



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

RESEARCH APPENDIX - **PLEASE DO NOT REMOVE FROM DRAFTING FILE**

Date Added To File: 09/04/2003 (Per: MES)



☞ The 2003 drafting file for LRB 03s0139/1

has been copied/added to the 2003 drafting file for

LRB 03-3214

☞ The attached 2003 draft was incorporated into the new 2003 draft listed above. For research purposes, this cover sheet and the attached drafting file were copied on yellow paper (darkened - auto centered - reduced to 90%), and added, as a appendix, to the new 2003 drafting file. If introduced this section will be scanned and added, as a separate appendix, to the electronic drafting file folder.

☞ This cover sheet was added to rear of the original 2003 drafting file. The drafting file was then returned, intact, to its folder and filed.

2003 DRAFTING REQUEST

Assembly Substitute Amendment (ASA-AB299)

Received: 08/05/2003

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: Scott Suder (608) 267-0280

By/Representing: Anne

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters: jkreye

Subject: Tax - corp. inc. and fran.

Extra Copies: RJM

Submit via email: YES

Requester's email: Rep.Suder@legis.state.wi.us

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

changing the method of calculating the technology zone tax credit

Instructions:

See Attached. Based on s0137, with changes recommended by DOR and Dept of Commerce

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 08/05/2003	wjackson 08/05/2003		_____			
/1			pgreensl 08/06/2003	_____	lemery 08/06/2003	lemery 08/06/2003	

08/06/2003 08:55:45 AM

Page 2

LRBs0139

FE Sent For:

<END>

2003 DRAFTING REQUEST

Assembly Substitute Amendment (ASA-AB299)

Received: 08/05/2003

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: Scott Suder (608) 267-0280

By/Representing: Anne

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters: jkreye

Subject: Tax - corp. inc. and fran.

Extra Copies: RJM

Submit via email: YES

Requester's email: Rep.Suder@legis.state.wi.us

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

changing the method of calculating the technology zone tax credit

Instructions:

See Attached. Based on s0137, with changes recommended by DOR and Dept of Commerce

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers	1 WLj 8/5	8/16 PS	8/16 P&Tch			

FE Sent For:

<END>

Shovers, Marc

From: Emerson, Anne
Sent: Tuesday, August 05, 2003 1:49 PM
To: Shovers, Marc
Subject: Sub Amendment to AB 299

Marc,

I spoke with Representative Lehman and we agreed that we would continue on with the amendment and try to introduce it on the floor. I spoke with Amy Cumblad from Commerce and according to her both Commerce and Revenue have provided you with their suggestions since reviewing the draft that you sent out yesterday. If we could draft the amendment with those changes incorporated that would be appreciated. And we will do it as a Suder amendment then.

If you have any questions or if there are any problems with getting permission regarding confidentiality let me know and I could probably have Vicki call you.

Thank you!
Anne
Office of Rep. Suder

Bill Wheeler
00C 7-2045

Amy Cumblad
6-2688

Drafting Instructions for Changes to the Technology Zone Program

Under current law, the Department of Commerce certifies businesses in a technology zone for tax credits based the amount of income/franchise taxes paid, sales/use taxes paid, and property taxes paid in a year. In the administration of this relatively new program, Commerce has identified several issues with the current formula. Income and franchise taxes paid, generally, cannot be calculated for pass-through entities (partnerships, limited liability companies, and tax-option corporations). Additionally, documenting sales and use taxes paid can be complicated for construction projects and otherwise overly burdensome for some businesses.

The Departments of Revenue and Commerce recommend amending the current technology zone credit language under 71.07 (3g), 71.28 (3g), and 71.47 (3g) as follows:

Investments made by whom? The business?

Replace the portion of the credit based on income/franchise taxes with a credit for 10% of capital investments made during the taxable year. Investments made by the business in the zone

Prorated credit for the etc. are eligible? Is there a capital investment credit?

Specify that the ^{investment amounts} property eligible for the capital investment ^{calculation} credit must be retained for use in the technology zone for the period during which the person is certified as eligible for technology zone tax credits.

Specify that the ^{amount invested in} property cannot be the basis of any other state credit.

- Replace the portion of the credit based on sales/use taxes with a credit for 5 % of wages paid for new full-time jobs in a technology zone in the taxable year.
- Specify that a full time job means a regular, nonseasonal full-time position in which an individual receives pay that is equal to at least 200% of the federal minimum wage and receives benefits that are not required by federal or state law.
- Provide that Commerce has the right to revoke certification if the business ceases operations in the technology zone.
- Require claimants to submit copies of their certifications and verifications for tax credit from Commerce to the Department of Revenue (as in 71.28 (1dm)(f)).

Amy Cumbalad

50137 //

62688

They want the 'init app to be
7/1/02 or 1/1/02 ← (inception of
program)

Instructions
for 12 of
50137 -

~~payroll tax for~~

They want

~~payroll~~ ★

★ Incorp these
changes into
50139

Jam Walgren

★

★

6-7817

by rule,
Commerce may, reduce the number
of hours an individual is required
to work based on the normal
work week of a certified business

put in def of "full-time job"

& put all of def. in ch 560

≤ 0139 / 1
LRBs013710
MES&JK:wj:gy


**ASSEMBLY SUBSTITUTE AMENDMENT ,
TO 2003 ASSEMBLY BILL 299**



1 **AN ACT to amend** 71.07 (3g) (a) 2., 71.07 (3g) (a) 3., 71.28 (3g) (a) 2., 71.28 (3g)
2 (a) 3., 71.47 (3g) (a) 2. and 71.47 (3g) (a) 3.; and **to create** 71.07 (3g) (e), 71.07
3 (3g) (f), 71.28 (3g) (e), 71.28 (3g) (f), 71.47 (3g) (e), 71.47 (3g) (f) and 560.96 (3)
4 (e) of the statutes; **relating to:** changing the method of calculating the
5 technology zones tax credit.

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

6 **SECTION 1.** 71.07 (3g) (a) 2. of the statutes is amended to read:
7 71.07 (3g) (a) 2. ~~The amount of income and franchise taxes imposed under s.~~
8 71.02 that the business paid in the taxable year **Ten percent of the amount of capital**
9 **investments that are made by the business in the technology zone in the year to**
10 **which the claim relates.**

11 **SECTION 2.** 71.07 (3g) (a) 3. of the statutes is amended to read:

1 71.07 (3g) (a) 3. ~~The amount of sales and use taxes imposed under ss. 77.52,~~
2 ~~77.53, and 77.71 that the business paid in the taxable year~~ Five percent of the
3 ~~amount that is spent on wages for full-time jobs that are created in the year to which~~
4 ~~the claim relates in the technology zone.~~ In this subdivision, "full-time job" means

5 a regular, nonseasonal full-time position in which an individual, as a condition of
6 employment, is required to work at least 2,080 hours per year, including paid leave
7 and holidays, and for which the individual receives pay that is equal to at least 200%
8 of the federal minimum wage and receives benefits that are not required by federal

9 or state law. "Full-time job" does not include initial training before an employment

10 position begins. has the meaning given in D. 560.96(1)(a)

11 SECTION 3. 71.07 (3g) (e) of the statutes is created to read:

12 71.07 (3g) (e) 1. No amount described under par. (a) 2. may be used in the
13 calculation of a credit under this subsection if that amount is used in the calculation
14 of any other credit under this chapter.

15 2. The investments that relate to the amount described under par. (a) 2. for
16 which a claimant makes a claim under this subsection must be retained for use in
17 the technology zone for the period during which the claimant's business is certified
18 under s. 560.96 (3).

19 SECTION 4. 71.07 (3g) (f) of the statutes is created to read:

20 71.07 (3g) (f) No credit may be allowed under this subsection unless the
21 claimant includes with the claimant's return:

22 1. A copy of a verification from the department of commerce that the claimant's
23 business is certified under s. 560.96 (3) and that the business and the department
24 of commerce have entered into an agreement under s. 560.96 (3) (d).

1 2. A statement from the department of commerce verifying the purchase price
2 of the investment described under par. (a) 2. and verifying that the investment
3 fulfills the requirement under par. (e) 2.

4 **SECTION 5.** 71.28 (3g) (a) 2. of the statutes is amended to read:

5 71.28 (3g) (a) 2. ~~The amount of income and franchise taxes imposed under s.~~
6 ~~71.23 that the business paid in the taxable year~~ Ten percent of the amount of capital
7 investments that are made by the business in the technology zone in the year to
8 which the claim relates.

9 **SECTION 6.** 71.28 (3g) (a) 3. of the statutes is amended to read:

10 71.28 (3g) (a) 3. ~~The amount of sales and use taxes imposed under ss. 77.52,~~
11 ~~77.53, and 77.71 that the business paid in the taxable year~~ Five percent of the
12 amount that is spent on wages for full-time jobs that are created in the year to which
13 the claim relates in the technology zone. In this subdivision, "full-time job" means
14 a regular, nonseasonal full-time position in which an individual, as a condition of
15 employment, is required to work at least 2,080 hours per year, including paid leave
16 and holidays, and for which the individual receives pay that is equal to at least 200%
17 of the federal minimum wage and receives benefits that are not required by federal
18 or state law. "Full-time job" does not include initial training before an employment
19 position begins. *has the meaning given in P. 560.96(1)(a)*

20 **SECTION 7.** 71.28 (3g) (e) of the statutes is created to read:

21 71.28 (3g) (e) 1. No amount described under par. (a) 2. may be used in the
22 calculation of a credit under this subsection if that amount is used in the calculation
23 of any other credit under this chapter.

24 2. The investments that relate to the amount described under par. (a) 2. for
25 which a claimant makes a claim under this subsection must be retained for use in

1 the technology zone for the period during which the claimant's business is certified
2 under s. 560.96 (3).

3 SECTION 8. 71.28 (3g) (f) of the statutes is created to read:

4 71.28 (3g) (f) No credit may be allowed under this subsection unless the
5 claimant includes with the claimant's return:

6 1. A copy of a verification from the department of commerce that the claimant's
7 business is certified under s. 560.96 (3) and that the business and the department
8 of commerce have entered into an agreement under s. 560.96 (3) (d).

9 2. A statement from the department of commerce verifying the purchase price
10 of the investment described under par. (a) 2. and verifying that the investment
11 fulfills the requirement under par. (e) 2.

12 SECTION 9. 71.47 (3g) (a) 2. of the statutes is amended to read:

13 ~~71.47 (3g) (a) 2. The amount of income and franchise taxes imposed under s.~~
14 ~~71.43 that the business paid in the taxable year~~ Ten percent of the amount of capital
15 investments that are made by the business in the technology zone in the year to
16 which the claim relates.

17 SECTION 10. 71.47 (3g) (a) 3. of the statutes is amended to read:

18 ~~71.47 (3g) (a) 3. The amount of sales and use taxes imposed under ss. 77.52,~~
19 ~~77.53, and 77.71 that the business paid in the taxable year~~ Five percent of the
20 amount that is spent on wages for full-time jobs that are created in the year to which
21 the claim relates in the technology zone. In this subdivision, "full-time job" means
22 a regular, nonseasonal full-time position in which an individual, as a condition of
23 employment, is required to work at least 2,080 hours per year, including paid leave
24 and holidays, and for which the individual receives pay that is equal to at least 200%
25 of the federal minimum wage and receives benefits that are not required by federal

1 ~~on state law, "Full-time job" does not include initial training before an employment~~
2 ~~position begins~~ *has the meaning given in A. 560.96 (1)(a)*

3 SECTION 11. 71.47 (3g) (e) of the statutes is created to read:

4 71.47 (3g) (e) 1. No amount described under par. (a) 2. may be used in the
5 calculation of a credit under this subsection if that amount is used in the calculation
6 of any other credit under this chapter.

7 2. The investments that relate to the amount described under par. (a) 2. for
8 which a claimant makes a claim under this subsection must be retained for use in
9 the technology zone for the period during which the claimant's business is certified
10 under s. 560.96 (3).

11 SECTION 12. 71.47 (3g) (f) of the statutes is created to read:

12 71.47 (3g) (f) No credit may be allowed under this subsection unless the
13 claimant includes with the claimant's return:

14 1. A copy of a verification from the department of commerce that the claimant's
15 business is certified under s. 560.96 (3) and that the business and the department
16 of commerce have entered into an agreement under s. 560.96 (3) (d).

17 2. A statement from the department of commerce verifying the purchase price
18 of the investment described under par. (a) 2. and verifying that the investment
19 fulfills the requirement under par. (e) 2.

20 SECTION 13. 560.96 (3) (e) of the statutes is created to read:

21 560.96 (3) (e) The department may revoke a business's certification if the
22 business ceases operations in the technology zone.

23 SECTION 14. Initial applicability.

24 (1) This act first applies to taxable years beginning on January 1, ~~2003~~ 2002

25 (END)

D-Note

*FNS
5-20*

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBs0139/?ins
MES&JK.....

INSERT 5-20

~~#~~
SECTION ~~A~~. 560.96 (1) of the statutes is renumbered 560.96 (1) (intro.) and amended to read:

560.96 (1) (intro.) In this section, ~~“tax credit” means a credit under s. 71.07 (2di), (2dm), (2dx), or (3g), 71.28 (1di), (1dm), (1dx), or (3g), or 71.47 (1di), (1dm), (1dx), or (3g).~~

History: 2001 a. 16, 104.

~~#~~
SECTION ~~B~~. 560.96 (1) (a) of the statutes is created to read:

560.96 (1) (a) “Full-time job” means a regular, nonseasonal full-time position in which an individual, as a condition of employment, is required to work at least 2,080 hours per year, subject to sub. (5) (j), including paid leave and holidays, and for which the individual receives pay that is equal to at least 200% of the federal minimum wage and receives benefits that are not required by federal or state law. “Full-time job” does not include initial training before an employment position begins.

~~#~~
SECTION ~~C~~. 560.96 (1) (b) of the statutes is created to read:

560.96 (1) (b) “Tax credit” means a credit under s. 71.07 (2di)[✓], (2dm)[✓], (2dx)[✓], or (3g)[✓], 71.28 (1di)[✓], (1dm)[✓], (1dx)[✓], or (3g)[✓], or 71.47 (1di)[✓], (1dm)[✓], (1dx)[✓], or (3g)[✓].

~~#~~
SECTION ~~D~~. 560.96 (5) (j) of the statutes is created to read:

560.96 (5) (j) The number of hours an individual is required to work for his or her employment to be considered a full-time job. The department may reduce the number of hours specified in sub. (1) (a)[✓] to be considered a full-time job based on the normal work week of a certified business.

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

LRBs0139/2dn
MES&JK.../.....

Wlj

Representative Suder:

This version of the substitute amendment includes suggested changes ~~made~~ by Amy Cumblad from the department of commerce and Pam Walgren from ~~DOR~~

the Department of Revenue

Marc E. Shovers
Senior Legislative Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.state.wi.us

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

LRBs0139/1dn
MES:wlj:pg

August 6, 2003

Representative Suder:

This version of the substitute amendment includes changes suggested by Amy Cumblad from the Department of Commerce and Pam Walgren from the Department of Revenue.

Marc E. Shovers
Senior Legislative Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.state.wi.us



State of Wisconsin
2003 - 2004 LEGISLATURE

LRBs0139/1
MES&JK:wlj:pg

ASSEMBLY SUBSTITUTE AMENDMENT,
TO 2003 ASSEMBLY BILL 299

1 **AN ACT** *to renumber and amend* 560.96 (1); *to amend* 71.07 (3g) (a) 2., 71.07
2 (3g) (a) 3., 71.28 (3g) (a) 2., 71.28 (3g) (a) 3., 71.47 (3g) (a) 2. and 71.47 (3g) (a)
3 3.; and *to create* 71.07 (3g) (e), 71.07 (3g) (f), 71.28 (3g) (e), 71.28 (3g) (f), 71.47
4 (3g) (e), 71.47 (3g) (f), 560.96 (1) (a), 560.96 (1) (b) and 560.96 (5) (j) of the
5 statutes; **relating to:** changing the method of calculating the technology zones
6 tax credit.

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

7 **SECTION 1.** 71.07 (3g) (a) 2. of the statutes is amended to read:
8 71.07 (3g) (a) 2. ~~The amount of income and franchise taxes imposed under s.~~
9 ~~71.02 that the business paid in the taxable year~~ Ten percent of the amount of capital
10 investments that are made by the business in the technology zone in the year to
11 which the claim relates.

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

2 71.07 (3g) (a) 3. ~~The amount of sales and use taxes imposed under ss. 77.52,~~
3 ~~77.53, and 77.71 that the business paid in the taxable year~~ Five percent of the
4 amount that is spent on wages for full-time jobs that are created in the year to which
5 the claim relates in the technology zone. "Full-time job" has the meaning given in
6 s. 560.96 (1) (a).

7 **SECTION 3.** 71.07 (3g) (e) of the statutes is created to read:

8 71.07 (3g) (e) 1. No amount described under par. (a) 2. may be used in the
9 calculation of a credit under this subsection if that amount is used in the calculation
10 of any other credit under this chapter.

11 2. The investments that relate to the amount described under par. (a) 2. for
12 which a claimant makes a claim under this subsection must be retained for use in
13 the technology zone for the period during which the claimant's business is certified
14 under s. 560.96 (3).

15 **SECTION 4.** 71.07 (3g) (f) of the statutes is created to read:

16 71.07 (3g) (f) No credit may be allowed under this subsection unless the
17 claimant includes with the claimant's return:

18 1. A copy of a verification from the department of commerce that the claimant's
19 business is certified under s. 560.96 (3) and that the business and the department
20 of commerce have entered into an agreement under s. 560.96 (3) (d).

21 2. A statement from the department of commerce verifying the purchase price
22 of the investment described under par. (a) 2. and verifying that the investment
23 fulfills the requirement under par. (e) 2.

24 **SECTION 5.** 71.28 (3g) (a) 2. of the statutes is amended to read:

1 71.28 (3g) (a) 2. ~~The amount of income and franchise taxes imposed under s.~~
2 ~~71.23 that the business paid in the taxable year~~ Ten percent of the amount of capital
3 investments that are made by the business in the technology zone in the year to
4 which the claim relates.

5 SECTION 6. 71.28 (3g) (a) 3. of the statutes is amended to read:

6 71.28 (3g) (a) 3. ~~The amount of sales and use taxes imposed under ss. 77.52,~~
7 ~~77.53, and 77.71 that the business paid in the taxable year~~ Five percent of the
8 amount that is spent on wages for full-time jobs that are created in the year to which
9 the claim relates in the technology zone. "Full-time job" has the meaning given in
10 s. 560.96 (1) (a).

11 SECTION 7. 71.28 (3g) (e) of the statutes is created to read:

12 71.28 (3g) (e) 1. No amount described under par. (a) 2. may be used in the
13 calculation of a credit under this subsection if that amount is used in the calculation
14 of any other credit under this chapter.

15 2. The investments that relate to the amount described under par. (a) 2. for
16 which a claimant makes a claim under this subsection must be retained for use in
17 the technology zone for the period during which the claimant's business is certified
18 under s. 560.96 (3).

19 SECTION 8. 71.28 (3g) (f) of the statutes is created to read:

20 71.28 (3g) (f) No credit may be allowed under this subsection unless the
21 claimant includes with the claimant's return:

22 1. A copy of a verification from the department of commerce that the claimant's
23 business is certified under s. 560.96 (3) and that the business and the department
24 of commerce have entered into an agreement under s. 560.96 (3) (d).

1 2. A statement from the department of commerce verifying the purchase price
2 of the investment described under par. (a) 2. and verifying that the investment
3 fulfills the requirement under par. (e) 2.

4 **SECTION 9.** 71.47 (3g) (a) 2. of the statutes is amended to read:

5 71.47 (3g) (a) 2. ~~The amount of income and franchise taxes imposed under s.~~
6 ~~71.43 that the business paid in the taxable year~~ Ten percent of the amount of capital
7 investments that are made by the business in the technology zone in the year to
8 which the claim relates.

9 **SECTION 10.** 71.47 (3g) (a) 3. of the statutes is amended to read:

10 71.47 (3g) (a) 3. ~~The amount of sales and use taxes imposed under ss. 77.52,~~
11 ~~77.53, and 77.71 that the business paid in the taxable year~~ Five percent of the
12 amount that is spent on wages for full-time jobs that are created in the year to which
13 the claim relates in the technology zone. "Full-time job" has the meaning given in
14 s. 560.96 (1) (a).

15 **SECTION 11.** 71.47 (3g) (e) of the statutes is created to read:

16 71.47 (3g) (e) 1. No amount described under par. (a) 2. may be used in the
17 calculation of a credit under this subsection if that amount is used in the calculation
18 of any other credit under this chapter.

19 2. The investments that relate to the amount described under par. (a) 2. for
20 which a claimant makes a claim under this subsection must be retained for use in
21 the technology zone for the period during which the claimant's business is certified
22 under s. 560.96 (3).

23 **SECTION 12.** 71.47 (3g) (f) of the statutes is created to read:

24 71.47 (3g) (f) No credit may be allowed under this subsection unless the
25 claimant includes with the claimant's return:

1 1. A copy of a verification from the department of commerce that the claimant's
2 business is certified under s. 560.96 (3) and that the business and the department
3 of commerce have entered into an agreement under s. 560.96 (3) (d).

4 2. A statement from the department of commerce verifying the purchase price
5 of the investment described under par. (a) 2. and verifying that the investment
6 fulfills the requirement under par. (e) 2.

7 **SECTION 13.** 560.96 (1) of the statutes is renumbered 560.96 (1) (intro.) and
8 amended to read:

9 560.96 (1) (intro.) In this section, ~~“tax credit” means a credit under s. 71.07~~
10 ~~(2di), (2dm), (2dx), or (3g), 71.28 (1di), (1dm), (1dx), or (3g), or 71.47 (1di), (1dm),~~
11 ~~(1dx), or (3g).~~

12 **SECTION 14.** 560.96 (1) (a) of the statutes is created to read:

13 560.96 (1) (a) “Full-time job” means a regular, nonseasonal full-time position
14 in which an individual, as a condition of employment, is required to work at least
15 2,080 hours per year, subject to sub. (5) (j), including paid leave and holidays, and for
16 which the individual receives pay that is equal to at least 200% of the federal
17 minimum wage and receives benefits that are not required by federal or state law.
18 “Full-time job” does not include initial training before an employment position
19 begins.

20 **SECTION 15.** 560.96 (1) (b) of the statutes is created to read:

21 560.96 (1) (b) “Tax credit” means a credit under s. 71.07 (2di), (2dm), (2dx), or
22 (3g), 71.28 (1di), (1dm), (1dx), or (3g), or 71.47 (1di), (1dm), (1dx), or (3g).

23 **SECTION 16.** 560.96 (5) (j) of the statutes is created to read:

24 560.96 (5) (j) The number of hours an individual is required to work for his or
25 her employment to be considered a full-time job. The department may reduce the

1 number of hours specified in sub. (1) (a) to be considered a full-time job based on the
2 normal work week of a certified business.

3 **SECTION 17. Initial applicability.**

4 (1) This act first applies to taxable years beginning on January 1, 2002.

5 (END)