

## 2007 ASSEMBLY BILL 838

February 21, 2008 – Introduced by Representatives FIELDS, TURNER, BALLWEG and GRIGSBY. Referred to Committee on Jobs and The Economy.

1     **AN ACT** *to amend* 71.05 (6) (a) 15.; and *to create* 71.07 (3x), 71.10 (4) (cn) and  
2           560.22 of the statutes; **relating to:** creating an emerging target investment tax  
3           credit and granting rule-making authority.

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### ***Analysis by the Legislative Reference Bureau***

This bill creates an income tax credit for an amount equal to 15 percent of the investment a person makes in a minority business, service-disabled veteran-owned business, or woman-owned business. The maximum amount that a person may invest and use as the basis for a credit is \$500,000 for each investment made directly in the business. The maximum amount of the credits that may be claimed for all claimants and all taxable years is \$20,000,000.

Under the bill, the Department of Commerce certifies a person who is eligible for the tax credit, and certifies the amount of the credit for which the person is eligible. A person is eligible for certification only if the person will make an investment in a business engaged in manufacturing, financial services, business services, consumer products and services, media, entertainment, or technology.

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:***

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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), (3g), (3n), (3s), (3t), (3w), (3x), (5b), (5d),  
4           and (5e), (5f), and (5h) and not passed through by a partnership, limited liability  
5           company, or tax-option corporation that has added that amount to the partnership's,  
6           company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

7           **SECTION 2.** 71.07 (3x) of the statutes is created to read:

8           71.07 **(3x)** EMERGING TARGET INVESTMENT CREDIT. (a) *Definitions.* In this  
9           subsection:

10           1. "Emerging target investment" means a purchase of an equity interest, or any  
11           other expenditure, as determined by rule under s. 560.22, that is made by any of the  
12           following:

13           a. An individual who reviews new businesses or proposed new businesses for  
14           potential investment of the individual's money.

15           b. A network of individuals who satisfy subd. 1.

16           2. "Claimant" means an individual who files a claim under this subsection.

17           3. "Minority business" means a business that is certified under s. 560.036.

18           4. "Service-disabled veteran" means a veteran, as defined in 38 USC 101 (2),  
19           with a disability that is service-connected, as defined in 38 USC 101 (16).

20           5. "Service-disabled veteran-owned business" means a sole proprietorship,  
21           partnership, limited liability company, joint venture, or corporation that is at least  
22           51 percent owned, controlled, and actively managed by a service-disabled veteran,  
23           as determined by the department of commerce.

24           6. "Woman-owned business" means a sole proprietorship, partnership, limited  
25           liability company, joint venture, or corporation that is at least 51 percent owned,

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1 controlled, and actively managed by a woman, as determined by the department of  
2 commerce.

3 (b) *Filing claims.* Subject to the limitations provided in this subsection and in  
4 s. 560.22, a claimant may claim as a credit against the tax imposed under s. 71.02,  
5 up to the amount of the tax, an amount equal to 15 percent of the claimant's emerging  
6 target investment made directly in a minority business, service-disabled  
7 veteran-owned business, or woman-owned business in the taxable year.

8 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed  
9 under this subsection for all taxable years combined is \$20,000,000.

10 2. The maximum amount of a claimant's investment that may be used as the  
11 basis for a credit under this subsection is \$500,000 for each investment made directly  
12 in a business certified under s. 560.22.

13 (d) *Administration.* 1. If an investment for which a claimant claims a credit  
14 under par. (b) is held by the claimant for less than one year, the claimant shall pay  
15 to the department, in the manner prescribed by the department, the amount of the  
16 credit that the claimant received related to the investment.

17 2. Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies  
18 to the credit under this subsection.

19 3. Subsection (9e) (d), to the extent that it applies to the credit under that  
20 subsection, applies to the credit under this subsection.

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

22 71.10 (4) (cn) Emerging target investment credit under s. 71.07 (3x).

23 **SECTION 4.** 560.22 of the statutes is created to read:

24 **560.22 Emerging target investment program.** (1) (a) The department  
25 shall implement a program to certify persons as eligible for tax credits under s. 71.07

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1 (3x). The department may certify a person under this subsection only if the person  
2 will make an emerging target investment, as defined in s. 71.07 (3x) (a) 1., in a  
3 business engaged in any of the following:

- 4 1. Manufacturing.
- 5 2. Financial services.
- 6 3. Business services.
- 7 4. Consumer products and services.
- 8 5. Media.
- 9 6. Entertainment.
- 10 7. Technology.

11 (b) If the department certifies a person as eligible for tax credits under par. (a),  
12 the department shall also certify the amount of the emerging target investment  
13 made by the person.

14 (c) A certification under par. (a) shall be valid only for the tax year in which  
15 application is made.

16 **(2)** The department shall notify the department of revenue of certifications  
17 under sub. (1) and shall make available to the public on the Internet a list of the  
18 persons certified and the amount of the emerging target investment made by each  
19 person certified.

20 **(3)** The department shall promulgate rules to administer this section.

**SECTION 5. Initial applicability.**

21  
22 (1) This act first applies to taxable years beginning on January 1, 2008.

23 **(END)**