

2007 DRAFTING REQUEST

Bill

Received: **03/07/2007**

Received By: **csundber**

Wanted: **As time permits**

Identical to LRB:

For: **Jason Fields (608) 266-3756**

By/Representing: **Neci Riley**

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

Drafter: **csundber**

May Contact:

Addl. Drafters:

Subject: **Econ. Development - bus. dev.**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Fields@legis.wisconsin.gov**

Carbon copy (CC:) to: **christopher.sundberg@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Angel investor program

Instructions:

See Attached

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>
/?	csundber 03/07/2007 jkreye 03/07/2007	lkunkel 03/08/2007		_____			State
/1			rschluet 03/09/2007	_____	mbarman 03/09/2007		State
/2	jkreye 04/06/2007	lkunkel 04/06/2007	nmatzke 04/06/2007	_____	cduerst 04/06/2007	cduerst 04/17/2007	State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	jkreye 08/21/2007	wjackson 08/21/2007		_____			
/3			jfrantze 08/22/2007	_____	sbasford 08/22/2007	sbasford 08/22/2007	
				_____	sbasford 08/22/2007	sbasford 08/22/2007	

FE Sent For: 04/17/2007, ~~04/17/2007~~.

<END>

"1/2" →

 → 09-25-2007

 "1/3" ←

see attached

→ requested

 by Pamela Urban

2007 DRAFTING REQUEST

Bill

Received: **03/07/2007**

Received By: **csundber**

Wanted: **As time permits**

Identical to LRB:

For: **Jason Fields (608) 266-3756**

By/Representing: **Neci Riley**

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

Drafter: **csundber**

May Contact:

Addl. Drafters:

Subject: **Econ. Development - bus. dev.**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Fields@legis.wisconsin.gov**

Carbon copy (CC:) to: **christopher.sundberg@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Angel investor program

Instructions:

See Attached

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>
/?	csundber 03/07/2007 jkreye 03/07/2007	lkunkel 03/08/2007		_____			State
/1			rschluet 03/09/2007	_____	mbarman 03/09/2007		State
/2	jkreye 04/06/2007	lkunkel 04/06/2007	nmatzke 04/06/2007	_____	cduerst 04/06/2007	cduerst 04/17/2007	

/3 WLj 8/21

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

FE Sent For:

<END>

04-17-2007
("12")

Requested
by Neci

2007 DRAFTING REQUEST

Bill

Received: 03/07/2007

Received By: csundber

Wanted: As time permits

Identical to LRB:

For: Jason Fields (608) 266-3756

By/Representing: Neci Riley

This file may be shown to any legislator: NO

Drafter: csundber

May Contact:

Addl. Drafters:

Subject: Econ. Development - bus. dev.

Extra Copies:

Submit via email: YES

Requester's email: Rep.Fields@legis.wisconsin.gov

Carbon copy (CC:) to: christopher.sundberg@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Angel investor program

Instructions:

See Attached

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>
/?	csundber 03/07/2007 jkreye 03/07/2007	lkunkel 03/08/2007		_____			State
/1			rschluet 03/09/2007	_____	mbarman 03/09/2007		State
/2	jkreye 04/06/2007	lkunkel 04/06/2007	nmatzke 04/06/2007	_____	cduerst 04/06/2007		

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

FE Sent For:

<END>

2007 DRAFTING REQUEST

Bill

Received: 03/07/2007

Received By: csundber

Wanted: As time permits

Identical to LRB:

For: Jason Fields (608) 266-3756

By/Representing: Neci Riley

This file may be shown to any legislator: NO

Drafter: csundber

May Contact:

Addl. Drafters:

Subject: Econ. Development - bus. dev.

Extra Copies:

Submit via email: YES

Requester's email: Rep.Fields@legis.wisconsin.gov

Carbon copy (CC:) to: christopher.sundberg@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Angel investor program

Instructions:

See Attached

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>
/?	csundber 03/07/2007 jkreye 03/07/2007	lkunkel 03/08/2007		_____			State
/1		1/2/mk 4/6	rschluet 03/09/2007 nwn 4/6	_____	mbarman 03/09/2007		

FE Sent For:

2007 DRAFTING REQUEST

Bill

Received: 03/07/2007

Received By: csundber

Wanted: As time permits

Identical to LRB:

For: Jason Fields (608) 266-3756

By/Representing: Neci Riley

This file may be shown to any legislator: NO

Drafter: csundber

May Contact:

Addl. Drafters:

Subject: Econ. Development - bus. dev.

Extra Copies:

Submit via email: YES

Requester's email: Rep.Fields@legis.wisconsin.gov

Carbon copy (CC:) to: christopher.sundberg@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Angel investor program

Instructions:

See Attached

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>
/?	csundber	1/mk 3/8					

FE Sent For:

<END>

Sundberg, Christopher

From: Riley, Neci
Sent: Wednesday, March 07, 2007 2:11 PM
To: Sundberg, Christopher
Subject: Draft Request

Hi Chris,

Can we please get a redraft of 2005 AB 983 relating to the Angel investor program?

Thanks,

Neci

Neci Riley
Office of State Representative Jason M. Fields
11th Assembly District
109 North State Capitol
PO Box 8952
Madison, WI 53708

Phone: (608) 266-3756
Fax: (608) 282-3611

son

2005 ASSEMBLY BILL 983

2007 BILL

m 37-07

SOON

February 2, 2006 - Introduced by Representatives FIELDS, ALBERS, ZERNICK, A. WILLIAMS and YOUNG. Referred to Committee on Ways and Means.

- re gov

✓

- 1 AN ACT *to amend* 71.05 (6) (a) 15. and 71.08 (1) (intro.); and *to create* 71.07 (5e),
- 2 71.10 (4) (gxx) and 560.22 of the statutes; **relating to:** creating an emerging
- 3 target investment tax credit and granting rule-making authority. ✓

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 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.

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

ASSEMBLY BILL 983

SECTION 1

SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:

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

INJECT 2-6

6

SECTION 2. 71.07 (5e) of the statutes is created to read:

71.07 (5e) EMERGING TARGET INVESTMENT CREDIT. (a) Definitions. In this subsection:

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

- a. An individual who reviews new businesses or proposed new businesses for potential investment of the individual's money. ✓
- b. A network of individuals who satisfy subd. 1. ✓
- 2. "Claimant" means an individual who files a claim under this subsection. ✓
- 3. "Minority business" means a business that is certified under s. 560.036. ✓
- 4. "Woman-owned business" means a sole proprietorship, partnership, limited liability company, joint venture, or corporation that is at least 51 percent owned, controlled, and actively managed by a woman, as determined by the department of commerce. ✓

(b) Filing claims. Subject to the limitations provided in this subsection and in s. 560.22, a claimant may claim as a credit against the tax imposed under s. 71.02 or 71.08, up to the amount of those taxes, an amount equal to 15 percent of the

~~or 71.08~~, up to the amount of ~~those taxes~~, an amount equal to 15 percent of the ~~tax~~
the tax

ASSEMBLY BILL 983

1 claimant's emerging target investment made directly in a minority business or
2 woman-owned business in the taxable year. ✓

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

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

8 3. For a claimant who is a nonresident or part-year resident of this state and
9 who is a single person or a married person filing a separate return, multiply the
10 credit for which the claimant is eligible under par. (b) by a fraction, the numerator
11 of which is the individual's Wisconsin adjusted gross income and the denominator of
12 which is the individual's federal adjusted gross income. ✓ If a claimant is married and
13 files a joint return, and if the claimant or the claimant's spouse, or both, are
14 nonresidents or part-year residents of this state, multiply the credit for which the
15 claimant is eligible under par. (b) ✓ by a fraction, the numerator of which is the couple's
16 joint Wisconsin adjusted gross income and the denominator of which is the couple's
17 joint federal adjusted gross income. ✓

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

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

24 3. Subsection (9e) ✓(d), to the extent that it applies to the credit under that
25 subsection, applies to the credit under this subsection. ✓

ASSEMBLY BILL 983**SECTION 3**

1 **SECTION 3.** 71.08 (1) (intro.) of the statutes, as affected by 2005 Wisconsin Act
2 25, is amended to read:

3 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
4 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
5 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3n), (3s),
6 (3t), (5b), (5d), (5e), (6), (6e), and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds),
7 (1dx), (1fd), (2m), (3), (3n), and (3t) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds),
8 (1dx), (1fd), (2m), (3), (3n), and (3t) and subchs. VIII and IX and payments to other
9 states under s. 71.07 (7), is less than the tax under this section, there is imposed on
10 that natural person, married couple filing jointly, trust, or estate, instead of the tax
11 under s. 71.02, an alternative minimum tax computed as follows:

12 **SECTION 4.** 71.10 (4) (~~gxx~~) of the statutes is created to read:

13 71.10 (4) (~~gxx~~) Emerging target investment credit under s. 71.07 (5e).

14 **SECTION 5.** 560.22 of the statutes is created to read:

15 **560.22 Emerging target investment program.** (1) (a) The department
16 shall implement a program to certify persons as eligible for tax credits under s. 71.07
17 (5e). The department may certify a person under this subsection only if the person
18 will make an emerging target investment, as defined in s. 71.07 (5e) (a) 1., in a
19 business engaged in any of the following:

- 20 1. Manufacturing.
- 21 2. Financial services.
- 22 3. Business services.
- 23 4. Consumer products and services.
- 24 5. Media.
- 25 6. Entertainment.

Current 2-6

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

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

NOTE: Subd. 15. is shown as affected by 3 acts of the 2005 Wisconsin legislature and as merged by the revisor under s. 13.93 (2) (c). The bracketed "and" was inserted by 2005 Wis. Act 479, but rendered surplusage by 2005 Wis. Act 483. Corrective legislation is pending.

History: 003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; s. 13.93 (2) (c). 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; s. 13.93 (2) (c).

Sundberg, Christopher

From: Riley, Neci
Sent: Thursday, April 05, 2007 2:16 PM
To: Sundberg, Christopher
Subject: RE: Draft Request

Hi Chris,

Can we please make a change to LRB 2170/1? Can we please add service disabled veteran business to the type of businesses a funder may invest in?

Also, Rep. Fields wants the second draft as soon as possible.

Thanks,

Neci

Neci Riley
Office of State Representative Jason M. Fields
11th Assembly District
109 North State Capitol
PO Box 8952
Madison, WI 53708

Phone: (608) 266-3756
Fax: (608) 282-3611

From: Sundberg, Christopher
Sent: Wednesday, March 07, 2007 2:25 PM
To: Riley, Neci
Subject: RE: Draft Request

Sure. Do you need it for a particular date?

CS

From: Riley, Neci
Sent: Wednesday, March 07, 2007 2:11 PM
To: Sundberg, Christopher
Subject: Draft Request

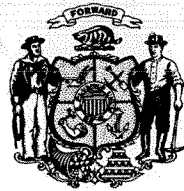
Hi Chris,

Can we please get a redraft of 2005 AB 983 relating to the Angel investor program?

Thanks,

Neci

Neci Riley
Office of State Representative Jason M. Fields
11th Assembly District



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-2170/1
CTS&JK:lmk:rs

1/2
RMR

2007 BILL

in 4-6-07

due Mon. 4-9

D-N

ReSh

service-disabled veteran-owned
business

✓

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.

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 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.

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

BILL

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. "Woman-owned business" means a sole proprietorship, partnership, limited
19 liability company, joint venture, or corporation that is at least 51 percent owned,
20 controlled, and actively managed by a woman, as determined by the department of
21 commerce.

22 (b) *Filing claims.* Subject to the limitations provided in this subsection and in
23 s. 560.22, a claimant may claim as a credit against the tax imposed under s. 71.02,
24 up to the amount of the tax, an amount equal to 15 percent of the claimant's emerging

INSERT
A

BILL

INSERT B

1 target investment made directly in a minority business or woman-owned business
2 in the taxable year.

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

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

8 3. For a claimant who is a nonresident or part-year resident of this state and
9 who is a single person or a married person filing a separate return, multiply the
10 credit for which the claimant is eligible under par. (b) by a fraction, the numerator
11 of which is the individual's Wisconsin adjusted gross income and the denominator of
12 which is the individual's federal adjusted gross income. If a claimant is married and
13 files a joint return, and if the claimant or the claimant's spouse, or both, are
14 nonresidents or part-year residents of this state, multiply the credit for which the
15 claimant is eligible under par. (b) by a fraction, the numerator of which is the couple's
16 joint Wisconsin adjusted gross income and the denominator of which is the couple's
17 joint federal adjusted gross income.

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

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

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

BILL

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

2 71.10 (4) (cn) Emerging target investment credit under s. 71.07 (3x).

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

4 **560.22 Emerging target investment program.** (1) (a) The department
5 shall implement a program to certify persons as eligible for tax credits under s. 71.07
6 (3x). The department may certify a person under this subsection only if the person
7 will make an emerging target investment, as defined in s. 71.07 (3x) (a) 1., in a
8 business engaged in any of the following:

9 1. Manufacturing.

10 2. Financial services.

11 3. Business services.

12 4. Consumer products and services.

13 5. Media.

14 6. Entertainment.

15 7. Technology.

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

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

21 (2) The department shall notify the department of revenue of certifications
22 under sub. (1) and shall make available to the public on the Internet a list of the
23 persons certified and the amount of the emerging target investment made by each
24 person certified.

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

2007-2008 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2170/2ins
CTS&JK:lmk:rs

Insert A

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

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

Insert B

7 , service-disabled veteran-owned business,

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

LRB-2170/2dn
CTS&JK:lmk:rs

(date)

Representative Fields:

Please review this draft carefully to ensure that it is consistent with your intent. ✓

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

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

LRB-2170/2dn
JK:lmk:nwn

April 6, 2007

Representative Fields:

Please review this draft carefully to ensure that it is consistent with your intent.

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

Duerst, Christina

From: Riley, Neci
Sent: Tuesday, April 17, 2007 9:26 AM
To: LRB.Legal
Subject: Draft Review: LRB 07-2170/2 Topic: Angel investor program

Please Jacket LRB 07-2170/2 for the ASSEMBLY.

Memo

To: Representative **Fields**

(The Draft's Requester)

Per your request ... the attached fiscal estimate was prepared for your un-introduced 2007 session draft.

LRB Number: 2007 LRB-2170

Version: " /2 "

Fiscal Estimate Prepared By: (agency abbr.) COMM

If you have questions about the enclosed fiscal estimate, you may contact the state agency representative that prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss your options under the fiscal estimate procedure.

Entered In Computer And Copy Sent To Requester Via E-Mail: 05 / 07 / 2007

*** * * * ***

To: LRB - Legal Section PA's

Subject: *Fiscal Estimate Received For An Unintroduced Draft*

> **If redrafted ...** please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version.

> **If introduced ... and the version of the attached fiscal estimate is for a previous version ...** please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version. Have Mike (or Christina) get the ball rolling on getting a fiscal estimate prepared for the introduced version.

> **If introduced ... and the version of the attached fiscal estimate is for the current version ...** please write the draft's introduction number below and give to Mike (or Christina) to process.

THIS DRAFT WAS INTRODUCED AS: 2007 _____

Barman, Mike

From: Barman, Mike
Sent: Monday, May 07, 2007 9:18 AM
To: Rep.Fields
Cc: Riley, Neci
Subject: LRB 07-2170/2 (un-introduced) (FE by COMM - attached - for your review)

Attachments: FE_Fields.pdf



FE_Fields.pdf (610
KB)

Mike Barman (Senior Program Assistant)
State of Wisconsin - Legislative Reference Bureau
Legal Section - Front Office
1 East Main Street, Suite 200, Madison, WI 53703
(608) 266-3561 / mike.barman@legis.wisconsin.gov

Fiscal Estimate Narratives
COMM 5/7/2007

LRB Number	07-2170/2	Introduction Number	Estimate Type	Original
Description Creating an emerging target investment tax credit and granting rule-making authority				

Assumptions Used in Arriving at Fiscal Estimate

The bill creates an individual income tax credit of 15% of investments made in certain minority-owned, women-owned, and service-disabled veteran-owned businesses. The maximum investment used as a basis for the credit is \$500,000. Over the life of the program, all claimants combined may claim a total of \$20 million.

Under the bill, Commerce would have the following responsibilities:

1. Certify angel investors and networks.
2. Certify the amount of the credit each person may claim.
3. Determine whether a business meets the definition in the bill of a "woman-owned business", a "minority business", or a "service-disabled veteran-owned business".
4. Determine whether a business is engaged in manufacturing, financial services, business services, consumer products and services, media, entertainment, or technology.
5. Notify DOR of persons certified to claim the credit.
6. Post on the Internet all persons certified and the amount of the emerging target investment made by each person certified.

Currently, 1,127 minority-owned businesses are certified by the Department, and the Department certifies, on average, 1,000 (200 new, 800 re-certified), (91% of the total) minority-owned businesses per year. With an estimated 17,924 total eligible minority-owned businesses, this represents an overall certification rate of 6.1%. The total number of eligible woman-owned businesses is estimated at 111,686. Based on these figures and on the potential demand for investment in this targeted group of businesses, the Department estimates that up to 29,600 minority and women-owned businesses could be eligible for investments under the credit. The Department has no data on service-disabled veteran-owned businesses.

To administer this program, the Department will require 2.0 FTE GPR positions. These positions will be an economic development consultant and a grants specialist. The economic development consultant will work with businesses and angel investor to determine how best to meet their needs. The grants specialist will work with certifying investors, determining eligible businesses, and verifying tax credit claims. Annual costs will be as follows:

Salary -- \$82,000
Fringe -- \$35,200
Supplies -- \$12,000

TOTAL -- \$129,200

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-2170/2		Introduction Number	
Description Creating an emerging target investment tax credit and granting rule-making authority			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$117,200	\$
(FTE Position Changes)		(2.0 FTE)	
State Operations - Other Costs		12,000	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$129,200	\$
B. State Costs by Source of Funds			
GPR		129,200	
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$129,200	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
COMM/ Julie Keal (608) 266-6748		Louie Cornelius (608) 266-8629	5/6/2007

Memo

To: Representative **Fields**

(The Draft's Requester)

Per your request ... the attached fiscal estimate was prepared for your un-introduced 2007 session draft.

LRB Number: 2007 LRB-2170

Version: " /2 "

Fiscal Estimate Prepared By: (agency abbr.) DOR

If you have questions about the enclosed fiscal estimate, you may contact the state agency representative that prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss your options under the fiscal estimate procedure.

Entered In Computer And Copy Sent To Requester Via E-Mail: 04 / 27 / 2007

*** * * * ***

To: LRB - Legal Section PA's

Subject: *Fiscal Estimate Received For An Unintroduced Draft*

> **If redrafted ...** please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version.

> **If introduced ...** and the version of the attached fiscal estimate is for a **previous version ...** please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version. Have Mike (or Christina) get the ball rolling on getting a fiscal estimate prepared for the introduced version.

> **If introduced ...** and the version of the attached fiscal estimate is for the **current version ...** please write the draft's introduction number below and give to Mike (or Christina) to process.

THIS DRAFT WAS INTRODUCED AS: 2007 _____

Barman, Mike

From: Barman, Mike
Sent: Friday, April 27, 2007 8:30 AM
To: Rep.Fields
Cc: Riley, Neci
Subject: LRB 07-2170/2 (un-introduced) (FE by DOR - attached - for your review)

Attachments: FE_Fields.PDF



FE_Fields.PDF (513
KB)

Mike Barman (Senior Program Assistant)
State of Wisconsin - Legislative Reference Bureau
Legal Section - Front Office
1 East Main Street, Suite 200, Madison, WI 53703
(608) 266-3561 / mike.barman@legis.wisconsin.gov

Fiscal Estimate Narratives

DOR 4/27/2007

LRB Number 07-2170/2	Introduction Number	Estimate Type	Original
Description Creating an emerging target investment tax credit and granting rule-making authority			

Assumptions Used in Arriving at Fiscal Estimate

The bill would create an emerging target investment credit, equal to 15% of the investment a person would make in a minority-owned, woman-owned, or service-disabled veteran-owned business. The Department of Commerce would certify a person as eligible for the tax credit and certify the amount of the credit. The maximum amount a person could invest and use as the basis for a credit is \$500,000 for each investment. The maximum amount of credits that could be claimed for all claimants and all taxable years is \$20 million.

Women-owned businesses eligible for credit could be sole proprietorships, partnerships, limited liability companies, joint ventures, or corporations that are at least 51% owned, controlled, and actively managed by a woman, as determined by the Department of Commerce. Minority-owned businesses eligible for credit would have to be certified by Commerce under s. 560.036. "Service-disabled veteran" has the meaning given in 38 USC 101 (16), and a service-disabled veteran owned business eligible for credit could be sole proprietorships, partnerships, limited liability companies, joint ventures, or corporations that are at least 51% owned, controlled, and actively managed by a service-disabled veteran, as determined by the Department of Commerce.

Qualifying investments would be in businesses engaged in manufacturing, financial services, business services, consumer products and services, media, entertainment, or technology.

The U.S. Census Bureau estimates that Wisconsin has about 18,000 minority-owned businesses, about 1,100 of which are currently certified minority-owned businesses, for a certification rate of about 6%. Commerce does not certify woman-owned businesses but estimates there are about 112,000 in the state. No data exists on the number of businesses actively managed by service-disabled veterans. Based on the available data, investments in an estimated 130,000 businesses would be eligible for the credit.

The maximum amount of credit for each investment would be \$75,000 (\$500,000 x 15%). As a result, as few as 267 investments could deplete the \$20 million lifetime cap on credits (\$20 million / \$75,000). The amount of investment and credit per year is unknown, but it is possible that the full \$20 million could be used in the first year.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-2170/2		Introduction Number	
Description Creating an emerging target investment tax credit and granting rule-making authority			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$See text	\$
Agency/Prepared By		Authorized Signature	Date
DOR/ Michael Oakleaf (608) 261-5173		Rebecca Boldt (608) 266-6785	4/26/2007



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

1 EAST MAIN, SUITE 200
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 264-6948

STEPHEN R. MILLER
CHIEF

April 27, 2007

MEMORANDUM

To: Representative Fields

From: Christopher Sundberg, Legislative Attorney, (608) 266-9739
Joseph T. Kreye, Sr. Legislative Attorney, (608) 266-2263

Subject: Technical Memorandum to **2007 un-introduced** (LRB-2170/2) **by DOR**

We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

April 24, 2007

TO: Christopher T. Sundberg
Legislative Reference Bureau

Joseph Kreye
Legislative Reference Bureau

FROM: Rebecca Boldt
Department of Revenue

SUBJECT: Technical Memorandum on LRB-2170/2 – Emerging Target Investment Credit

The Department of Revenue has the following concerns with the above referenced proposal:

It is not possible for nonresidents or part-year residents to complete the computation required by sec. 71.07(3x)(c)3. Because of the required prorating, nonresidents or part-year residents cannot determine the amount of their credit until they know the amount of their Wisconsin adjusted gross income. At the same time, they cannot determine the amount of their Wisconsin adjusted gross income until they know the amount of their credit as the amount of credit must be added to income. In order to correct this, we suggest deleting the prorating requirement.

There would be a problem if this bill were enacted late in the year after forms had been finalized for printing. It would be preferred that if enacted after July 31, the credit would first apply to taxable years beginning on or after January 1 of the year after enactment.

If you have any questions regarding this technical memorandum, please contact Michael Oakleaf at 261-5173 or via email at Michael.oakleaf@dor.state.wi.us.

Barman, Mike

From: Barman, Mike
Sent: Friday, April 27, 2007 8:28 AM
To: Rep.Fields
Subject: LRB 07-2170/2 (un-introduced) (Tech. Memo by DOR - attached - for your review)

Attachments: Tech_Memo_Fields.PDF



Tech_Memo_Fields.
PDF (82 KB)

Mike Barman (Senior Program Assistant)
State of Wisconsin - Legislative Reference Bureau
Legal Section - Front Office
1 East Main Street, Suite 200, Madison, WI 53703
(608) 266-3561 / mike.barman@legis.wisconsin.gov

Joe...

8/21/78

It was nice talking to you.

Per our conversation re: the

Tech Memo on LRB-2170/2,

please redraft the bill to

eliminate the ~~pro~~ preexisting

requirement as suggested by D1

Thanks so much for your

hard work + Rep Fields says

he appreciates your efforts.

If you have any questions,
please don't hesitate to call



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

1 EAST MAIN, SUITE 200
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 264-6948

STEPHEN R. MILLER
CHIEF

April 27, 2007

MEMORANDUM

To: Representative Fields

From: Christopher Sundberg, Legislative Attorney, (608) 266-9739
Joseph T. Kreye, Sr. Legislative Attorney, (608) 266-2263

Subject: Technical Memorandum to **2007 un-introduced (LRB-2170/2) by DOR**

We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

April 24, 2007

TO: Christopher T. Sundberg
Legislative Reference Bureau

Si

Joseph Kreye
Legislative Reference Bureau

FROM: Rebecca Boldt
Department of Revenue

LEAS
L

SUBJECT: Technical Memorandum on LRB-2170/2 – Emerging Target Investment Credit

The Department of Revenue has the following concerns with the above referenced proposal:

It is not possible for nonresidents or part-year residents to complete the computation required by sec. 71.07(3x)(c)3. Because of the required prorating, nonresidents or part-year residents cannot determine the amount of their credit until they know the amount of their Wisconsin adjusted gross income. At the same time, they cannot determine the amount of their Wisconsin adjusted gross income until they know the amount of their credit as the amount of credit must be added to income. In order to correct this, we suggest deleting the prorating requirement. - delete

There would be a problem if this bill were enacted late in the year after forms had been finalized for printing. It would be preferred that if enacted after July 31, the credit would first apply to taxable years beginning on or after January 1 of the year after enactment. *

If you have any questions regarding this technical memorandum, please contact Michael Oakleaf at 261-5173 or via email at Michael.oakleaf@dor.state.wi.us.

① Redrafted
to eliminate prorating
requirement
② eliminating

Rem. added

Barman, Mike

From: Barman, Mike
Sent: Friday, April 27, 2007 8:28 AM
To: Rep.Fields
Subject: LRB 07-2170/2 (un-introduced) (Tech. Memo by DOR - attached - for your review)

Attachments: Tech_Memo_Fields.PDF



Tech_Memo_Fields.
PDF (82 KB)

Mike Barman (Senior Program Assistant)
State of Wisconsin - Legislative Reference Bureau
Legal Section - Front Office
1 East Main Street, Suite 200, Madison, WI 53703
(608) 266-3561 / mike.barman@legis.wisconsin.gov

7.30

Memo

To: Representative **Fields**

(The Draft's Requester)

Per your request ... the attached fiscal estimate was prepared for your un-introduced 2007 session draft.

LRB Number: 2007 LRB-2170

Version: " /2 "

Fiscal Estimate Prepared By: (agency abbr.) DOR

If you have questions about the enclosed fiscal estimate, you may contact the state agency representative that prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss your options under the fiscal estimate procedure.

Entered In Computer And Copy Sent To Requester Via E-Mail: 04 / 27 / 2007

*** * * * ***

To: LRB - Legal Section PA's

Subject: *Fiscal Estimate Received For An Unintroduced Draft*

- > **If redrafted ...** please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version.
- > **If introduced ...** and the version of the attached fiscal estimate is for a **previous version ...** please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version. Have Mike (or Christina) get the ball rolling on getting a fiscal estimate prepared for the introduced version.
- > **If introduced ...** and the version of the attached fiscal estimate is for the **current version ...** please write the draft's introduction number below and give to Mike (or Christina) to process.

THIS DRAFT WAS INTRODUCED AS: 2007 _____

Barman, Mike

From: Barman, Mike
Sent: Friday, April 27, 2007 8:30 AM
To: Rep.Fields
Cc: Riley, Neci
Subject: LRB 07-2170/2 (un-introduced) (FE by DOR - attached - for your review)

Attachments: FE_Fields.PDF



FE_Fields.PDF (513
KB)

Mike Barman (Senior Program Assistant)
State of Wisconsin - Legislative Reference Bureau
Legal Section - Front Office
1 East Main Street, Suite 200, Madison, WI 53703
(608) 266-3561 / mike.barman@legis.wisconsin.gov

Fiscal Estimate Narratives

DOR 4/27/2007

LRB Number	07-2170/2	Introduction Number	Estimate Type	Original
Description Creating an emerging target investment tax credit and granting rule-making authority				

Assumptions Used in Arriving at Fiscal Estimate

The bill would create an emerging target investment credit, equal to 15% of the investment a person would make in a minority-owned, woman-owned, or service-disabled veteran-owned business. The Department of Commerce would certify a person as eligible for the tax credit and certify the amount of the credit. The maximum amount a person could invest and use as the basis for a credit is \$500,000 for each investment. The maximum amount of credits that could be claimed for all claimants and all taxable years is \$20 million.

Women-owned businesses eligible for credit could be sole proprietorships, partnerships, limited liability companies, joint ventures, or corporations that are at least 51% owned, controlled, and actively managed by a woman, as determined by the Department of Commerce. Minority-owned businesses eligible for credit would have to be certified by Commerce under s. 560.036. "Service-disabled veteran" has the meaning given in 38 USC 101 (16), and a service-disabled veteran owned business eligible for credit could be sole proprietorships, partnerships, limited liability companies, joint ventures, or corporations that are at least 51% owned, controlled, and actively managed by a service-disabled veteran, as determined by the Department of Commerce.

Qualifying investments would be in businesses engaged in manufacturing, financial services, business services, consumer products and services, media, entertainment, or technology.

The U.S. Census Bureau estimates that Wisconsin has about 18,000 minority-owned businesses, about 1,100 of which are currently certified minority-owned businesses, for a certification rate of about 6%. Commerce does not certify woman-owned businesses but estimates there are about 112,000 in the state. No data exists on the number of businesses actively managed by service-disabled veterans. Based on the available data, investments in an estimated 130,000 businesses would be eligible for the credit.

The maximum amount of credit for each investment would be \$75,000 ($\$500,000 \times 15\%$). As a result, as few as 267 investments could deplete the \$20 million lifetime cap on credits ($\$20 \text{ million} / \$75,000$). The amount of investment and credit per year is unknown, but it is possible that the full \$20 million could be used in the first year.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-2170/2		Introduction Number	
Description Creating an emerging target investment tax credit and granting rule-making authority			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$See text	\$
Agency/Prepared By		Authorized Signature	Date
DOR/ Michael Oakleaf (608) 261-5173		Rebecca Boldt (608) 266-6785	4/26/2007

Memo

To: Representative **Fields**

(The Draft's Requester)

Per your request ... the attached fiscal estimate was prepared for your un-introduced 2007 session draft.

LRB Number: 2007 LRB-2170

Version: " /2 "

Fiscal Estimate Prepared By: (agency abbr.) COMM

If you have questions about the enclosed fiscal estimate, you may contact the state agency representative that prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss your options under the fiscal estimate procedure.

Entered In Computer And Copy Sent To Requester Via E-Mail: 05 / 07 / 2007

*** * * * ***

To: LRB - Legal Section PA's

Subject: *Fiscal Estimate Received For An Unintroduced Draft*

> **If redrafted ...** please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version.

> **If introduced ...** and the version of the attached fiscal estimate is for a **previous version ...** please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version. Have Mike (or Christina) get the ball rolling on getting a fiscal estimate prepared for the introduced version.

> **If introduced ...** and the version of the attached fiscal estimate is for the **current version ...** please write the draft's introduction number below and give to Mike (or Christina) to process.

THIS DRAFT WAS INTRODUCED AS: 2007 _____

Barman, Mike

From: Barman, Mike
Sent: Monday, May 07, 2007 9:18 AM
To: Rep.Fields
Cc: Riley, Neci
Subject: LRB 07-2170/2 (un-introduced) (FE by COMM - attached - for your review)

Attachments: FE_Fields.pdf



FE_Fields.pdf (610
KB)

Mike Barman (Senior Program Assistant)
State of Wisconsin - Legislative Reference Bureau
Legal Section - Front Office
1 East Main Street, Suite 200, Madison, WI 53703
(608) 266-3561 / mike.barman@legis.wisconsin.gov

Fiscal Estimate Narratives
COMM 5/7/2007

LRB Number 07-2170/2	Introduction Number	Estimate Type Original
Description Creating an emerging target investment tax credit and granting rule-making authority		

Assumptions Used in Arriving at Fiscal Estimate

The bill creates an individual income tax credit of 15% of investments made in certain minority-owned, women-owned, and service-disabled veteran-owned businesses. The maximum investment used as a basis for the credit is \$500,000. Over the life of the program, all claimants combined may claim a total of \$20 million.

Under the bill, Commerce would have the following responsibilities:

1. Certify angel investors and networks.
2. Certify the amount of the credit each person may claim.
3. Determine whether a business meets the definition in the bill of a "woman-owned business", a "minority business", or a "service-disabled veteran-owned business".
4. Determine whether a business is engaged in manufacturing, financial services, business services, consumer products and services, media, entertainment, or technology.
5. Notify DOR of persons certified to claim the credit.
6. Post on the Internet all persons certified and the amount of the emerging target investment made by each person certified.

Currently, 1,127 minority-owned businesses are certified by the Department, and the Department certifies, on average, 1,000 (200 new, 800 re-certified), (91% of the total) minority-owned businesses per year. With an estimated 17,924 total eligible minority-owned businesses, this represents an overall certification rate of 6.1%. The total number of eligible woman-owned businesses is estimated at 111,686. Based on these figures and on the potential demand for investment in this targeted group of businesses, the Department estimates that up to 29,600 minority and women-owned businesses could be eligible for investments under the credit. The Department has no data on service-disabled veteran-owned businesses.

To administer this program, the Department will require 2.0 FTE GPR positions. These positions will be an economic development consultant and a grants specialist. The economic development consultant will work with businesses and angel investor to determine how best to meet their needs. The grants specialist will work with certifying investors, determining eligible businesses, and verifying tax credit claims. Annual costs will be as follows:

Salary -- \$82,000
Fringe -- \$35,200
Supplies -- \$12,000

TOTAL -- \$129,200

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-2170/2		Introduction Number	
Description Creating an emerging target investment tax credit and granting rule-making authority			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$117,200		\$
(FTE Position Changes)	(2.0 FTE)		
State Operations - Other Costs	12,000		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$129,200		\$
B. State Costs by Source of Funds			
GPR	129,200		
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$	\$	
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$129,200	\$	
NET CHANGE IN REVENUE	\$	\$	
Agency/Prepared By		Authorized Signature	Date
COMM/ Julie Keal (608) 266-6748		Louie Cornelius (608) 266-8629	5/6/2007



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-2170/2
CTS&JK:lmk:nwn

Apr 17th

Rel. May 7th

2007 BILL

Chamber
Fiscal

8/13/07

JEAT
Fiscal Estimate
Request
Mike Barman
266-3561

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.

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.

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

BILL

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 3. For a claimant who is a nonresident or part-year resident of this state and
14 who is a single person or a married person filing a separate return, multiply the
15 credit for which the claimant is eligible under par. (b) by a fraction, the numerator
16 of which is the individual's Wisconsin adjusted gross income and the denominator of
17 which is the individual's federal adjusted gross income. If a claimant is married and
18 files a joint return, and if the claimant or the claimant's spouse, or both, are
19 nonresidents or part-year residents of this state, multiply the credit for which the
20 claimant is eligible under par. (b) by a fraction, the numerator of which is the couple's
21 joint Wisconsin adjusted gross income and the denominator of which is the couple's
22 joint federal adjusted gross income.

23 (d) *Administration.* 1. If an investment for which a claimant claims a credit
24 under par. (b) is held by the claimant for less than one year, the claimant shall pay

BILL

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

3 (2) The department shall notify the department of revenue of certifications
4 under sub. (1) and shall make available to the public on the Internet a list of the
5 persons certified and the amount of the emerging target investment made by each
6 person certified.

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

8 **SECTION 5. Initial applicability.**

9 (1) This act first applies to taxable years beginning on January 1, 2007.

10

(END)



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-2170/2
CTS&JK:lmk:nwn

twlj
RM mtr R

2007 BILL

in 8-21-07

due FR 8-24-07

D-N ✓

Regen

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.

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.

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

BILL

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,

BILL

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 3. For a claimant who is a nonresident or part-year resident of this state and
14 who is a single person or a married person filing a separate return, multiply the
15 credit for which the claimant is eligible under par. (b) by a fraction, the numerator
16 of which is the individual's Wisconsin adjusted gross income and the denominator of
17 which is the individual's federal adjusted gross income. If a claimant is married and
18 files a joint return, and if the claimant or the claimant's spouse, or both, are
19 nonresidents or part-year residents of this state, multiply the credit for which the
20 claimant is eligible under par. (b) by a fraction, the numerator of which is the couple's
21 joint Wisconsin adjusted gross income and the denominator of which is the couple's
22 joint federal adjusted gross income.

23 (d) *Administration.* 1. If an investment for which a claimant claims a credit
24 under par. (b) is held by the claimant for less than one year, the claimant shall pay

BILL

1 to the department, in the manner prescribed by the department, the amount of the
2 credit that the claimant received related to the investment.

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

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

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

8 71.10 (4) (cn) Emerging target investment credit under s. 71.07 (3x).

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

10 **560.22 Emerging target investment program.** (1) (a) The department
11 shall implement a program to certify persons as eligible for tax credits under s. 71.07
12 (3x). The department may certify a person under this subsection only if the person
13 will make an emerging target investment, as defined in s. 71.07 (3x) (a) 1., in a
14 business engaged in any of the following:

- 15 1. Manufacturing.
- 16 2. Financial services.
- 17 3. Business services.
- 18 4. Consumer products and services.
- 19 5. Media.
- 20 6. Entertainment.
- 21 7. Technology.

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

BILL

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

3 (2) The department shall notify the department of revenue of certifications
4 under sub. (1) and shall make available to the public on the Internet a list of the
5 persons certified and the amount of the emerging target investment made by each
6 person certified.

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

8 **SECTION 5. Initial applicability.**

9 (1) This act first applies to taxable years beginning on January 1, ~~2007~~ ²⁰⁰⁸

10 (END)

2170/3 dr
JK

D-N

Representative Fields (1)

(1) This draft makes the changes[↓] recommended by

DOR in its technical memorandum dated April 24, 2007

JK

Mike -

Pamela from
Rep. Jason Fields
office called regarding
a technical memo
(on emerging target investment
credit or something like that)
for USB 07-2170.

The Rep. likes the
suggestions from DOR
& are wondering if
they need to make
an amendment, or
what the process is.

Please call her
after 1:00 tomorrow
(Tues.)

2666-3757

for

4:55 pm 8/20

copy to

CTS

08-21-07

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

LRB-2170/3dn
JK:wlj:jf

August 22, 2007

Representative Fields:

This draft makes the changes recommended by DOR in its technical memorandum dated April 24, 2007.

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

Barman, Mike

From: Kreye, Joseph
Sent: Monday, September 24, 2007 3:01 PM
To: Barman, Mike
Subject: Fiscal estimate

Mike,

Please request a fiscal estimate for LRB-2170/3 and e-mail a copy to Rep. Fields' aide, Pamela Urban. Thanks.

Joe

Joseph T. Kreye
Senior Legislative Attorney
Legislative Reference Bureau
(608) 266-2263

Barman, Mike

From: Kreye, Joseph
Sent: Monday, January 28, 2008 2:37 PM
To: Barman, Mike

Hi Mike,

When you get a chance, can you send electronic copies of the following drafts (with the fiscal estimates) to Pamela Urban in Rep. Fields' office?

LRB-2170 ✓

LRB-2173

Thanks,

Joe

Barman, Mike

From: Barman, Mike
Sent: Monday, January 28, 2008 3:03 PM
To: Rep.Fields; Urban, Pamela
Subject: LRB 07-2170/3 (attached - as requested by Pamela)

Attachments: 07-2170/3; 07-2170/3dn



07-21703.pdf (21 KB)



07-21703dn.pdf (9 KB)

Barman, Mike

From: Barman, Mike
Sent: Monday, January 28, 2008 3:02 PM
To: Rep.Fields
Cc: Urban, Pamela
Subject: FE's to LRB 2170/3 (as requested by Pamela)

Attachments: LRB 07-2170/3 (un-introduced) (FE by DOR - attached - for your review); LRB 07-2170/3 (un-introduced) (Tech. Memo by DOR - attached - for your review); LRB 07-2170/3 (un-introduced) (FE by COMM - attached - for your review)



LRB 07-2170/3
(un-introduced) ...



LRB 07-2170/3
(un-introduced) ...



LRB 07-2170/3
(un-introduced) ...

Memo

To: Representative **Fields**

(The Draft's Requester)

Per your request ... the attached fiscal estimate was prepared for your un-introduced 2007 session draft.

LRB Number: 2007 LRB-2170

Version: "/3"

Fiscal Estimate Prepared By: (agency abbr.) DOR

If you have questions about the enclosed fiscal estimate, you may contact the state agency representative that prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss your options under the fiscal estimate procedure.

Entered In Computer And Copy Sent To Requester Via E-Mail: 10 / 17 / 2007

*** * * * ***

To: LRB - Legal Section PA's

Subject: *Fiscal Estimate Received For An Unintroduced Draft*

> **If redrafted ...** please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version.

> **If introduced ...** and the version of the attached fiscal estimate is for a **previous version ...** please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version. Have Mike (or Christina) get the ball rolling on getting a fiscal estimate prepared for the introduced version.

> **If introduced ...** and the version of the attached fiscal estimate is for the **current version ...** please write the draft's introduction number below and give to Mike (or Christina) to process.

THIS DRAFT WAS INTRODUCED AS: 2007

AB - 838

Barman, Mike

From: Barman, Mike
Sent: Tuesday, October 09, 2007 10:32 AM
To: Rep.Fields
Cc: Urban, Pamela
Subject: LRB 07-2170/3 (un-introduced) (FE by DOR - attached - for your review)

Attachments: FE_Fields.pdf



FE_Fields.pdf (255
KB)

Mike Barman (Senior Program Assistant)
State of Wisconsin - Legislative Reference Bureau
Legal Section - Front Office
1 East Main Street, Suite 200, Madison, WI 53703
(608) 266-3561 / mike.barman@legis.wisconsin.gov

Memo

To: Representative **Fields**

(The Draft's Requester)

Per your request ... the attached fiscal estimate was prepared for your un-introduced 2007 session draft.

LRB Number: 2007 LRB-2170

Version: " /3 "

Fiscal Estimate Prepared By: (agency abbr.) COMM

If you have questions about the enclosed fiscal estimate, you may contact the state agency representative that prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss your options under the fiscal estimate procedure.

Entered In Computer And Copy Sent To Requester Via E-Mail: 09 / 28 / 2007

*** * * * ***

To: LRB - Legal Section PA's

Subject: *Fiscal Estimate Received For An Unintroduced Draft*

> **If redrafted ...** please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version.

> **If introduced ...** and the version of the attached fiscal estimate is for a **previous version ...** please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version. Have Mike (or Christina) get the ball rolling on getting a fiscal estimate prepared for the introduced version.

> **If introduced ...** and the version of the attached fiscal estimate is for the **current version ...** please write the draft's introduction number below and give to Mike (or Christina) to process.

THIS DRAFT WAS INTRODUCED AS: 2007 AB-838

Barman, Mike

From: Barman, Mike
Sent: Friday, September 28, 2007 11:12 AM
To: Rep.Fields
Cc: Urban, Pamela
Subject: LRB 07-2170/3 (un-introduced) (FE by COMM - attached - for your review)

Attachments: FE_Fields.PDF



FE_Fields.PDF (522
KB)

Mike Barman (Senior Program Assistant)
State of Wisconsin - Legislative Reference Bureau
Legal Section - Front Office
1 East Main Street, Suite 200, Madison, WI 53703
(608) 266-3561 / mike.barman@legis.wisconsin.gov