



State of Wisconsin

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STEPHEN R. MILLER
CHIEF

October 9, 2007

MEMORANDUM

To: Representative Fields

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

Subject: Technical Memorandum to **2007 un-introduced** (LRB-2170/3) **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

October 2, 2007

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Rebecca Boldt
Department of Revenue

SUBJECT: Technical Memorandum on LRB-2170/3 – Emerging Targets Investment Credit

This credit is similar to the angel investment credit (sec. 71.07(5d)) in that it is for venture capital investments that are made by outsiders into a business rather than investments and expenditures made by a business into its own operations. Under current law, angel and early seed investment credits are treated like credits claimed by businesses in the normal course of business. The amounts of the credits are added to taxable income of the claimant in the year the credits are claimed to prevent the claimant from receiving both a deduction and a credit for the same expenditure. However, since the credits have the effect of reducing the cost of the investment, a better alternative may be to decrease the basis of the investment. This would be similar to how the federal government handles the federal Investment Tax Credit. The budget bill (not enacted as yet) has proposed that instead of adding the angel investment credit to income, the Wisconsin adjusted basis of any investment for which the angel investment credit is claimed shall be reduced by the amount of the credit that is offset against Wisconsin income taxes. We would suggest a similar treatment for the investments for which credits would be granted under this proposal.

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

Barman, Mike

From: Barman, Mike
Sent: Tuesday, October 09, 2007 10:29 AM
To: Rep.Fields
Subject: LRB 07-2170/3 (un-introduced) (Tech. Memo by DOR - attached - for your review)

Attachments: Tech_Memo_Fields.pdf



Tech_Memo_Fields.
pdf (72 KB)

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