

11 1. "Certified" means entitled under s. 560.795 (3) <sup>(a) 4.</sup> to claim tax benefits or  
12 certified under s. ~~560.785 (3) or 560.797 (4)~~ 560.795 (5)

13 2. "Claimant" means a person who files a claim under this subsection.

14 3. "Development zone" means a ~~development zone under s. 560.70, a~~  
15 ~~development opportunity zone under s. 560.795, or an enterprise zone under s.~~  
16 ~~560.797.~~ (1)(e)

17 4. "Previously owned property" means real property that the claimant or a  
18 related person owned during the 2 years prior to the department of commerce  
19 designating the place where the property is located as a development zone ~~under~~  
20 ~~560.71, 560.795 (1), or 560.797 (2)~~ and for which the claimant may not deduct a loss  
21 from the sale of the property to, or an exchange of the property with, the related  
22 person under section 267 of the Internal Revenue Code, except that section 267 (b)  
23 of the Internal Revenue Code is modified so that if the claimant owns any part of the  
24 property, rather than 50% ownership, the claimant is subject to section 267 (a) (1) of  
25 the Internal Revenue Code for purposes of this subsection.

1 (b) Subject to the limitations provided in this subsection and in s. 73.03 (35),  
2 for any taxable year for which the claimant is certified, a claimant may claim as a  
3 credit against the taxes imposed under s. 71.43 an amount that is equal to 3% of the  
4 following:

5 1. The purchase price of depreciable, tangible personal property.

6 2. The amount expended to acquire, construct, rehabilitate, remodel, or repair  
7 real property in a development zone ~~under subch. VI of ch. 560.~~

8 (c) A claimant may claim the credit under par. (b) 1., if the tangible personal  
9 property is purchased after the claimant is certified and the personal property is  
10 used for at least 50% of its use in the claimant's business at a location in a  
11 development zone or, if the property is mobile, the property's base of operations for  
12 at least 50% of its use is at a location in a development zone. *claimant*

13 (d) A claimant may claim the credit under par. (b) 2. for an amount expended  
14 to construct, rehabilitate, remodel, or repair real property, if the ~~person~~ *claimant* began the  
15 physical work of construction, rehabilitation, remodeling, or repair, or any  
16 demolition or destruction in preparation for the physical work, after the place where  
17 the property is located was designated a development zone ~~under s. 560.71, 560.795~~

18 ~~(1), or 560.797(2)~~, or if the completed project is placed in service after the claimant  
19 is certified. In this paragraph, "physical work" does not include preliminary  
20 activities such as planning, designing, securing financing, researching, developing  
21 specifications, or stabilizing the property to prevent deterioration.

22 (e) A claimant may claim the credit under par. (b) 2. for an amount expended  
23 to acquire real property, if the property is not previously owned property and if the  
24 claimant acquires the property after the place where the property is located was

1 designated a development zone under ~~s. 560.71, 560.795 (1), or 560.797 (2)~~, or if the  
2 completed project is placed in service after the claimant is certified.

3 ~~(f) No credit is allowed under this subsection for property which is the basis for  
4 a credit under sub. (1d).~~

5 (g) In calculating the credit under par. (b) a claimant shall reduce the amount  
6 expended to acquire property by a percentage equal to the percentage of the area of  
7 the real property not used for the purposes for which the claimant is certified and  
8 shall reduce the amount expended for other purposes by the amount expended on the  
9 part of the property not used for the purposes for which the claimant is certified.

10 (h) The claimant may claim the credit under par. (b), including any credits  
11 carried over, only against the taxes imposed under s. 71.43 that are attributable to  
12 income from the business operations of the claimant in the development zone and  
13 from directly related business operations.

14 (i) The carry-over provisions of s. 71.28 (4) (e) and (f) as they relate to the credit  
15 under s. 71.28 (4) relate to the credit under this subsection.

16 (j) Partnerships, limited liability companies, and tax-option corporations may  
17 not claim the credit under this subsection, but the eligibility for, and the amount of,  
18 that credit shall be determined on the basis of their economic activity, not that of their  
19 shareholders, partners, or members. The corporation, partnership, or limited  
20 liability company shall compute the amount of credit that may be claimed by each  
21 of its shareholders, partners, or members and provide that information to its  
22 shareholders, partners, or members. Partners, members of limited liability  
23 companies, and shareholders of tax-option corporations may claim the credit based  
24 on the partnership's, company's, or corporation's activities in proportion to their  
25 ownership interest and may offset it against the tax attributable to their income from

INSERT 12-4



1 the partnership's, company's, or corporation's business operations in the  
2 development zone and against the tax attributable to their income from the  
3 partnership's, company's, or corporation's directly related business operations.

4 (k) Subsection (1di) (d), (f), and (g) as it applies to the credit under that  
5 subsection applies to the credit under this subsection.

6 (L) Section 71.28 (4) (g) and (h) as it applies to the credit under s. 71.28 (4)  
7 applies to the credit under this subsection.

8 **SECTION 12.** 71.49 (1) (emb) of the statutes is created to read:

9 71.49 (1) (emb) Development zone~~s~~ capital investment credit under s. 71.47  
10 (1dm).

11 **SECTION 13.** 73.03 (35) of the statutes is amended to read:

12 73.03 (35) To deny a portion of a credit claimed under s. 71.07 (2dd), (2de), (2di),  
13 (2dj), (2dl), (2dm), (2dr), (2ds) or (2dx), 71.28 (1dd), (1de), (1di), (1dj), (1dm), (1dL),  
14 (1ds), (1dx) or (4) (am) or 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx) or  
15 (4) (am) if granting the full amount claimed would violate a requirement under s.  
16 560.785 or would bring the total of the credits granted to that claimant under all of  
17 those subsections over the limit for that claimant under s. 560.768, 560.795 (2) (b),  
18 or 560.797 (5) (b).

19 **SECTION 14.** 77.92 (4) of the statutes is amended to read:

20 77.92 (4) "Net business income", with respect to a partnership, means taxable  
21 income as calculated under section 703 of the Internal Revenue Code; plus the items  
22 of income and gain under section 702 of the Internal Revenue Code, including taxable  
23 state and municipal bond interest and excluding nontaxable interest income or  
24 dividend income from federal government obligations; minus the items of loss and  
25 deduction under section 702 of the Internal Revenue Code, except items that are not

1 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
 2 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),  
 3 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx) and (3s); and plus or minus, as  
 4 appropriate, transitional adjustments, depreciation differences and basis  
 5 differences under s. 71.05 (13), (15), (16), (17) and (19); but excluding income, gain,  
 6 loss and deductions from farming. "Net business income", with respect to a natural  
 7 person, estate or trust, means profit from a trade or business for federal income tax  
 8 purposes and includes net income derived as an employee as defined in section 3121  
 9 (d) (3) of the Internal Revenue Code.

INSERT  
14-17

**SECTION 15.** 560.70 (7) of the statutes is amended to read:

11 560.70 (7) "Tax benefits" means the development zones credit under ss. 71.07  
 12 (2dx), 71.28 (1dx), and 71.47 (1dx) and the development zones capital investment  
 13 credit under ss. 71.07 (2dm), 71.28 (1dm), and 71.47 (1dm), except that in s. 560.795,  
 14 "tax benefits" means the development zones investment credit under ss. 71.07 (2di),  
 15 71.28 (1di), and 71.47 (1di), the development zones capital investment credit under  
 16 ss. 71.07 (2dm), 71.28 (1dm), and 71.47 (1dm), and the development zones credit  
 17 under ss. 71.07 (2dx), 71.28 (1dx) and 71.47 (1dx).

**SECTION 16.** 560.75 (8) of the statutes is amended to read:

19 560.75 (8) Annually verify information submitted to the department under s.  
 20 71.07 (2dm) or (2dx), 71.28 (1dm) or (1dx), or 71.47 (1dm or (1dx).

**SECTION 17.** 560.795 (3) (d) of the statutes is amended to read:

22 560.795 (3) (d) The department annually shall verify information submitted  
 23 to the department under s. 71.07 (2di), (2dm), or (2dx), 71.28 (1di), (1dm), or (1dx),  
 24 or 71.47 (1di), (1dm), or (1dx).

**SECTION 18.** 560.797 (4) (g) of the statutes is amended to read:

INSERT  
B

INSERT C

1 560.797 (4) (g) The department annually shall verify information submitted  
2 to the department under s. 71.07 (2dm) or (2dx), 71.28 (1dm) or (1dx), or 71.47 (1dm)  
3 or (1dx).

4 **SECTION 9344. Initial applicability; revenue.**

5 (1) DEVELOPMENT ZONES CAPITAL INVESTMENT CREDIT. The treatment of sections  
6 71.05 (6) (a) 15., 71.07 (2dm), 71.08 (1) (intro.), 71.10 (4) (grb), 71.21 (4), 71.26 (2) (a)  
7 and (3) (n), 71.28 (1dm), 71.30 (3) (emb), 71.34 (1) (g), 71.47 (1dm), 71.49 (1) (emb),  
8 73.03 (35), 77.92 (4), 560.70 (7), 560.75 (8), 560.795 (3) (d), and 560.797 (4) (g) of the  
9 statutes first applies to taxable years beginning on January 1 of the year in which  
10 this subsection takes effect, except that if this subsection takes effect after July 31  
11 the treatment of sections 71.05 (6) (a) 15., 71.07 (2dm), 71.08 (1) (intro.), 71.10 (4)  
12 (grb), 71.21 (4), 71.26 (2) (a) and <sup>2</sup>71.26 (3) (n), 71.28 (1dm), 71.30 (3) (emb), 71.34 (1)  
13 (g), 71.47 (1dm), 71.49 (1) (emb), 73.03 (35), 77.92 (4), 560.70 (7), 560.75 (8), 560.795  
14 (3) (d), and 560.797 (4) (g) of the statutes first applies to taxable years beginning on  
15 January 1 of the year following the year in which this subsection takes effect.

16 (END)

0667/3dn  
JK

D-N  
date

Bill:

Because the concept in LRB-0667 is dependent  
on the new development zone created in LRB-0643,  
we have incorporated LRB-0643 into LRB-0667.  
LRB-0643 should not be in the compile.

JK

PJR



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0643/2

PJK&JK:jld&kmg:rs

~~DOA:.....Walker – Designate a development opportunity zone in Milwaukee and authorize tax benefits on basis of another’s economic activity in that zone~~

~~FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION~~

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

INSERT A

*Analysis by the Legislative Reference Bureau*  
**COMMERCE AND ECONOMIC DEVELOPMENT**  
**ECONOMIC DEVELOPMENT**

The department of commerce (department) administers three types of development zone programs: 1) the development zone program; 2) the development opportunity zone program; and 3) the enterprise development zone program. Generally, after an area is designated as one of the three types of development zones, a person or corporation that conducts or that intends to conduct economic activity in the designated zone is or may be certified by the department as eligible for certain tax credits, which are based on the creation or retention of jobs, on expenses incurred to remediate environmental problems, and on significant capital investment to retain jobs.

The bill designates an area in the city of Milwaukee as a development opportunity zone and authorizes up to \$4,700,000 to be claimed in tax credits for economic activity in the zone. The bill also provides that, in the new development opportunity zone in the city of Milwaukee, a person conducting economic activity in the zone that would not otherwise be able to claim tax credits may be certified for tax credits if the economic activity is instrumental in enabling another person to conduct

✓

*end of insert A*

economic activity in the zone that would not have occurred but for the first person's involvement, if the department determines that the person being certified for tax credits will pass the benefit of the tax credits through to the other person conducting the economic activity in the zone, and if the other person conducting economic activity in the zone does not claim tax credits for the economic activity.

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:***

**SECTION 1.** 71.07 (2di) (a) (intro.) of the statutes is amended to read:

71.07 (2di) (a) (intro.) Except as provided in pars. (dm) and (f) and s. 73.03 (35), for any taxable year for which the person is entitled under s. 560.795 (3) to claim tax benefits or certified under s. 560.795 (5), any person may claim as a credit against taxes otherwise due under this chapter 2.5% of the purchase price of depreciable, tangible personal property, or 1.75% of the purchase price of depreciable, tangible personal property that is expensed under section 179 of the internal revenue code for purposes of the taxes under this chapter, except that:

**SECTION 2.** 71.07 (2di) (a) 2. of the statutes is amended to read:

71.07 (2di) (a) 2. The credit under this subsection may be claimed only by the person who purchased the property the investment in which is the basis for the credit or by the person certified under s. 560.795 (5), except that only partners may claim the credit based on purchases by a partnership, only members may claim the credit based on purchases by a limited liability company and except that only shareholders may claim the credit based on purchases by a tax-option corporation.

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

1 71.07 (2di) (d) 1. A copy of a verification from the department of commerce that  
2 the claimant may claim tax benefits under s. 560.795 (3) or is certified under s.  
3 560.795 (5).

4 SECTION 4. 71.07 (2di) (f) of the statutes is amended to read:

5 71.07 (2di) (f) If a person who is entitled under s. 560.795 (3) to claim tax  
6 benefits becomes ineligible for such tax benefits or if a person's certification under  
7 s. 560.795 (5) is revoked, that person may claim no credits under this subsection for  
8 the taxable year that includes the day on which the person becomes ineligible for tax  
9 benefits, the taxable year that includes the day on which the certification is revoked,  
10 or succeeding taxable years and that person may carry over no unused credits from  
11 previous years to offset tax under this chapter for the taxable year that includes the  
12 day on which the person becomes ineligible for tax benefits, the taxable year that  
13 includes the day on which the certification is revoked, or succeeding taxable years.

14 SECTION 5. 71.07 (2di) (g) of the statutes is amended to read:

15 71.07 (2di) (g) If a person who is entitled under s. 560.795 (3) to claim tax  
16 benefits or certified under s. 560.795 (5) ceases business operations in the  
17 development zone during any of the taxable years that that zone exists, that person  
18 may not carry over to any taxable year following the year during which operations  
19 cease any unused credits from the taxable year during which operations cease or  
20 from previous taxable years.

21 SECTION 6. 71.07 (2dx) (b) (intro.) of the statutes is amended to read:

22 71.07 (2dx) (b) *Credit.* (intro.) Except as provided in s. 73.03 (35) and subject  
23 to s. 560.785, for any taxable year for which the person is entitled under s. 560.795  
24 (3) to claim tax benefits or certified under s. 560.765 (3), 560.795 (5), or 560.797 (4),

1 any person may claim as a credit against taxes imposed on the person's income from  
2 the person's business activities in a development zone the following amounts.

3 **SECTION 7.** 71.07 (2dx) (c) of the statutes is amended to read:

4 71.07 (2dx) (c) *Credit precluded.* If the certification of a person for tax benefits  
5 under s. 560.765 (3), 560.795 (5), or 560.797 (4) is revoked, or if the person becomes  
6 ineligible for tax benefits under s. 560.795 (3), that person may not claim credits  
7 under this subsection for the taxable year that includes the day on which the  
8 certification is revoked; the taxable year that includes the day on which the person  
9 becomes ineligible for tax benefits; or succeeding taxable years and that person may  
10 not carry over unused credits from previous years to offset tax under this chapter for  
11 the taxable year that includes the day on which certification is revoked; the taxable  
12 year that includes the day on which the person becomes ineligible for tax benefits;  
13 or succeeding taxable years.

14 **SECTION 8.** 71.07 (2dx) (d) of the statutes is amended to read:

15 71.07 (2dx) (d) *Carry-over precluded.* If a person who is entitled under s.  
16 560.795 (3) to claim tax benefits or certified under s. 560.765 (3), 560.795 (5), or  
17 560.797 (4) for tax benefits ceases business operations in the development zone  
18 during any of the taxable years that that zone exists, that person may not carry over  
19 to any taxable year following the year during which operations cease any unused  
20 credits from the taxable year during which operations cease or from previous taxable  
21 years.

22 **SECTION 9.** 71.28 (1di) (a) (intro.) of the statutes is amended to read:

23 71.28 (1di) (a) (intro.) Except as provided in pars. (dm) and (f) and s. 73.03 (35),  
24 for any taxable year for which the person is entitled under s. 560.795 (3) to claim tax  
25 benefits or certified under s. 560.795 (5), any person may claim as a credit against



1 taxes otherwise due under this chapter 2.5% of the purchase price of depreciable,  
2 tangible personal property, or 1.75% of the purchase price of depreciable, tangible  
3 personal property that is expensed under section 179 of the internal revenue code for  
4 purposes of the taxes under this chapter, except that:

5 **SECTION 10.** 71.28 (1di) (a) 2. of the statutes is amended to read:

6 71.28 (1di) (a) 2. The credit under this subsection may be claimed only by the  
7 person who purchased the property the investment in which is the basis for the credit  
8 or by the person certified under s. 560.795 (5), except that only partners may claim  
9 the credit based on purchases by a partnership, only members may claim the credit  
10 based on purchases by a limited liability company and except that only shareholders  
11 may claim the credit based on purchases by a tax-option corporation.

12 **SECTION 11.** 71.28 (1di) (d) 1. of the statutes is amended to read:

13 71.28 (1di) (d) 1. A copy of a verification from the department of commerce that  
14 the claimant may claim tax benefits under s. 560.795 (3) or is certified under s.  
15 560.795 (5).

16 **SECTION 12.** 71.28 (1di) (f) of the statutes is amended to read:

17 71.28 (1di) (f) If a person who is entitled under s. 560.795 (3) to claim tax  
18 benefits becomes ineligible for such tax benefits, or if a person's certification under  
19 s. 560.795 (5) is revoked, that person may claim no credits under this subsection for  
20 the taxable year that includes the day on which the person becomes ineligible for tax  
21 benefits, the taxable year that includes the day on which the certification is revoked,  
22 or succeeding taxable years and that person may carry over no unused credits from  
23 previous years to offset tax under this chapter for the taxable year that includes the  
24 day on which the person becomes ineligible for tax benefits, the taxable year that  
25 includes the day on which the certification is revoked, or succeeding taxable years.

1       **SECTION 13.** 71.28 (1di) (g) of the statutes is amended to read:

2       71.28 (1di) (g) If a person who is entitled under s. 560.795 (3) to claim tax  
3       benefits or certified under s. 560.795 (5) ceases business operations in the  
4       development zone during any of the taxable years that that zone exists, that person  
5       may not carry over to any taxable year following the year during which operations  
6       cease any unused credits from the taxable year during which operations cease or  
7       from previous taxable years.

8       **SECTION 14.** 71.28 (1dx) (b) (intro.) of the statutes is amended to read:

9       71.28 (1dx) (b) *Credit.* (intro.) Except as provided in s. 73.03 (35) and subject  
10       to s. 560.785, for any taxable year for which the person is entitled under s. 560.795  
11       (3) to claim tax benefits or certified under s. 560.765 (3), 560.795 (5), or 560.797 (4),  
12       any person may claim as a credit against taxes imposed on the person's income from  
13       the person's business activities in a development zone under this subchapter the  
14       following amounts:

15       **SECTION 15.** 71.28 (1dx) (c) of the statutes is amended to read:

16       71.28 (1dx) (c) *Credit precluded.* If the certification of a person for tax benefits  
17       under s. 560.765 (3), 560.795 (5), or 560.797 (4) is revoked, or if the person becomes  
18       ineligible for tax benefits under s. 560.795 (3), that person may not claim credits  
19       under this subsection for the taxable year that includes the day on which the  
20       certification is revoked; the taxable year that includes the day on which the person  
21       becomes ineligible for tax benefits; or succeeding taxable years and that person may  
22       not carry over unused credits from previous years to offset tax under this chapter for  
23       the taxable year that includes the day on which certification is revoked; the taxable  
24       year that includes the day on which the person becomes ineligible for tax benefits;  
25       or succeeding taxable years.

(11/15)

1           **SECTION 16.** 71.28 (1dx) (d) of the statutes is amended to read:

2           71.28 (1dx) (d) *Carry-over precluded.* If a person who is entitled under s.  
3           560.795 (3) to claim tax benefits or certified under s. 560.765 (3), 560.795 (5), or  
4           560.797 (4) for tax benefits ceases business operations in the development zone  
5           during any of the taxable years that that zone exists, that person may not carry over  
6           to any taxable year following the year during which operations cease any unused  
7           credits from the taxable year during which operations cease or from previous taxable  
8           years.

9           **SECTION 17.** 71.47 (1di) (a) (intro.) of the statutes is amended to read:

10          71.47 (1di) (a) (intro.) Except as provided in pars. (dm) and (f) and s. 73.03 (35),  
11          for any taxable year for which the person is entitled under s. 560.795 (3) to claim tax  
12          benefits or certified under s. 560.795 (5), any person may claim as a credit against  
13          taxes otherwise due under this chapter 2.5% of the purchase price of depreciable,  
14          tangible personal property, or 1.75% of the purchase price of depreciable, tangible  
15          personal property that is expensed under section 179 of the internal revenue code for  
16          purposes of the taxes under this chapter, except that:

17          **SECTION 18.** 71.47 (1di) (a) 2. of the statutes is amended to read:

18          71.47 (1di) (a) 2. The credit under this subsection may be claimed only by the  
19          person who purchased the property the investment in which is the basis for the credit  
20          or by the person certified under s. 560.795 (5), except that only partners may claim  
21          the credit based on purchases by a partnership, only members may claim the credit  
22          based on purchases by a limited liability company and except that only shareholders  
23          may claim the credit based on purchases by a tax-option corporation.

24          **SECTION 19.** 71.47 (1di) (d) 1. of the statutes is amended to read:

1           71.47 (1di) (d) 1. A copy of a verification from the department of commerce that  
2           the claimant may claim tax benefits under s. 560.795 (3) or is certified under s.  
3           560.795 (5).

4           **SECTION 20.** 71.47 (1di) (f) of the statutes is amended to read:

5           71.47 (1di) (f) If a person who is entitled under s. 560.795 (3) to claim tax  
6           benefits becomes ineligible for such tax benefits or if a person's certification under  
7           s. 560.795 (5) is revoked, that person may claim no credits under this subsection for  
8           the taxable year that includes the day on which the person becomes ineligible for tax  
9           benefits, the taxable year that includes the day on which the certification is revoked,  
10          or succeeding taxable years and that person may carry over no unused credits from  
11          previous years to offset tax under this chapter for the taxable year that includes the  
12          day on which the person becomes ineligible for tax benefits, the taxable year that  
13          includes the day on which the certification is revoked, or succeeding taxable years.

14          **SECTION 21.** 71.47 (1di) (g) of the statutes is amended to read:

15          71.47 (1di) (g) If a person who is entitled under s. 560.795 (3) to claim tax  
16          benefits or certified under s. 560.795 (5) ceases business operations in the  
17          development zone during any of the taxable years that that zone exists, that person  
18          may not carry over to any taxable year following the year during which operations  
19          cease any unused credits from the taxable year during which operations cease or  
20          from previous taxable years.

21          **SECTION 22.** 71.47 (1dx) (b) (intro.) of the statutes is amended to read:

22          71.47 (1dx) (b) ~~Credit.~~ (intro.) Except or provided in s. 73.03 (35) and subject  
23          to s. 560.785, for any taxable year for which the person is entitled under s. 560.795  
24          (3) to claim tax benefits or certified under s. ~~560.765 (3),~~ 560.795 (5), or 560.797 (4),  
25          any person may claim as a credit against taxes imposed on the person's income from

*[Handwritten marks and arrows at the bottom of the page]*

1 the person's business activities in a development zone under this subchapter the  
2 following amounts:

3 **SECTION 23.** 71.47 (1dx) (c) of the statutes is amended to read:

4 71.47 (1dx) (c) *Credit precluded.* If the certification of a person for tax benefits  
5 under s. 560.765 (3), 560.795 (5), or 560.797 (4) is revoked, or if the person becomes  
6 ineligible for tax benefits under s. 560.795 (3), that person may not claim credits  
7 under this subsection for the taxable year that includes the day on which the  
8 certification is revoked; the taxable year that includes the day on which the person  
9 becomes ineligible for tax benefits; or succeeding taxable years and that person may  
10 not carry over unused credits from previous years to offset tax under this chapter for  
11 the taxable year that includes the day on which certification is revoked; the taxable  
12 year that includes the day on which the person becomes ineligible for tax benefits;  
13 or succeeding taxable years.

14 **SECTION 24.** 71.47 (1dx) (d) of the statutes is amended to read:

15 71.47 (1dx) (d) *Carry-over precluded.* If a person who is entitled under s.  
16 560.795 (3) to claim tax benefits or certified under s. 560.765 (3), 560.795 (5), or  
17 560.797 (4) for tax benefits ceases business operations in the development zone  
18 during any of the taxable years that that zone exists, that person may not carry over  
19 to any taxable year following the year during which operations cease any unused  
20 credits from the taxable year during which operations cease or from previous taxable  
21 years.

22 **SECTION 25.** 560.785 (1) (a) of the statutes is amended to read:

23 560.785 (1) (a) Limit a person's eligibility to claim tax benefits for retaining,  
24 or being instrumental under s. 560.795 (5) in the retention of, full-time jobs to those  
25 jobs that likely would not have been retained but for the tax benefits.

12.12

1       **SECTION 26.** 560.785 (1) (b) of the statutes is amended to read:

2       560.785 (1) (b) Allow a person to claim up to \$8,000 in tax benefits during the  
3 time that an area is designated as a development zone, as a development opportunity  
4 zone, or as an enterprise development zone for creating, or being instrumental under  
5 s. 560.795(5) in the creation of, a full-time job that is filled by a member of the target  
6 population.

7       **SECTION 27.** 560.785 (1) (c) 1. of the statutes is amended to read:

8       560.785 (1) (c) 1. Creating, or being instrumental under s. 560.795 (5) in the  
9 creation of, a full-time job that is filled by an individual who is a Wisconsin resident  
10 and who is not a member of the target population.

11       **SECTION 28.** 560.785 (1) (c) 2. of the statutes is amended to read:

12       560.785 (1) (c) 2. Retaining, or being instrumental under s. 560.795 (5) in the  
13 retention of, a full-time job that is filled by an individual who is a Wisconsin resident  
14 and who is not a member of the target population.

15       **SECTION 29.** 560.785 (1) (d) of the statutes is amended to read:

16       560.785 (1) (d) Except for a person claiming tax benefits only for environmental  
17 remediation under s. 71.07 (2dx) (b) 1., 71.28 (1dx) (b) 1., or 71.47 (1dx) (b) 1., require  
18 at least 25% of the tax benefits claimed by a person to be based on creating or  
19 retaining, or being instrumental under s. 560.795 (5) in the creation or retention of,  
20 full-time jobs.

21       **SECTION 30.** 560.785 (1) (e) of the statutes is amended to read:

22       560.785 (1) (e) Require at least one-third of the tax benefits claimed by a person  
23 that are based on creating, or being instrumental under s. 560.795 (5) in the creation  
24 of, full-time jobs to be based on creating, or being instrumental under s. 560.795 (5)  
25 in the creation of, full-time jobs that are filled by members of the target population.

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1 SECTION 31. 560.785 (1) (h) of the statutes is amended to read:

2 560.785 (1) (h) Provide that a person's eligibility to claim tax benefits for  
3 environmental remediation under s. 71.07 (2dx) (b) 1., 71.28 (1dx) (b) 1., or 71.47  
4 (1dx) (b) 1. is not based on creating or retaining, ~~or being instrumental under s.~~  
5 ~~560.795 (5) in the creation or retention of, jobs.~~

6 SECTION ~~32~~\*. 560.795 (1) (e) of the statutes is created to read:

7 560.795 (1) (e) An area in the city of Milwaukee, the legal description of which  
8 is provided to the department by the local governing body of the city of Milwaukee.

9 SECTION 33. 560.795 (2) (a) of the statutes is amended to read:

10 560.795 (2) (a) Except as provided in par. (d), the designation of each area under  
11 sub. (1) (a), (b) and (c), and (e) as a development opportunity zone shall be effective  
12 for 36 months, with the designation of the areas under sub. (1) (a) and (b) beginning  
13 on April 23, 1994, and the designation of the area under sub. (1) (c) beginning on  
14 April 28, 1995. Except as provided in par. (d), the designation of the each area under  
15 sub. (1) (d) and (e) as a development opportunity zone shall be effective for 84 months,  
16 with the designation of the area under sub. (1) (d) beginning on January 1, 2000, and  
17 the designation of the area under sub. (1) (e) beginning on the effective date of this  
18 paragraph .... [revisor inserts date].

19 SECTION ~~34~~\*. 560.795 (2) (b) 5. of the statutes is created to read:

20 560.795 (2) (b) 5. The limit for tax benefits for the development opportunity  
21 zone under sub. (1) (e) is \$4,700,000.

22 SECTION ~~35~~\*. 560.795 (3) (a) 4. of the statutes is created to read:

23 560.795 (3) (a) 4. Any corporation that is conducting or that intends to conduct  
24 economic activity in a development opportunity zone under sub. (1) (e) and that, in  
25 conjunction with the local governing body of the city in which the development



1 opportunity zone is located, submits a project plan as described in par. (b) to the  
2 department shall be entitled to claim tax benefits while the area is designated as a  
3 development opportunity zone.

4 ~~SECTION 36.~~ 560.795 (3) (b) 7. of the statutes is amended to read:  
5 560.795 (3) (b) 7. The corporation's plans to make reasonable attempts to hire  
6 employees from the ~~targeted~~ target population.

7 **SECTION 37.** 560.795 (3) (c) of the statutes is amended to read:  
8 560.795 (3) (c) The department shall notify the department of revenue of all  
9 corporations entitled to claim tax benefits under this section subsection.

10 ~~SECTION 38.~~ 560.795 (4) (a) (intro.) of the statutes is amended to read:  
11 560.795 (4) (a) (intro.) The department shall revoke the entitlement of a  
12 corporation to claim tax benefits under ~~this section~~ sub. (3) if the corporation does  
13 any of the following:

14 ~~SECTION 39.~~ 560.795 (5) of the statutes is created to read:  
15 560.795 (5) CERTIFICATION BASED ON THE ACTIVITY OF ANOTHER. (a) The  
16 department may certify for tax benefits a person that is conducting economic activity  
17 in the development opportunity zone under sub. (1) (e) and that is not otherwise  
18 entitled to claim tax benefits if all of the following apply:

- 19 1. The person's economic activity is instrumental in enabling another person
- 20 to conduct economic activity in the development opportunity zone under sub. (1) (e).
- 21 2. The department determines that the economic activity of the other person
- 22 under subd. 1. would not have occurred but for the involvement of the person to be
- 23 certified for tax benefits under this subsection.

END OF  
INSERT  
B

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C



1           3. The person to be certified for tax benefits under this subsection will pass the  
2 benefits through to the other person conducting the economic activity under subd.  
3 1., as determined by the department.

4           4. The other person conducting the economic activity under subd. 1. does not  
5 claim tax benefits under sub. (3).

6           (b) A person intending to claim tax benefits under this subsection shall submit  
7 to the department an application, in the form required by the department, containing  
8 information required by the department and by the department of revenue.

9           (c) The department shall notify the department of revenue of all persons  
10 certified to claim tax benefits under this subsection.

11           (d) The department annually shall verify information submitted to the  
12 department under s. 71.07 (2<sup>dm</sup>di) or (2dx), 71.28 (1<sup>dm</sup>di) or (1dx), or 71.47 (1<sup>dm</sup>di) or (1dx).

13           (e) The department shall revoke the entitlement of a person to claim tax  
14 benefits under this subsection if the person does any of the following:

- 15           1. Supplies false or misleading information to obtain the tax benefits.
- 16           2. Ceases operations in the development opportunity zone under sub. (1) (e).
- 17           3. Does not pass the benefits through to the other person conducting the  
18 economic activity under par. (a) 1., as determined by the department.

19           (f) The department shall notify the department of revenue within 30 days after  
20 revoking an entitlement under par. (e).

END OF INSERT C

21 **SECTION 934. Initial applicability; revenue.**

22           (1) MILWAUKEE DEVELOPMENT OPPORTUNITY ZONE. The treatment of sections

23 ~~71.07 (2di) (a) (intro.) and 2, (d) 1., (f), and (g) and (2dx) (b) (intro.), (c), and (d), 71.28~~

24 ~~(1di) (a) (intro.) and 2, (d) 1., (f), and (g) and (1dx) (b) (intro.), (c), and (d), 71.47 (1di)~~

25 ~~(a) (intro.) and 2, (d) 1., (f), and (g) and (1dx) (b) (intro.), (c), and (d), 560.785 (1) (a),~~

INSERT D

1 ~~(b), (c) 1. and 2., (d), (e), and (h), and~~ 560.795 (1) (e), (2) (a) and (b) 5., (3) (a) 4., ~~(c)~~  
 2 ~~and~~ and (c), (4) (a) (intro.), and (5) of the statutes first applies to taxable years  
 3 beginning on January 1 of the year in which this subsection takes effect, except that  
 4 if this subsection takes effect after July 31 the treatment of sections ~~71.28 (a)~~  
 5 ~~(intro.) and 2. (d) 1., (f), and (g) and (2dx) (b) (intro.), (e), and (d), 71.28 (1d) (a) (intro.)~~  
 6 ~~and 2., (d) 1., (f), and (g) and (1dx) (b) (intro.), (c), and (d), 71.47 (1d) (a) (intro.) and~~  
 7 ~~2., (d) 1., (f), and (g) and (1dx) (b) (intro.), (e), and (d), 560.785 (1) (a), (b), (c) 1. and~~  
 8 ~~2., (d), (e), and (h), and 560.795 (1) (e), (2) (a) and (b) 5., (3) (a) 4.,~~ and (c), (4)  
 9 (a) (intro.), and (5) of the statutes first applies to taxable years beginning on January  
 10 1 of the year following the year in which this subsection takes effect.

11 (END)

END OF INSERT  
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INSERT 14-17

1 SECTION <sup>#</sup> 560.70 <sup>✓</sup> of the statutes is renumbered 560.70 (7) (a) and amended  
2 to read:

3 560.70 (7) (a) “Tax Except as provided in par. (b), “tax benefits” means the  
4 development zones credit under ss. 71.07 (2dx), 71.28 (1dx), and 71.47 (1dx), except  
5 that in and the development zones capital investment credit under ss. 71.07 (2dm),  
6 71.28 (1dm), and 71.47 (1dm).

7 (b) In s. 560.795, “tax benefits” means the development zones investment credit  
8 under ss. 71.07 (2di), 71.28 (1di), and 71.47 (1di) and the development zones credit  
9 under ss. 71.07 (2dx), 71.28 (1dx), and 71.47 (1dx). With respect to the development  
10 opportunity zone under s. 560.795 (1) (c), “tax benefits” also means the development  
11 zones capital investment credit under ss. 71.07 (2dm), 71.28 (1dm), and 71.47 (1dm).

(END OF INSERT 14-17)

Insert 4 - 9

1 (f) No credit may be allowed under this subsection unless the claimant includes  
2 with the claimant's return:

3 1. A copy of a verification from the department of commerce that the claimant  
4 may claim tax benefits under s. 560.795 (3) (a) 4. or is certified under s. 560.795 (5).

5 2. A statement from the department of commerce verifying the purchase price  
6 of the investment and verifying that the investment fulfills the requirements under  
7 par. (b).

Insert 5 - 10

8 (j) If a person who is entitled under s. 560.795 (3) (a) 4. to claim tax benefits  
9 becomes ineligible for such tax benefits, or if a person's certification under s. 560.795  
10 (5) is revoked, that person may claim no credits under this subsection for the taxable  
11 year that includes the day on which the person becomes ineligible for tax benefits,  
12 the taxable year that includes the day on which the certification is revoked, or  
13 succeeding taxable years, and that person may carry over no unused credits from  
14 previous years to offset tax under this chapter for the taxable year that includes the  
15 day on which the person becomes ineligible for tax benefits, the taxable year that  
16 includes the day on which the certification is revoked, or succeeding taxable years.

17 (k) If a person who is entitled under s. 560.795 (3) (a) 4. to claim tax benefits  
18 or certified under s. 560.795 (5) ceases business operations in the development zone  
19 during any of the taxable years that that zone exists, that person may not carry over  
20 to any taxable year following the year during which operations cease any unused

1 credits from the taxable year during which operations cease or from previous taxable  
2 years.

**Insert 8 - 21**

3 (f) No credit may be allowed under this subsection unless the claimant includes  
4 with the claimant's return:

5 1. A copy of a verification from the department of commerce that the claimant  
6 may claim tax benefits under s. 560.795 (3) (a) 4. or is certified under s. 560.795 (5).

7 2. A statement from the department of commerce verifying the purchase price  
8 of the investment and verifying that the investment fulfills the requirements under  
9 par. (b).

**Insert 9 - 23**

10 (j) If a person who is entitled under s. 560.795 (3) (a) 4. to claim tax benefits  
11 becomes ineligible for such tax benefits, or if a person's certification under s. 560.795  
12 (5) is revoked, that person may claim no credits under this subsection for the taxable  
13 year that includes the day on which the person becomes ineligible for tax benefits,  
14 the taxable year that includes the day on which the certification is revoked, or  
15 succeeding taxable years, and that person may carry over no unused credits from  
16 previous years to offset tax under this chapter for the taxable year that includes the  
17 day on which the person becomes ineligible for tax benefits, the taxable year that  
18 includes the day on which the certification is revoked, or succeeding taxable years.

19 (k) If a person who is entitled under s. 560.795 (3) (a) 4. to claim tax benefits  
20 or certified under s. 560.795 (5) ceases business operations in the development zone  
21 during any of the taxable years that that zone exists, that person may not carry over  
22 to any taxable year following the year during which operations cease any unused

1 credits from the taxable year during which operations cease or from previous taxable  
2 years.

**Insert 12 - 4**

3 (f) No credit may be allowed under this subsection unless the claimant includes  
4 with the claimant's return:

5 1. A copy of a verification from the department of commerce that the claimant  
6 may claim tax benefits under s. 560.795 (3) (a) 4. or is certified under s. 560.795 (5).

7 2. A statement from the department of commerce verifying the purchase price  
8 of the investment and verifying that the investment fulfills the requirements under  
9 par. (b).

**Insert 13 - 5**

10 (j) If a person who is entitled under s. 560.795 (3) (a) 4. to claim tax benefits  
11 becomes ineligible for such tax benefits, or if a person's certification under s. 560.795  
12 (5) is revoked, that person may claim no credits under this subsection for the taxable  
13 year that includes the day on which the person becomes ineligible for tax benefits,  
14 the taxable year that includes the day on which the certification is revoked, or  
15 succeeding taxable years, and that person may carry over no unused credits from  
16 previous years to offset tax under this chapter for the taxable year that includes the  
17 day on which the person becomes ineligible for tax benefits, the taxable year that  
18 includes the day on which the certification is revoked, or succeeding taxable years.

19 (k) If a person who is entitled under s. 560.795 (3) (a) 4. to claim tax benefits  
20 or certified under s. 560.795 (5) ceases business operations in the development zone  
21 during any of the taxable years that that zone exists, that person may not carry over  
22 to any taxable year following the year during which operations cease any unused

1 credits from the taxable year during which operations cease or from previous taxable  
2 years.

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

LRB-0667/3dn  
JK&PJK:hmh&wlj:pg

February 5, 2001

Bill:

Because the concept in LRB-0667 is dependent on the new development zone created in LRB-0643, we have incorporated LRB-0643 into LRB-0667. LRB-0643 should not be in the compile.

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