



State of Wisconsin  
2001 - 2002 LEGISLATURE

*Today*

LRB-0667/4  
JK&PJK/amb&w/TE  
*miss*

DOA:.....Walker - Tax credit for capital investment in 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

*Now*  
*pp 2, 19, + 20*  
*D-note*  
*point of contact*

1 AN ACT *x*; 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

In addition, the

credits

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.

~~The~~ bill creates an income tax and franchise tax credit for a business that is certified to receive tax ~~benefits~~ in the development opportunity zone in the city of Milwaukee. 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 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) (a) 4. to claim tax benefits or  
11 certified under s. 560.795 (5).

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

2           3. "Development zone" means a development opportunity zone under s. 560.795  
3 (1) (e).

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

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

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

18           2. The amount expended to acquire, construct, rehabilitate, remodel, or repair  
19 real property in a development zone.

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

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

10 (e) A claimant may claim the credit under par. (b) 2. for an amount expended  
11 to acquire real property, if the property is not previously owned property and if the  
12 claimant acquires the property after the place where the property is located was  
13 designated a development zone, or if the completed project is placed in service after  
14 the claimant is certified.

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

- 17 1. A copy of a verification from the department of commerce that the claimant  
18 may claim tax benefits under s. 560.795 (3) (a) 4. or is certified under s. 560.795 (5).
- 19 2. A statement from the department of commerce verifying the purchase price  
20 of the investment and verifying that the investment fulfills the requirements under  
21 par. (b).

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

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

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

18 (j) If a person who is entitled under s. 560.795 (3) (a) 4. to claim tax benefits  
19 becomes ineligible for such tax benefits, or if a person's certification under s. 560.795  
20 (5) is revoked, that person may claim no credits under this subsection for the taxable  
21 year that includes the day on which the person becomes ineligible for tax benefits,  
22 the taxable year that includes the day on which the certification is revoked, or  
23 succeeding taxable years, and that person may carry over no unused credits from  
24 previous years to offset tax under this chapter for the taxable year that includes the

1 day on which the person becomes ineligible for tax benefits, the taxable year that  
2 includes the day on which the certification is revoked, or succeeding taxable years.

3 (k) If a person who is entitled under s. 560.795 (3) (a) 4. to claim tax benefits  
4 or certified under s. 560.795 (5) 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 (L) Section 71.28 (4) (g) and (h) as it applies to the credit under s. 71.28 (4)  
10 applies to the credit under this subsection.

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

12 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married  
13 couple filing jointly, trust or estate under s. 71.02, not considering the credits under  
14 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2fd), (3m), (3s),  
15 (6), and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1fd), (2m), and  
16 (3) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1fd), (2m), and (3)  
17 and subchs. VIII and IX and payments to other states under s. 71.07 (7), is less than  
18 the tax under this section, there is imposed on that natural person, married couple  
19 filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative  
20 minimum tax computed as follows:

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

22 71.10 (4) (grb) Development zone capital investment credit under s. 71.07  
23 (2dm).

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

1           71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
2 (2dj), (2dL), (2dm), (2ds), (2dx) and (3s) and passed through to partners shall be  
3 added to the partnership's income.

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

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

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

21           71.26 (3) (n) Sections 381, 382 and 383 (relating to carry-overs in certain  
22 corporate acquisitions) are modified so that they apply to losses under sub. (4) and  
23 credits under s. 71.28 (1di), (1dL), (1dm), (1dx) and (3) to (5) instead of to federal  
24 credits and federal net operating losses.

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

1           **71.28 (Idm) DEVELOPMENT ZONE CAPITAL INVESTMENT CREDIT.** (a) In this  
2 subsection:

3           1. "Certified" means entitled under s. 560.795 (3) (a) 4. to claim tax benefits or  
4 certified under s. 560.795 (5).

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

6           3. "Development zone" means a development opportunity zone under s. 560.795  
7 (1) (e).

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

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

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

22           2. The amount expended to acquire, construct, rehabilitate, remodel, or repair  
23 real property in a development zone.

24           (c) A claimant may claim the credit under par. (b) 1., if the tangible personal  
25 property is purchased after the claimant is certified and the personal property is



1 used for at least 50% of its use in the claimant's business at a location in a  
2 development zone or, if the property is mobile, the property's base of operations for  
3 at least 50% of its use is at a location in a development zone.

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

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

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

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

22 2. A statement from the department of commerce verifying the purchase price  
23 of the investment and verifying that the investment fulfills the requirements under  
24 par. (b).

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

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

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

21           (j) If a person who is entitled under s. 560.795 (3) (a) 4. to claim tax benefits  
22 becomes ineligible for such tax benefits, or if a person's certification under s. 560.795  
23 (5) is revoked, that person may claim no credits under this subsection for the taxable  
24 year that includes the day on which the person becomes ineligible for tax benefits,  
25 the taxable year that includes the day on which the certification is revoked, or

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

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

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

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

14 71.30 (3) (emb) Development zone capital investment credit under s. 71.28  
15 (1dm).

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

17 71.34 (1) (g) An addition shall be made for credits computed by a tax-option  
18 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), and (3)  
19 and passed through to shareholders.

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

21 71.47 (1dm) DEVELOPMENT ZONE CAPITAL INVESTMENT CREDIT. (a) In this  
22 subsection:

23 1. "Certified" means entitled under s. 560.795 (3) (a) 4. to claim tax benefits or  
24 certified under s. 560.795 (5).

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

1           3. "Development zone" means a development opportunity zone under s. 560.795  
2 (1)(e).

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

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

- 16           1. The purchase price of depreciable, tangible personal property.
- 17           2. The amount expended to acquire, construct, rehabilitate, remodel, or repair  
18 real property in a development zone.

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

24           (d) A claimant may claim the credit under par. (b) 2. for an amount expended  
25 to construct, rehabilitate, remodel, or repair real property, if the claimant began the

1 physical work of construction, rehabilitation, remodeling, or repair, or any  
2 demolition or destruction in preparation for the physical work, after the place where  
3 the property is located was designated a development zone, or if the completed  
4 project is placed in service after the claimant is certified. In this paragraph, "physical  
5 work" does not include preliminary activities such as planning, designing, securing  
6 financing, researching, developing specifications, or stabilizing the property to  
7 prevent deterioration.

8 (e) A claimant may claim the credit under par. (b) 2. for an amount expended  
9 to acquire real property, if the property is not previously owned property and if the  
10 claimant acquires the property after the place where the property is located was  
11 designated a development zone, or if the completed project is placed in service after  
12 the claimant is certified.

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

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

17 2. A statement from the department of commerce verifying the purchase price  
18 of the investment and verifying that the investment fulfills the requirements under  
19 par. (b).

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

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

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

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

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

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

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

10 71.49 (1) (emb) Development zone capital investment credit under s. 71.47  
11 (1dm).

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

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

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

21 77.92 (4) "Net business income", with respect to a partnership, means taxable  
22 income as calculated under section 703 of the Internal Revenue Code; plus the items  
23 of income and gain under section 702 of the Internal Revenue Code, including taxable  
24 state and municipal bond interest and excluding nontaxable interest income or  
25 dividend income from federal government obligations; minus the items of loss and

1 deduction under section 702 of the Internal Revenue Code, except items that are not  
2 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
3 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),  
4 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx) and (3s); and plus or minus, as  
5 appropriate, transitional adjustments, depreciation differences and basis  
6 differences under s. 71.05 (13), (15), (16), (17) and (19); but excluding income, gain,  
7 loss and deductions from farming. "Net business income", with respect to a natural  
8 person, estate or trust, means profit from a trade or business for federal income tax  
9 purposes and includes net income derived as an employee as defined in section 3121  
10 (d) (3) of the Internal Revenue Code.

11 SECTION 15. 560.70 (7) of the statutes is renumbered 560.70 (7) (a) and  
12 amended to read:

13 560.70 (7) (a) ~~"Tax~~ Except as provided in par. (b), "tax benefits" means the  
14 development zones credit under ss. 71.07 (2dx), 71.28 (1dx), and 71.47 (1dx), ~~except~~  
15 ~~that in.~~

16 (b) In s. 560.795, "tax benefits" means the development zones investment credit  
17 under ss. 71.07 (2di), 71.28 (1di), and 71.47 (1di) and the development zones credit  
18 under ss. 71.07 (2dx), 71.28 (1dx), and 71.47 (1dx). With respect to the development  
19 opportunity zone under s. 560.795 (1) (e), "tax benefits" also means the development  
20 zones capital investment credit under ss. 71.07 (2dm), 71.28 (1dm), and 71.47 (1dm).

21 SECTION 16. 560.795 (1) (e) of the statutes is created to read:

22 560.795 (1) (e) An area in the city of Milwaukee, the legal description of which  
23 is provided to the department by the local governing body of the city of Milwaukee.

24 SECTION 17. 560.795 (2) (a) of the statutes is amended to read:



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

10           **SECTION 18.** 560.795 (2) (b) 5. of the statutes is created to read:

11           560.795 (2) (b) 5. The limit for tax benefits for the development opportunity  
12 zone under sub. (1) (e) is \$4,700,000.

13           **SECTION 19.** 560.795 (3) (a) 4. of the statutes is created to read:

14           560.795 (3) (a) 4. Any corporation that is conducting or that intends to conduct  
15 economic activity in a development opportunity zone under sub. (1) (e) and that, in  
16 conjunction with the local governing body of the city in which the development  
17 opportunity zone is located, submits a project plan as described in par. (b) to the  
18 department shall be entitled to claim tax benefits while the area is designated as a  
19 development opportunity zone.

20           **SECTION 20.** 560.795 (3) (c) of the statutes is amended to read:

21           560.795 (3) (c) The department shall notify the department of revenue of all  
22 corporations entitled to claim tax benefits under this section subsection.

23           **SECTION 21.** 560.795 (3) (d) of the statutes is amended to read:

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

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

5           560.795 (4) (a) (intro.) The department shall revoke the entitlement of a  
6 corporation to claim tax benefits under ~~this section~~ sub. (3) if the corporation does  
7 any of the following:

8           **SECTION 23.** 560.795 (5) of the statutes is created to read:

9           560.795 (5) **CERTIFICATION BASED ON THE ACTIVITY OF ANOTHER.** (a) The  
10 department may certify for tax benefits a person that is conducting economic activity  
11 in the development opportunity zone under sub. (1) (e) and that is not otherwise  
12 entitled to claim tax benefits if all of the following apply:

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

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

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

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

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

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

3 (d) The department annually shall verify information submitted to the  
4 department under s. 71.07 (2dm) or (2dx), 71.28 (1dm) or (1dx), or 71.47 (1dm) or  
5 (1dx).

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

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

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

14 **SECTION 24.** 560.797 (4) (g) of the statutes is amended to read:

15 ~~560.797 (4) (g) The department annually shall verify information submitted~~  
16 ~~to the department under s. 71.07 (2dm) or (2dx), 71.28 (1dm) or (1dx), or 71.47 (1dm)~~  
17 ~~or (1dx).~~

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

19 (1) **MILWAUKEE DEVELOPMENT OPPORTUNITY ZONE.** The treatment of section  
20 560.795 (1) (e), (2) (a) and (b) 5., (3) (a) 4., and (c), (4) (a) (intro.), and (5) of the statutes  
21 first applies to taxable years beginning on January 1 of the year in which this  
22 subsection takes effect, except that if this subsection takes effect after July 31 the  
23 treatment of section 560.795 (1) (e), (2) (a) and (b) 5., (3) (a) 4., and (c), (4) (a) (intro.),  
24 and (5) of the statutes first applies to taxable years beginning on January 1 of the  
25 year following the year in which this subsection takes effect.

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

(END)

D-note  
Date

0667/4  
PJK:hmh

This redraft ~~removes~~ removes <sup>S.</sup> 560.797  
(4)(g) from the draft, because that section  
relates to ~~enterprise~~ enterprise  
development zones.

→ PJK  
→ JK

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

LRB-0667/4dn  
JK&PJK:hmh&wlj:ch

February 5, 2001

This redraft removes s. 560.797 (4) (g) from the draft, because that section relates to enterprise development zones.

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

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



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0667/A

JK&PJK:hmh&wlj/oh/

Today

DOA:.....Walker - Tax credit for capital investment in 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

in 2-6-01

TOOK  
DRAWN

D-N

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 (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.

In addition, the bill creates an income tax and franchise tax credit for a business that is certified to receive tax credits in the development opportunity zone in the city of Milwaukee. 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 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:*

*(3g), and*

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) (a) 4. to claim tax benefits or  
11           certified under s. 560.795 (5).

1           2. “Claimant” means a person who files a claim under this subsection.

2           3. “Development zone” means a development opportunity zone under s. 560.795  
3 (1) (e).

4           4. “Previously owned property” means real property that the claimant or a  
5 related person owned during the 2 years prior to the department of commerce  
6 designating the place where the property is located as a development zone and for  
7 which the claimant may not deduct a loss from the sale of the property to, or an  
8 exchange of the property with, the related person under section 267 of the Internal  
9 Revenue Code, except that section 267 (b) of the Internal Revenue Code is modified  
10 so that if the claimant owns any part of the property, rather than 50% ownership, the  
11 claimant is subject to section 267 (a) (1) of the Internal Revenue Code for purposes  
12 of this subsection.

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

- 17           1. The purchase price of depreciable, tangible personal property.  
18           2. The amount expended to acquire, construct, rehabilitate, remodel, or repair  
19 real property in a development zone.

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



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

10 (e) A claimant may claim the credit under par. (b) 2. for an amount expended  
11 to acquire real property, if the property is not previously owned property and if the  
12 claimant acquires the property after the place where the property is located was  
13 designated a development zone, or if the completed project is placed in service after  
14 the claimant is certified.

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

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

19 2. A statement from the department of commerce verifying the purchase price  
20 of the investment and verifying that the investment fulfills the requirements under  
21 par. (b).

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

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

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

18 (j) If a person who is entitled under s. 560.795 (3) (a) 4. to claim tax benefits  
19 becomes ineligible for such tax benefits, or if a person's certification under s. 560.795  
20 (5) is revoked, that person may claim no credits under this subsection for the taxable  
21 year that includes the day on which the person becomes ineligible for tax benefits,  
22 the taxable year that includes the day on which the certification is revoked, or  
23 succeeding taxable years, and that person may carry over no unused credits from  
24 previous years to offset tax under this chapter for the taxable year that includes the

1 day on which the person becomes ineligible for tax benefits, the taxable year that  
2 includes the day on which the certification is revoked, or succeeding taxable years.

3 (k) If a person who is entitled under s. 560.795 (3) (a) 4. to claim tax benefits  
4 or certified under s. 560.795 (5) 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 (L) Section 71.28 (4) (g) and (h) as it applies to the credit under s. 71.28 (4)  
10 applies to the credit under this subsection.

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

12 ~~71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married~~  
13 ~~couple filing jointly, trust or estate under s. 71.02, not considering the credits under~~  
14 ~~ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2fd), (3m), (3s),~~  
15 ~~(6), and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1fd), (2m), and~~  
16 ~~(3) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1fd), (2m), and (3)~~  
17 ~~and subchs. VIII and IX and payments to other states under s. 71.07 (7), is less than~~  
18 ~~the tax under this section, there is imposed on that natural person, married couple~~  
19 ~~filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative~~  
20 ~~minimum tax computed as follows:~~

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

22 71.10 (4) (grb) Development zone capital investment credit under s. 71.07  
23 (2dm).

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

INSERT B

1 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
2 (2dj), (2dL), (2dm), (2ds), (2dx) and (3s) and passed through to partners shall be  
3 added to the partnership's income. (3g) and

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

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

INSERT C

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

21 71.26 (3) (n) Sections 381, 382 and 383 (relating to carry-overs in certain  
22 corporate acquisitions) are modified so that they apply to losses under sub. (4) and  
23 credits under s. 71.28 (1di), (1dL), (1dm), (1dx) and (3) to (5) instead of to federal  
24 credits and federal net operating losses. (4), and

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

INSERT D

1           **71.28 (1dm) DEVELOPMENT ZONE CAPITAL INVESTMENT CREDIT.** (a) In this  
2 subsection:

3           1. “Certified” means entitled under s. 560.795 (3) (a) 4. to claim tax benefits or  
4 certified under s. 560.795 (5).

5           2. “Claimant” means a person who files a claim under this subsection.

6           3. “Development zone” means a development opportunity zone under s. 560.795  
7 (1) (e).

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

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

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

22           2. The amount expended to acquire, construct, rehabilitate, remodel, or repair  
23 real property in a development zone.

24           (c) A claimant may claim the credit under par. (b) 1., if the tangible personal  
25 property is purchased after the claimant is certified and the personal property is

1 used for at least 50% of its use in the claimant's business at a location in a  
2 development zone or, if the property is mobile, the property's base of operations for  
3 at least 50% of its use is at a location in a development zone.

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

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

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

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

22 2. A statement from the department of commerce verifying the purchase price  
23 of the investment and verifying that the investment fulfills the requirements under  
24 par. (b).

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

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

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

21 (j) If a person who is entitled under s. 560.795 (3) (a) 4. to claim tax benefits  
22 becomes ineligible for such tax benefits, or if a person's certification under s. 560.795  
23 (5) is revoked, that person may claim no credits under this subsection for the taxable  
24 year that includes the day on which the person becomes ineligible for tax benefits,  
25 the taxable year that includes the day on which the certification is revoked, or

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

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

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

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

14 71.30 (3) (emb) Development zone capital investment credit under s. 71.28  
15 (1dm).

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

17 71.34 (1) (g) An addition shall be made for credits computed by a tax-option  
18 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), and (3)  
19 and passed through to shareholders.

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

21 71.47 (1dm) DEVELOPMENT ZONE CAPITAL INVESTMENT CREDIT. (a) In this  
22 subsection:

23 1. "Certified" means entitled under s. 560.795 (3) (a) 4. to claim tax benefits or  
24 certified under s. 560.795 (5).

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

INSERT E ↓



1           3. “Development zone” means a development opportunity zone under s. 560.795  
2 (1) (e).

3           4. “Previously owned property” means real property that the claimant or a  
4 related person owned during the 2 years prior to the department of commerce  
5 designating the place where the property is located as a development zone and for  
6 which the claimant may not deduct a loss from the sale of the property to, or an  
7 exchange of the property with, the related person under section 267 of the Internal  
8 Revenue Code, except that section 267 (b) of the Internal Revenue Code is modified  
9 so that if the claimant owns any part of the property, rather than 50% ownership, the  
10 claimant is subject to section 267 (a) (1) of the Internal Revenue Code for purposes  
11 of this subsection.

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

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

17           2. The amount expended to acquire, construct, rehabilitate, remodel, or repair  
18 real property in a development zone.

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

24           (d) A claimant may claim the credit under par. (b) 2. for an amount expended  
25 to construct, rehabilitate, remodel, or repair real property, if the claimant began the

1 physical work of construction, rehabilitation, remodeling, or repair, or any  
2 demolition or destruction in preparation for the physical work, after the place where  
3 the property is located was designated a development zone, or if the completed  
4 project is placed in service after the claimant is certified. In this paragraph, “physical  
5 work” does not include preliminary activities such as planning, designing, securing  
6 financing, researching, developing specifications, or stabilizing the property to  
7 prevent deterioration.

8 (e) A claimant may claim the credit under par. (b) 2. for an amount expended  
9 to acquire real property, if the property is not previously owned property and if the  
10 claimant acquires the property after the place where the property is located was  
11 designated a development zone, or if the completed project is placed in service after  
12 the claimant is certified.

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

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

17 2. A statement from the department of commerce verifying the purchase price  
18 of the investment and verifying that the investment fulfills the requirements under  
19 par. (b).

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

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

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

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

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

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

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

10 71.49 (1) (emb) Development zone capital investment credit under s. 71.47  
11 (1dm).

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

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

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

21 77.92 (4) "Net business income", with respect to a partnership, means taxable  
22 income as calculated under section 703 of the Internal Revenue Code; plus the items  
23 of income and gain under section 702 of the Internal Revenue Code, including taxable  
24 state and municipal bond interest and excluding nontaxable interest income or  
25 dividend income from federal government obligations; minus the items of loss and

1 deduction under section 702 of the Internal Revenue Code, except items that are not  
 2 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
 3 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),  
 4 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx) and (3s); and plus or minus, as  
 5 appropriate, transitional adjustments, depreciation differences, and basis  
 6 differences under s. 71.05 (13), (15), (16), (17) and (19); but excluding income, gain,  
 7 loss and deductions from farming. "Net business income", with respect to a natural  
 8 person, estate or trust, means profit from a trade or business for federal income tax  
 9 purposes and includes net income derived as an employee as defined in section 3121  
 10 (d) (3) of the Internal Revenue Code.

11 **SECTION 15.** 560.70 (7) of the statutes is renumbered 560.70 (7) (a) and  
 12 amended to read:

13 560.70 (7) (a) "Tax Except as provided in par. (b), "tax benefits" means the  
 14 development zones credit under ss. 71.07 (2dx), 71.28 (1dx), and 71.47 (1dx), except  
 15 that in.

16 (b) In s. 560.795, "tax benefits" means the development zones investment credit  
 17 under ss. 71.07 (2di), 71.28 (1di), and 71.47 (1di) and the development zones credit  
 18 under ss. 71.07 (2dx), 71.28 (1dx), and 71.47 (1dx). With respect to the development  
 19 opportunity zone under s. 560.795 (1) (e), "tax benefits" also means the development  
 20 zones capital investment credit under ss. 71.07 (2dm), 71.28 (1dm), and 71.47 (1dm).

21 **SECTION 16.** 560.795 (1) (e) of the statutes is created to read:

22 560.795 (1) (e) An area in the city of Milwaukee, the legal description of which  
 23 is provided to the department by the local governing body of the city of Milwaukee.

24 **SECTION 17.** 560.795 (2) (a) of the statutes is amended to read:

INSERT F ↓

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

10           **SECTION 18.** 560.795 (2) (b) 5. of the statutes is created to read:

11           560.795 (2) (b) 5. The limit for tax benefits for the development opportunity  
12 zone under sub. (1) (e) is \$4,700,000.

13           **SECTION 19.** 560.795 (3) (a) 4. of the statutes is created to read:

14           560.795 (3) (a) 4. Any corporation that is conducting or that intends to conduct  
15 economic activity in a development opportunity zone under sub. (1) (e) and that, in  
16 conjunction with the local governing body of the city in which the development  
17 opportunity zone is located, submits a project plan as described in par. (b) to the  
18 department shall be entitled to claim tax benefits while the area is designated as a  
19 development opportunity zone.

20           **SECTION 20.** 560.795 (3) (c) of the statutes is amended to read:

21           560.795 (3) (c) The department shall notify the department of revenue of all  
22 corporations entitled to claim tax benefits under this section subsection.

23           **SECTION 21.** 560.795 (3) (d) of the statutes is amended to read:

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

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

5           560.795 (4) (a) (intro.) The department shall revoke the entitlement of a  
6 corporation to claim tax benefits under ~~this section~~ sub. (3) if the corporation does  
7 any of the following:

8           **SECTION 23.** 560.795 (5) of the statutes is created to read:

9           560.795 (5) CERTIFICATION BASED ON THE ACTIVITY OF ANOTHER. (a) The  
10 department may certify for tax benefits a person that is conducting economic activity  
11 in the development opportunity zone under sub. (1) (e) and that is not otherwise  
12 entitled to claim tax benefits if all of the following apply:

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

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

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

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

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

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

3 (d) The department annually shall verify information submitted to the  
4 department under s. 71.07 (2dm) or (2dx), 71.28 (1dm) or (1dx), or 71.47 (1dm) or  
5 (1dx).

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

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

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

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

15 (1) MILWAUKEE DEVELOPMENT OPPORTUNITY ZONE. The treatment of section  
16 560.795 (1) (c), (2) (a) and (b) 5., (3) (a) 4., and (c), (4) (a) (intro.), and (5) of the statutes  
17 first applies to taxable years beginning on January 1 of the year in which this  
18 subsection takes effect, except that if this subsection takes effect after July 31 the  
19 treatment of section 560.795 (1) (e), (2) (a) and (b) 5., (3) (a) 4., and (c), (4) (a) (intro.),  
20 and (5) of the statutes first applies to taxable years beginning on January 1 of the  
21 year following the year in which this subsection takes effect.

22 (2) DEVELOPMENT ZONES CAPITAL INVESTMENT CREDIT. The treatment of sections  
23 71.05 (6) (a) 15., 71.07 (2dm), ~~71.08 (1) (intro.)~~, 71.10 (4) (grb), 71.21 (4), 71.26 (2) (a) ✓  
24 and (3) (n), 71.28 (1dm), 71.30 (3) (emb), 71.34 (1) (g), 71.47 (1dm), 71.49 (1) (emb),  
25 73.03 (35), 77.92 (4), 560.70 (7), 560.75 (8), and 560.795 (3) (d) of the statutes first



1 applies to taxable years beginning on January 1 of the year in which this subsection  
2 takes effect, except that if this subsection takes effect after July 31 the treatment of  
3 sections 71.05 (6) (a) 15., 71.07 (2dm), ~~71.08 (1) Intro~~, 71.10 (4) (grb), 71.21 (4),  
4 71.26 (2) (a) and (3) (n), 71.28 (1dm), 71.30 (3) (emb), 71.34 (1) (g), 71.47 (1dm), 71.49  
5 (1) (emb), 73.03 (35), 77.92 (4), 560.70 (7), 560.75 (8), and 560.795 (3) (d) of the  
6 statutes first applies to taxable years beginning on January 1 of the year following  
7 the year in which this subsection takes effect.

8

(END)

**2001-2002 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0667/4ins  
JK&PJK:hmh&wlj:ch

**Insert A**

\*\*\*\*NOTE: This is reconciled s. 71.05 (6) (a) 15. This SECTION has been affected by drafts with the following LRB numbers: - 0667 and - 1856.

**Insert B**

\*\*\*\*NOTE: This is reconciled s. 71.21 (4). This SECTION has been affected by drafts with the following LRB numbers: - 0667 and - 1856.

**Insert C**

\*\*\*\*NOTE: This is reconciled s. 71.26 (2) (a). This SECTION has been affected by drafts with the following LRB numbers: - 0667 and - 1856.

**Insert D**

\*\*\*\*NOTE: This is reconciled s. 71.26 (3) (n). This SECTION has been affected by drafts with the following LRB numbers: - 0667 and - 1856.

**Insert E**

\*\*\*\*NOTE: This is reconciled s. 71.34 (1) (g). This SECTION has been affected by drafts with the following LRB numbers: - 0667 and - 1856.

**Insert F**

\*\*\*\*NOTE: This is reconciled s. 77.92 (4). This SECTION has been affected by drafts with the following LRB numbers: - 0667 and - 1856.

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

LRB-0667/4<sup>5</sup>Adn  
JK&PJK:law/awlj:JM

William Walker:

This draft reconciles LRB-0667/4 and LRB-1856/5. Both LRB-0667 and LRB-1856 should continue to appear in the compiled bill.

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

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

LRB-0667/5dn  
JK&PJK:wlj:pg

February 6, 2001

William Walker:

This draft reconciles LRB-0667/4 and LRB-1856/5. Both LRB-0667 and LRB-1856 should continue to appear in the compiled bill.

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



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0667/5  
JK&PJK:hmh&wlj:pg

DOA:.....Walker – Tax credit for capital investment in 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.

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*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.

In addition, the bill creates an income tax and franchise tax credit for a business that is certified to receive tax credits in the development opportunity zone in the city of Milwaukee. 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 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.

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*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, (3g), and (3s) and not passed through  
4 by a partnership, limited liability company, or tax-option corporation that has added  
5 that amount to the partnership's, company's, or tax-option corporation's income  
6 under s. 71.21 (4) or 71.34 (1) (g).

      \*\*\*\*NOTE: This is reconciled s. 71.05 (6) (a) 15. This SECTION has been affected by  
drafts with the following LRB numbers: – 0667 and – 1856.

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:

1           1. “Certified” means entitled under s. 560.795 (3) (a) 4. to claim tax benefits or  
2 certified under s. 560.795 (5).

3           2. “Claimant” means a person who files a claim under this subsection.

4           3. “Development zone” means a development opportunity zone under s. 560.795  
5 (1) (e).

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

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

- 19           1. The purchase price of depreciable, tangible personal property.  
20           2. The amount expended to acquire, construct, rehabilitate, remodel, or repair  
21 real property in a development zone.

22           (c) A claimant may claim the credit under par. (b) 1., if the tangible personal  
23 property is purchased after the claimant is certified and the personal property is  
24 used for at least 50% of its use in the claimant’s business at a location in a

1 development zone or, if the property is mobile, the property's base of operations for  
2 at least 50% of its use is at a location in a development zone.

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

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

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

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

21 2. A statement from the department of commerce verifying the purchase price  
22 of the investment and verifying that the investment fulfills the requirements under  
23 par. (b).

24 (g) In calculating the credit under par. (b) a claimant shall reduce the amount  
25 expended to acquire property by a percentage equal to the percentage of the area of



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

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

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

19 (j) If a person who is entitled under s. 560.795 (3) (a) 4. to claim tax benefits  
20 becomes ineligible for such tax benefits, or if a person's certification under s. 560.795  
21 (5) is revoked, that person may claim no credits under this subsection for the taxable  
22 year that includes the day on which the person becomes ineligible for tax benefits,  
23 the taxable year that includes the day on which the certification is revoked, or  
24 succeeding taxable years, and that person may carry over no unused credits from  
25 previous years to offset tax under this chapter for the taxable year that includes the

1 day on which the person becomes ineligible for tax benefits, the taxable year that  
2 includes the day on which the certification is revoked, or succeeding taxable years.

3 (k) If a person who is entitled under s. 560.795 (3) (a) 4. to claim tax benefits  
4 or certified under s. 560.795 (5) 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 (L) Section 71.28 (4) (g) and (h) as it applies to the credit under s. 71.28 (4)  
10 applies to the credit under this subsection.

11 **SECTION 3.** 71.10 (4) (grb) of the statutes is created to read:

12 71.10 (4) (grb) Development zone capital investment credit under s. 71.07  
13 (2dm).

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

15 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
16 (2dj), (2dL), (2dm), (2ds), (2dx) ~~and, (3g), and (3s)~~ and passed through to partners  
17 shall be added to the partnership's income.

\*\*\*\*NOTE: This is reconciled s. 71.21 (4). This SECTION has been affected by drafts  
with the following LRB numbers: – 0667 and – 1856.

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

19 71.26 (2) (a) *Corporations in general.* The “net income” of a corporation means  
20 the gross income as computed under the internal revenue code Internal Revenue  
21 Code as modified under sub. (3) minus the amount of recapture under s. 71.28 (1di)  
22 plus the amount of credit computed under s. 71.28 (1) ~~and, (3) to, (4), and (5)~~ plus the  
23 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),

1 (1ds) ~~and, and (3g)~~ (1dx) and not passed through by a partnership, limited liability  
2 company, or tax-option corporation that has added that amount to the partnership's,  
3 limited liability company's, or tax-option corporation's income under s. 71.21 (4) or  
4 71.34 (1) (g) plus the amount of losses from the sale or other disposition of assets the  
5 gain from which would be wholly exempt income, as defined in sub. (3) (L), if the  
6 assets were sold or otherwise disposed of at a gain and minus deductions, as  
7 computed under the ~~internal revenue code~~ Internal Revenue Code as modified under  
8 sub. (3), plus or minus, as appropriate, an amount equal to the difference between  
9 the federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or  
10 otherwise disposed of in a taxable transaction during the taxable year, except as  
11 provided in par. (b) and s. 71.45 (2) and (5).

\*\*\*\*NOTE: This is reconciled s. 71.26 (2) (a). This SECTION has been affected by drafts  
with the following LRB numbers: - 0667 and - 1856.

12 **SECTION 6.** 71.26 (3) (n) of the statutes is amended to read:

13 71.26 (3) (n) Sections 381, 382 and 383 (relating to carry-overs in certain  
14 corporate acquisitions) are modified so that they apply to losses under sub. (4) and  
15 credits under s. 71.28 (1di), (1dL), (1dm), (1dx) ~~and, (3) to, (4), and~~ (5) instead of to  
16 federal credits and federal net operating losses.

\*\*\*\*NOTE: This is reconciled s. 71.26 (3) (n). This SECTION has been affected by  
drafts with the following LRB numbers: - 0667 and - 1856.

17 **SECTION 7.** 71.28 (1dm) of the statutes is created to read:

18 71.28 (1dm) DEVELOPMENT ZONE CAPITAL INVESTMENT CREDIT. (a) In this  
19 subsection:

20 1. "Certified" means entitled under s. 560.795 (3) (a) 4. to claim tax benefits or  
21 certified under s. 560.795 (5).

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

1           3. "Development zone" means a development opportunity zone under s. 560.795  
2           (1) (e).

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

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

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

17               2. The amount expended to acquire, construct, rehabilitate, remodel, or repair  
18          real property in a development zone.

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

24          (d) A claimant may claim the credit under par. (b) 2. for an amount expended  
25          to construct, rehabilitate, remodel, or repair real property, if the claimant began the

1 physical work of construction, rehabilitation, remodeling, or repair, or any  
2 demolition or destruction in preparation for the physical work, after the place where  
3 the property is located was designated a development zone, or if the completed  
4 project is placed in service after the claimant is certified. In this paragraph, “physical  
5 work” does not include preliminary activities such as planning, designing, securing  
6 financing, researching, developing specifications, or stabilizing the property to  
7 prevent deterioration.

8 (e) A claimant may claim the credit under par. (b) 2. for an amount expended  
9 to acquire real property, if the property is not previously owned property and if the  
10 claimant acquires the property after the place where the property is located was  
11 designated a development zone, or if the completed project is placed in service after  
12 the claimant is certified.

13 (f) No credit may be allowed under this subsection unless the claimant includes  
14 with the claimant’s return:

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

17 2. A statement from the department of commerce verifying the purchase price  
18 of the investment and verifying that the investment fulfills the requirements under  
19 par. (b).

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

1 (h) The carry-over provisions of sub. (4) (e) and (f) as they relate to the credit  
2 under sub. (4) relate to the credit under this subsection.

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

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

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

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

9 **SECTION 8.** 71.30 (3) (emb) of the statutes is created to read:

10 71.30 (3) (emb) Development zone capital investment credit under s. 71.28  
11 (1dm).

12 **SECTION 9.** 71.34 (1) (g) of the statutes is amended to read:

13 71.34 (1) (g) An addition shall be made for credits computed by a tax-option  
14 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx) and (3),  
15 and (3g) and passed through to shareholders.

\*\*\*\*NOTE: This is reconciled s. 71.34 (1) (g). This SECTION has been affected by drafts  
with the following LRB numbers: – 0667 and – 1856.

16 **SECTION 10.** 71.47 (1dm) of the statutes is created to read:

17 71.47 (1dm) DEVELOPMENT ZONE CAPITAL INVESTMENT CREDIT. (a) In this  
18 subsection:

19 1. “Certified” means entitled under s. 560.795 (3) (a) 4. to claim tax benefits or  
20 certified under s. 560.795 (5).

21 2. “Claimant” means a person who files a claim under this subsection.

22 3. “Development zone” means a development opportunity zone under s. 560.795  
23 (1) (e).

1           4. “Previously owned property” means real property that the claimant or a  
2 related person owned during the 2 years prior to the department of commerce  
3 designating the place where the property is located as a development zone and for  
4 which the claimant may not deduct a loss from the sale of the property to, or an  
5 exchange of the property with, the related person under section 267 of the Internal  
6 Revenue Code, except that section 267 (b) of the Internal Revenue Code is modified  
7 so that if the claimant owns any part of the property, rather than 50% ownership, the  
8 claimant is subject to section 267 (a) (1) of the Internal Revenue Code for purposes  
9 of this subsection.

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

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

15           2. The amount expended to acquire, construct, rehabilitate, remodel, or repair  
16 real property in a development zone.

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

22           (d) A claimant may claim the credit under par. (b) 2. for an amount expended  
23 to construct, rehabilitate, remodel, or repair real property, if the claimant began the  
24 physical work of construction, rehabilitation, remodeling, or repair, or any  
25 demolition or destruction in preparation for the physical work, after the place where



1 the property is located was designated a development zone, or if the completed  
2 project is placed in service after the claimant is certified. In this paragraph, “physical  
3 work” does not include preliminary activities such as planning, designing, securing  
4 financing, researching, developing specifications, or stabilizing the property to  
5 prevent deterioration.

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

11 (f) No credit may be allowed under this subsection unless the claimant includes  
12 with the claimant’s return:

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

15 2. A statement from the department of commerce verifying the purchase price  
16 of the investment and verifying that the investment fulfills the requirements under  
17 par. (b).

18 (g) In calculating the credit under par. (b) a claimant shall reduce the amount  
19 expended to acquire property by a percentage equal to the percentage of the area of  
20 the real property not used for the purposes for which the claimant is certified and  
21 shall reduce the amount expended for other purposes by the amount expended on the  
22 part of the property not used for the purposes for which the claimant is certified.

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

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

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

23 (k) If a person who is entitled under s. 560.795 (3) (a) 4. to claim tax benefits  
24 or certified under s. 560.795 (5) ceases business operations in the development zone  
25 during any of the taxable years that that zone exists, that person may not carry over

1 to any taxable year following the year during which operations cease any unused  
2 credits from the taxable year during which operations cease or from previous taxable  
3 years.

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

6 **SECTION 11.** 71.49 (1) (emb) of the statutes is created to read:

7 71.49 (1) (emb) Development zone capital investment credit under s. 71.47  
8 (1dm).

9 **SECTION 12.** 73.03 (35) of the statutes is amended to read:

10 73.03 (35) To deny a portion of a credit claimed under s. 71.07 (2dd), (2de), (2di),  
11 (2dj), (2dL), (2dm), (2dr), (2ds) or (2dx), 71.28 (1dd), (1de), (1di), (1dj), (1dm), (1dL),  
12 (1ds), (1dx), or (4) (am) or 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), or  
13 (4) (am) if granting the full amount claimed would violate a requirement under s.  
14 560.785 or would bring the total of the credits granted to that claimant under all of  
15 those subsections over the limit for that claimant under s. 560.768, 560.795 (2) (b),  
16 or 560.797 (5) (b).

17 **SECTION 13.** 77.92 (4) of the statutes is amended to read:

18 77.92 (4) "Net business income", with respect to a partnership, means taxable  
19 income as calculated under section 703 of the Internal Revenue Code; plus the items  
20 of income and gain under section 702 of the Internal Revenue Code, including taxable  
21 state and municipal bond interest and excluding nontaxable interest income or  
22 dividend income from federal government obligations; minus the items of loss and  
23 deduction under section 702 of the Internal Revenue Code, except items that are not  
24 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
25 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),

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

\*\*\*\*NOTE: This is reconciled s. 77.92 (4). This SECTION has been affected by drafts  
with the following LRB numbers: – 0667 and – 1856.

8 **SECTION 14.** 560.70 (7) of the statutes is renumbered 560.70 (7) (a) and  
9 amended to read:

10 560.70 (7) (a) “Tax Except as provided in par. (b), “tax benefits” means the  
11 development zones credit under ss. 71.07 (2dx), 71.28 (1dx), and 71.47 (1dx), except  
12 that in.

13 (b) In s. 560.795, “tax benefits” means the development zones investment credit  
14 under ss. 71.07 (2di), 71.28 (1di), and 71.47 (1di) and the development zones credit  
15 under ss. 71.07 (2dx), 71.28 (1dx), and 71.47 (1dx). With respect to the development  
16 opportunity zone under s. 560.795 (1) (e), “tax benefits” also means the development  
17 zones capital investment credit under ss. 71.07 (2dm), 71.28 (1dm), and 71.47 (1dm).

18 **SECTION 15.** 560.795 (1) (e) of the statutes is created to read:

19 560.795 (1) (e) An area in the city of Milwaukee, the legal description of which  
20 is provided to the department by the local governing body of the city of Milwaukee.

21 **SECTION 16.** 560.795 (2) (a) of the statutes is amended to read:

22 560.795 (2) (a) Except as provided in par. (d), the designation of each area under  
23 sub. (1) (a), (b) and (c), and (e) as a development opportunity zone shall be effective

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

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

9 560.795 (2) (b) 5. The limit for tax benefits for the development opportunity  
10 zone under sub. (1) (e) is \$4,700,000.

11 **SECTION 18.** 560.795 (3) (a) 4. of the statutes is created to read:

12 560.795 (3) (a) 4. Any corporation that is conducting or that intends to conduct  
13 economic activity in a development opportunity zone under sub. (1) (e) and that, in  
14 conjunction with the local governing body of the city in which the development  
15 opportunity zone is located, submits a project plan as described in par. (b) to the  
16 department shall be entitled to claim tax benefits while the area is designated as a  
17 development opportunity zone.

18 **SECTION 19.** 560.795 (3) (c) of the statutes is amended to read:

19 560.795 (3) (c) The department shall notify the department of revenue of all  
20 corporations entitled to claim tax benefits under this ~~section~~ subsection.

21 **SECTION 20.** 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).

25 **SECTION 21.** 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           **SECTION 22.** 560.795 (5) of the statutes is created to read:

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

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

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

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

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

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

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

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

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

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

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

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

13 (1) MILWAUKEE DEVELOPMENT OPPORTUNITY ZONE. The treatment of section  
14 560.795 (1) (e), (2) (a) and (b) 5., (3) (a) 4., and (c), (4) (a) (intro.), and (5) of the statutes  
15 first applies to taxable years beginning on January 1 of the year in which this  
16 subsection takes effect, except that if this subsection takes effect after July 31 the  
17 treatment of section 560.795 (1) (e), (2) (a) and (b) 5., (3) (a) 4., and (c), (4) (a) (intro.),  
18 and (5) of the statutes first applies to taxable years beginning on January 1 of the  
19 year following the year in which this subsection takes effect.

20 (2) DEVELOPMENT ZONES CAPITAL INVESTMENT CREDIT. The treatment of sections  
21 71.05 (6) (a) 15., 71.07 (2dm), 71.10 (4) (grb), 71.21 (4), 71.26 (2) (a) and (3) (n), 71.28  
22 (1dm), 71.30 (3) (emb), 71.34 (1) (g), 71.47 (1dm), 71.49 (1) (emb), 73.03 (35), 77.92  
23 (4), 560.70 (7), 560.75 (8), and 560.795 (3) (d) of the statutes first applies to taxable  
24 years beginning on January 1 of the year in which this subsection takes effect, except  
25 that if this subsection takes effect after July 31 the treatment of sections 71.05 (6)

1 (a) 15., 71.07 (2dm), 71.10 (4) (grb), 71.21 (4), 71.26 (2) (a) and (3) (n), 71.28 (1dm),  
2 71.30 (3) (emb), 71.34 (1) (g), 71.47 (1dm), 71.49 (1) (emb), 73.03 (35), 77.92 (4), 560.70  
3 (7), 560.75 (8), and 560.795 (3) (d) of the statutes first applies to taxable years  
4 beginning on January 1 of the year following the year in which this subsection takes  
5 effect.

6

(END)