

2007 DRAFTING REQUEST

Bill

Received: **01/05/2007**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Griffin**

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

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **NO**

Pre Topic:

DOA:.....Griffin, BB0288 -

Topic:

Allocation of angel and early stage seed investment credits

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>
/?							
/1	jkreye 01/09/2007	kfollett 01/10/2007	rschluet 01/10/2007	_____	cduerst 01/10/2007		
	csundber 01/09/2007	kfollett 01/24/2007		_____			
	jkreye 01/24/2007			_____			
/2	jkreye 01/28/2007	jdyer 01/29/2007	rschluet 01/25/2007	_____	sbasford 01/25/2007		
/3	jkreye 01/29/2007	lkunkel 01/29/2007	jfrantze 01/29/2007	_____	mbarman 01/29/2007		

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

/4

pgreensl _____
01/30/2007 _____

sbasford
01/30/2007

FE Sent For:

<END>

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/3			jfrantze 01/29/2007	_____	mbarman 01/29/2007		

1/4 lmk 1/29
1/30 ps
ps 1/29

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/2			rschluet 01/25/2007	_____	sbasford 01/25/2007		

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1/29 *1/29*
<END>

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/1	jkreye 01/09/2007 csundber 01/09/2007	kfollett 01/10/2007	rschluet 01/10/2007		cduerst 01/10/2007		

125f
129

Handwritten signature and initials
1257 <END>

FE Sent For:

2007 DRAFTING REQUEST

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Received By: jkreye

Wanted: As time permits

Identical to LRB:

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By/Representing: Griffin

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Drafter: jkreye

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Subject: Tax, Business - credits

Extra Copies:

Submit via email: NO

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Instructions:

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/?	jkreye	1/10 1/10					

FE Sent For:

<END>

2007-09 Budget Bill Statutory Language Drafting Request

- Topic: Investment Credits
- Tracking Code: BB0288
- SBO team: Environmental and Commercial Resources
- SBO analyst: Jenna Griffin
 - Phone: 608-266-7329
 - Email: jenna.griffin@doa.state.wi.us
- Agency acronym: COMM
- Agency number: 143
- Priority (Low, Medium, High): Medium

Concerning the Angel Investment Credit and the Early State Seed Investment Credit:

- Increase annual amount for the angel investment credit by \$8 million;
- Allow unused angel and early stage seed credits from any year to be used in any subsequent year;
- Authorize the Department of Revenue, in consultation with the Department of Commerce, to allocate credits between the two programs

10 yr limited program

John Koskinen 6-2081

1/4, per J.
Koskinen

Unallocated credits may be carried fwd.
Commerce recommend to DOR no later than 7/1,
so Revenue can get tax rules changed.

(Recycling thing is an example of Rev. deciding?)



10/19/07

State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1361/1
JK&CTS: kjf

DOA:.....Griffin, BB0288 - Allocation of angel and early stage seed investment credits

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

Don't Gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, generally, a taxpayer may claim a credit against the taxpayer's income and franchise tax liability on certain amounts invested in new businesses under the early stage seed investment tax credit or the angel investment tax credit. Under rules promulgated by Commerce, the total amount of all angel investment credits that may be claimed in each calendar year is \$3,000,000 and the total amount of all early stage seed investment credits that may be claimed in each calendar year is \$3,500,000. Under the bill, the total amount of angel investment credits that may be claimed in each calendar year is \$11,000,000. In addition, notwithstanding the credit amount limitations under current law and under the bill, DOR may, in consultation with Commerce, reallocate unclaimed credit amounts between the early stage seed investment credits and the angel investment credit.

X

S

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

1 **SECTION 1.** 71.07 (5b) (c) 1. of the statutes is amended to read:

2 71.07 (5b) (c) 1. The Except as provided in s. 73.03 (63), the maximum amount
3 of the credits that may be claimed under this subsection and ss. 71.28 (5b) and 71.47
4 (5b) for all taxable years combined is \$35,000,000.

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135, 183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487.

5 **SECTION 2.** 71.07 (5d) (c) 1. of the statutes is amended to read:

6 71.07 (5d) (c) 1. The Except as provided in s. 73.03 (63), the maximum amount
7 of the credits that may be claimed under this subsection for all taxable years
8 combined is \$30,000,000.

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135, 183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487.

9 **SECTION 3.** 71.28 (5b) (c) 1. of the statutes is amended to read:

10 71.28 (5b) (c) 1. The Except as provided in s. 73.03 (63), the maximum amount
11 of the credits that may be claimed under this subsection and ss. 71.07 (5b) and 71.47
12 (5b) for all taxable years combined is \$35,000,000.

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; s. 13.93 (2) (c).

13 **SECTION 4.** 71.47 (5b) (c) 1. of the statutes is amended to read:

14 71.47 (5b) (c) 1. The Except as provided in s. 73.03 (63), the maximum amount
15 of the credits that may be claimed under this subsection and ss. 71.07 (5b) and 71.28
16 (5b) for all taxable years combined is \$35,000,000.

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; s. 13.93 (2) (c).

17 **SECTION 5.** 73.03 (63) of the statutes is created to read:

18 73.03 (63) Notwithstanding the amount limitations specified under ss. 71.07
19 (5b) (c) 1. and (5d) (c) 1., 71.28 (5b) (c) 1., 71.47 (5b) (c) 1., and 560.205 (3) (d), to
20 reallocate, in consultation with the department of commerce, unclaimed credit
21 amounts between the early stage seed investment credits under ss. 71.07 (5b), 71.28
22 (5b), and 71.47 (5b) and the angel investment credit under s. 71.07 (5d). Annually,

1 no later than July 1, the department of commerce shall submit to the department of
2 revenue its recommendations for reallocating credit amounts as provided under this
3 subsection. ✓

4 SECTION 6. 560.205 (3) (d) of the statutes is amended to read: ✓

5 560.205 (3) (d) *Rules*. The department of commerce, in consultation with the
6 department of revenue, shall promulgate rules to administer this section. The rules
7 shall further define "bona fide angel investment" for purposes of s. 71.07 (5d) (a) 1.
8 The Except as provided in s. 73.03 (63), the rules shall limit the aggregate amount
9 of tax credits under s. 71.07 (5d) that may be claimed for investments in businesses
10 certified under sub. (1) at \$3,000,000 per calendar year for calendar years beginning
11 after December 31, 2004, and \$1,000,000 per calendar year for calendar years
12 beginning after December 31, 2007. ~~The Except as provided in s. 73.03 (63), the rules~~ ✓
13 shall also limit the aggregate amount of the tax credits under ss. 71.07 (5b), 71.28
14 (5b), and 71.47 (5b) that may be claimed for investments paid to fund managers
15 certified under sub. (2) at \$3,500,000 per calendar year for calendar years beginning
16 after December 31, 2004.

17 History: 2003 a. 255; 2005 a. 49, 97.

(END)

Sundberg, Christopher

From: Griffin, Jenna M - DOA
Sent: Wednesday, January 24, 2007 2:47 PM
To: Sundberg, Christopher
Subject: FW: LRB Draft: 07-1361/1 Allocation of angel and early stage seed investment credits
Importance: High

Hi Chris,

I was wondering why I hadn't heard from you on this, and I realized that I sent this response to Ron, rather than you.

Could you please revise draft 07-1361 as the message below indicates?

Thanks so much, and sorry for the confusion!

~Jenna

From: Griffin, Jenna M - DOA
Sent: Friday, January 12, 2007 4:33 PM
To: Schlueter, Ron - LEGIS
Cc: Palchik, Laurie A - DOA
Subject: RE: LRB Draft: 07-1361/1 Allocation of angel and early stage seed investment credits
Importance: High

Thank you for the draft. Could you please revise it to reflect the following?

1. Increase amount of both credits by \$2.5 M annually (Angel to 5.5 and Early Seed to 6)
2. Investment in company must be no less than 3 years
3. Increase cap on angel investment in any one company to \$2,000,000 from \$500,000. This means that a company still has a cap of \$4,000,000 overall that can receive credits but it can come from any combination of angel (up to \$2,000,000) and venture (up to \$3,500,000). Overall the \$4,000,000 does not change but up to \$2,000,000 can come from angel investors.

Thank you!

~Jenna

From: Schlueter, Ron [mailto:Ron.Schlueter@legis.wisconsin.gov]
Sent: Wednesday, January 10, 2007 3:41 PM
To: Griffin, Jenna M - DOA
Cc: Grinde, Kirsten - DOA; Hanaman, Cathlene - LEGIS; Palchik, Laurie A - DOA
Subject: LRB Draft: 07-1361/1 Allocation of angel and early stage seed investment credits

Following is the PDF version of draft 07-1361/1.

Kreye, Joseph

From: Griffin, Jenna M - DOA
Sent: Wednesday, January 24, 2007 4:16 PM
To: Kreye, Joseph
Subject: RE: LRB Draft: 07-1361/1 Allocation of angel and early stage seed investment credits

Good questions.
Answers: Yes and Yes.
Thanks Joe.

From: Kreye, Joseph [mailto:Joseph.Kreye@legis.wisconsin.gov]
Sent: Wednesday, January 24, 2007 3:54 PM
To: Griffin, Jenna M - DOA
Cc: Sundberg, Christopher - LEGIS
Subject: FW: LRB Draft: 07-1361/1 Allocation of angel and early stage seed investment credits
Importance: High

Jenna,

With regard to the 2nd item, do you mean that a person who claims a credit needs to keep his or her investment in the certified company for at least 3 years? And if so, do you want this to apply to both credits?

Please advise. Thanks,
Joe

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

From: Griffin, Jenna M - DOA
Sent: Wednesday, January 24, 2007 2:47 PM
To: Sundberg, Christopher
Subject: FW: LRB Draft: 07-1361/1 Allocation of angel and early stage seed investment credits
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Thanks so much, and sorry for the confusion!
~Jenna

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Sent: Friday, January 12, 2007 4:33 PM
To: Schlueter, Ron - LEGIS
Cc: Palchik, Laurie A - DOA
Subject: RE: LRB Draft: 07-1361/1 Allocation of angel and early stage seed investment credits
Importance: High

01/24/2007

Thank you for the draft. Could you please revise it to reflect the following?

1. Increase amount of both credits by \$2.5 M annually (Angel to 5.5 and Early Seed to 6)
2. Investment in company must be no less than 3 years
3. Increase cap on angel investment in any one company to \$2,000,000 from \$500,000. This means that a company still has a cap of \$4,000,000 overall that can receive credits but it can come from any combination of angel (up to \$2,000,000) and venture (up to \$3,500,000). Overall the \$4,000,000 does not change but up to \$2,000,000 can come from angel investors.

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State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1361/1
JK&CTS:kjfr

RM mtr

DOA:.....Griffin, BB0288 - Allocation of angel and early stage seed investment credits

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

The bill also increases the amount of the investment that may be used ^{as} the basis of an angel investment credit from \$500,000 to \$2,000,000. In addition, the bill requires that any ^{person} or claiming an angel investment credit ^{or} an early stage seed investment credit ^{keep} his or her investment in a certified business for at least three years. Finally

\$5,500,000 and the total amount of all early stage ^{seed} investment credits that may be claimed in each calendar year is \$6,000,000

Don't Gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, generally, a taxpayer may claim a credit against the taxpayer's income and franchise tax liability on certain amounts invested in new businesses under the early stage seed investment tax credit or the angel investment tax credit. Under rules promulgated by Commerce, the total amount of all angel investment credits that may be claimed in each calendar year is \$3,000,000 and the total amount of all early stage seed investment credits that may be claimed in each calendar year is \$3,500,000. Under the bill, the total amount of angel investment credits that may be claimed in each calendar year is \$11,000,000. In addition, notwithstanding the credit amount limitations under current law and under the bill, DOR may, in consultation with Commerce, reallocate unclaimed credit amounts between the early stage seed investment credits and the angel investment credits.

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

SECTION 1

1 **SECTION 1.** 71.07 (5b) (c) 1. of the statutes is amended to read:

2 71.07 **(5b)** (c) 1. The Except as provided in s. 73.03 (63), the maximum amount
3 of the credits that may be claimed under this subsection and ss. 71.28 (5b) and 71.47
4 (5b) for all taxable years combined is \$35,000,000.

5 **SECTION 2.** 71.07 (5d) (c) 1. of the statutes is amended to read:

6 71.07 **(5d)** (c) 1. The Except as provided in s. 73.03 (63), the maximum amount
7 of the credits that may be claimed under this subsection for all taxable years
8 combined is \$30,000,000.

9 **SECTION 3.** 71.28 (5b) (c) 1. of the statutes is amended to read:

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18 73.03 **(63)** Notwithstanding the amount limitations specified under ss. 71.07
19 (5b) (c) 1. and (5d) (c) 1., 71.28 (5b) (c) 1., 71.47 (5b) (c) 1., and 560.205 (3) (d), to
20 reallocate, in consultation with the department of commerce, unclaimed credit
21 amounts between the early stage seed investment credits under ss. 71.07 (5b), 71.28
22 (5b), and 71.47 (5b) and the angel investment credit under s. 71.07 (5d). Annually,
23 no later than July 1, the department of commerce shall submit to the department of
24 revenue its recommendations for reallocating credit amounts as provided under this
25 subsection.

7
8
IN REPLY
2-8

SECTION 6. 560.205 (3) (d) of the statutes is amended to read:

560.205 (3) (d) *Rules.* The department of commerce, in consultation with the department of revenue, shall promulgate rules to administer this section. The rules shall further define "bona fide angel investment" for purposes of s. 71.07 (5d) (a) 1. The Except as provided in s. 73.03 (63), the rules shall limit the aggregate amount of tax credits under s. 71.07 (5d) that may be claimed for investments in businesses certified under sub. (1) at \$3,000,000 per calendar year for calendar years beginning after December 31, 2004. The, and ~~\$11,000,000~~ ^{\$5,500,000} per calendar year for calendar years beginning after December 31, 2007. Except as provided in s. 73.03 (63), the rules shall also limit the aggregate amount of the tax credits under ss. 71.07 (5b), 71.28 (5b), and 71.47 (5b) that may be claimed for investments paid to fund managers certified under sub. (2) at \$3,500,000 per calendar year for calendar years beginning after December 31, 2004.

(END)

and \$6,000,000 per calendar year
beginning after December 31, 2007. The rules shall also provide that ^{person} no person may receive a credit, under ss. 71.07 (5b) and (5d), 71.28 (5b), or 71.47 (5b) unless the person's investment is kept in a certified business, or with a certified fund manager, for no less than 3 years

for calendar years beginning after December 31, 2007,

insert 2-8



Section #. 71.07 (5d) (c) 2. of the statutes is amended to read:

71.07 (5d) (c) 2. The maximum amount of a claimant's investment that may be used as the basis for a credit under this subsection is ~~\$500,000~~ for each investment made directly in a business certified under s. 560.205 (1). \$2,000,000

History: 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487. 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135, 183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487.

end 2-8

STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

Jenna - 1361/2

266-7329

no ^{re-} allocation between credits



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1361/2³
JK&CTS:kjf:rs

RM not R

DOA:.....Griffin, BB0288 - Allocation of angel and early stage seed investment credits

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

in 1-28-07

don't gen

1

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

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Under current law, generally, a taxpayer may claim a credit against the taxpayer's income and franchise tax liability on certain amounts invested in new businesses under the early stage seed investment tax credit or the angel investment tax credit. Under rules promulgated by Commerce, the total amount of all angel investment credits that may be claimed in each calendar year is \$3,000,000 and the total amount of all early stage seed investment credits that may be claimed in each calendar year is \$3,500,000. Under the bill, the total amount of angel investment credits that may be claimed in each calendar year is \$5,500,000 and the total amount of all early stage seed investment credits that may be claimed in each calendar year is \$6,000,000. The bill also increases the amount of the investment that may be used as the basis of an angel investment credit from \$500,000 to \$2,000,000. In addition, the bill requires that any person claiming an angel investment credit or an early stage seed investment credit keep his or her investment in a certified business for as least three years. ~~Finally, notwithstanding the credit amount limitations under current law and under the bill, DOR may, in consultation with Commerce, reallocate~~

unclaimed credit amounts between the early stage seed investment credits and the angel investment credits.

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

SECTION 1. 71.07 (5b) (c) 1. of the statutes is amended to read:

71.07 (5b) (c) 1. The Except as provided in s. 73.03 (63), the maximum amount of the credits that may be claimed under this subsection and ss. 71.28 (5b) and 71.47 (5b) for all taxable years combined is \$35,000,000.

SECTION 2. 71.07 (5d) (c) 1. of the statutes is amended to read:

71.07 (5d) (c) 1. The Except as provided in s. 73.03 (63), the maximum amount of the credits that may be claimed under this subsection for all taxable years combined is \$30,000,000.

SECTION 3. 71.07 (5d) (c) 2. of the statutes is amended to read:

71.07 (5d) (c) 2. The maximum amount of a claimant's investment that may be used as the basis for a credit under this subsection is \$500,000 \$2,000,000 for each investment made directly in a business certified under s. 560.205 (1).

SECTION 4. 71.28 (5b) (c) 1. of the statutes is amended to read:

71.28 (5b) (c) 1. The Except as provided in s. 73.03 (63), the maximum amount of the credits that may be claimed under this subsection and ss. 71.07 (5b) and 71.47 (5b) for all taxable years combined is \$35,000,000.

SECTION 5. 71.47 (5b) (c) 1. of the statutes is amended to read:

71.47 (5b) (c) 1. The Except as provided in s. 73.03 (63), the maximum amount of the credits that may be claimed under this subsection and ss. 71.07 (5b) and 71.28 (5b) for all taxable years combined is \$35,000,000.

SECTION 6. 73.03 (63) of the statutes is created to read:

1 73.03 (63) Notwithstanding the amount limitations specified under ss. 71.07
2 (5b) (c) 1. and (5d) (c) 1., 71.28 (5b) (c) 1., 71.47 (5b) (c) 1., and 560.205 (3) (d), to
3 reallocate, in consultation with the department of commerce, unclaimed credit
4 amounts between the early stage seed investment credits under ss. 71.07 (5b), 71.28
5 (5b), and 71.47 (5b) and the angel investment credit under s. 71.07 (5d). Annually,
6 no later than July 1, the department of commerce shall submit to the department of
7 revenue its recommendations for reallocating credit amounts as provided under this
8 subsection.

9 **SECTION 7.** 560.205 (3) (d) of the statutes is amended to read:

10 560.205 (3) (d) *Rules.* The department of commerce, in consultation with the
11 department of revenue, shall promulgate rules to administer this section. The rules
12 shall further define "bona fide angel investment" for purposes of s. 71.07 (5d) (a) 1.
13 ^{entry} ~~The~~ Except as provided in s. 73.03 (63), the rules shall limit the aggregate amount
_{plan}
14 of tax credits under s. 71.07 (5d) that may be claimed for investments in businesses
15 certified under sub. (1) at \$3,000,000 per calendar year for calendar years beginning
16 after December 31, 2004. ~~The, and \$5,500,000~~ [✓] per calendar year for calendar years
17 beginning after December 31, 2007. ~~Except as provided in s. 73.03 (63),~~ the rules
18 shall also limit the aggregate amount of the tax credits under ss. 71.07 (5b), 71.28
19 (5b), and 71.47 (5b) that may be claimed for investments paid to fund managers
20 certified under sub. (2) at \$3,500,000 per calendar year for calendar years beginning
21 after December 31, 2004, [✓] and \$6,000,000 per calendar year for calendar years
22 beginning after December 31, 2007. The rules shall also provide that, for calendar
23 years beginning after December 31, 2007, no person may receive a credit under ss.

1 71.07 (5b) and (5d), 71.28 (5b), or 71.47 (5b) unless the person's investment is kept
2 in a certified business, or with a certified fund manager, for no less than ^{e 3}three years.

3

(END)



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1361/3
JK&CTS:kjf:ff

Handwritten initials and signatures, including "RM" and "mtr".

DOA:.....Griffin, BB0288 - Allocation of angel and early stage seed investment credits

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

Handwritten note: "in 1-29-07"

Handwritten note: "Do NOT call"

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, generally, a taxpayer may claim a credit against the taxpayer's income and franchise tax liability on certain amounts invested in new businesses under the early stage seed investment tax credit or the angel investment tax credit. Under rules promulgated by Commerce, the total amount of all angel investment credits that may be claimed in each calendar year is \$3,000,000 and the total amount of all early stage seed investment credits that may be claimed in each calendar year is \$3,500,000. Under the bill, the total amount of angel investment credits that may be claimed in each calendar year is \$5,500,000 and the total amount of all early stage seed investment credits that may be claimed in each calendar year is \$6,000,000. The bill also increases the amount of the investment that may be used as the basis of an angel investment credit from \$500,000 to \$2,000,000. In addition, the bill requires that any person claiming an angel investment credit or an early stage seed investment credit keep his or her investment in a certified business for at least three years.

Handwritten note in a circle: "CREDIT A"

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

INSERT 2-1

1 SECTION 1. 71.07 (5d) (c) 1. of the statutes is amended to read:

2 71.07 (5d) (c) 1. The Except as provided in s. 73.03 (63), the maximum amount
3 of the credits that may be claimed under this subsection for all taxable years
4 combined is \$30,000,000. ~~\$30,000,000.~~ \$47,500,000

5 SECTION 2. 71.07 (5d) (c) 2. of the statutes is amended to read:

6 71.07 (5d) (c) 2. The maximum amount of a claimant's investment that may be
7 used as the basis for a credit under this subsection is ~~\$500,000~~ \$2,000,000 for each
8 investment made directly in a business certified under s. 560.205 (1).

9 INSERT 2-2 SECTION 3. 560.205 (3) (d) of the statutes is amended to read:

10 560.205 (3) (d) *Rules.* The department of commerce, in consultation with the
11 department of revenue, shall promulgate rules to administer this section. The rules
12 shall further define "bona fide angel investment" for purposes of s. 71.07 (5d) (a) 1.
13 The rules shall limit the aggregate amount of tax credits under s. 71.07 (5d) that may
14 be claimed for investments in businesses certified under sub. (1) at \$3,000,000 per
15 calendar year for calendar years beginning after December 31, 2004. ~~The, and~~
16 \$5,500,000 per calendar year for calendar years beginning after December 31, 2007.
17 The rules shall also limit the aggregate amount of the tax credits under ss. 71.07 (5b),
18 71.28 (5b), and 71.47 (5b) that may be claimed for investments paid to fund managers
19 certified under sub. (2) at \$3,500,000 per calendar year for calendar years beginning
20 after December 31, 2004, and \$6,000,000 per calendar year for calendar years
21 beginning after December 31, 2007. The rules shall also provide that, for calendar
22 years beginning after December 31, 2007, no person may receive a credit under ss.
23 71.07 (5b) and (5d), 71.28 (5b), or 71.47 (5b) unless the person's investment is kept
24 in a certified business, or with a certified fund manager, for no less than 3 years.

25 (END)

DOA:.....Griffin, BB0288 - Allocation of angel and early stage seed investment credits

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, generally, a taxpayer may claim a credit against the taxpayer's income and franchise tax liability on certain amounts invested in new businesses under the early stage seed investment tax credit or the angel investment tax credit. Under rules promulgated by Commerce, the total amount of all angel investment credits that may be claimed in each calendar year is \$3,000,000 and the total amount of all early stage seed investment credits that may be claimed in each calendar year is \$3,500,000. Under the bill, the total amount of angel investment credits that may be claimed in each calendar year is \$5,500,000 and the total amount of all early stage seed investment credits that may be claimed in each calendar year is \$6,000,000. The bill also increases the amount of the investment that may be used as the basis of an angel investment credit from \$500,000 to \$2,000,000. In addition, the bill requires that any person claiming an angel investment credit or an early stage seed investment credit keep his or her investment in a certified business for as least three years. Finally, notwithstanding the credit amount limitations under current law and under the bill, DOR may, in consultation with Commerce, reallocate

INSERT
A



INSERT
1

carry forward
carry forward

unclaimed credit amounts between the early stage seed investment credits and the angel investment credits to subsequent taxable years

INSERT
2-1

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

1 SECTION 1. 71.07 (5b) (c) 1. of the statutes is amended to read:

2 71.07 (5b) (c) 1. The Except as provided in s. 73.03 (63), the maximum amount
3 of the credits that may be claimed under this subsection and ss. 71.28 (5b) and 71.47
4 (5b) for all taxable years combined is ~~\$35,000,000~~ \$52,500,000

5 SECTION 2. 71.07 (5d) (c) 1. of the statutes is amended to read:

6 71.07 (5d) (c) 1. The Except as provided in s. 73.03 (63), the maximum amount
7 of the credits that may be claimed under this subsection for all taxable years
8 combined is ~~\$30,000,000~~ \$47,500,000

9 SECTION 3. 71.07 (5d) (c) 2. of the statutes is amended to read:

10 71.07 (5d) (c) 2. The maximum amount of a claimant's investment that may be
11 used as the basis for a credit under this subsection is \$500,000 \$2,000,000 for each
12 investment made directly in a business certified under s. 560.205 (1).

13 SECTION 4. 71.28 (5b) (c) 1. of the statutes is amended to read:

14 71.28 (5b) (c) 1. The Except as provided in s. 73.03 (63), the maximum amount
15 of the credits that may be claimed under this subsection and ss. 71.07 (5b) and 71.47
16 (5b) for all taxable years combined is ~~\$35,000,000~~ \$52,500,000

17 SECTION 5. 71.47 (5b) (c) 1. of the statutes is amended to read:

18 71.47 (5b) (c) 1. The Except as provided in s. 73.03 (63), the maximum amount
19 of the credits that may be claimed under this subsection and ss. 71.07 (5b) and 71.28
20 (5b) for all taxable years combined is ~~\$35,000,000~~ \$52,500,000

21 SECTION 6. 73.03 (63) of the statutes is created to read:

INSERT
2-8



*Amend
2-7*

to carry forward to subsequent taxable years

1 73.03 (63) Notwithstanding the amount limitations specified under ss. 71.07
 2 (5b) (c) 1. and (5d) (c) 1., 71.28 (5b) (c) 1., 71.47 (5b) (c) 1., and 560.205 (3) (d), to
 3 ~~reallocate~~, ^{keep} in consultation with the department of commerce, unclaimed credit
 4 amounts ~~between~~ ^{of} the early stage seed investment credits under ss. 71.07 (5b), 71.28
 5 (5b), and 71.47 (5b) and the angel investment credit under s. 71.07 (5d). Annually,
 6 no later than July 1, the department of commerce shall submit to the department of
 7 revenue its recommendations for ~~reallocating~~ credit amounts as provided under this
 8 subsection. *end of insert* *the carry forward of*

9 **SECTION 7.** 560.205 (3) (d) of the statutes is amended to read:

10 560.205 (3) (d) *Rules.* The department of commerce, in consultation with the
 11 department of revenue, shall promulgate rules to administer this section. The rules
 12 shall further define "bona fide angel investment" for purposes of s. 71.07 (5d) (a) 1.
 13 The Except as provided in s. 73.03 (63), the rules shall limit the aggregate amount
 14 of tax credits under s. 71.07 (5d) that may be claimed for investments in businesses
 15 certified under sub. (1) at \$3,000,000 per calendar year for calendar years beginning
 16 after December 31, 2004. ~~The, and \$5,500,000 per calendar year for calendar years~~
 17 beginning after December 31, 2007. ~~Except as provided in s. 73.03 (63), the rules~~
 18 shall also limit the aggregate amount of the tax credits under ss. 71.07 (5b), 71.28
 19 (5b), and 71.47 (5b) that may be claimed for investments paid to fund managers
 20 certified under sub. (2) at \$3,500,000 per calendar year for calendar years beginning
 21 after December 31, 2004, and \$6,000,000 per calendar year for calendar years
 22 beginning after December 31, 2007. The rules shall also provide that, for calendar
 23 years beginning after December 31, 2007, no person may receive a credit under ss.

SECTION 7

1 ~~71.07 (5b) and (5d), 71.28 (5b), or 71.47 (5b) unless the person's investment is kept~~
2 ~~in a certified business, or with a certified fund manager, for no less than three years.~~

3 (END)



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1361/4
JK&CTS:kjf&lmk:pg

DOA:.....Griffin, BB0288 - Allocation of angel and early stage seed investment credits

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, generally, a taxpayer may claim a credit against the taxpayer's income and franchise tax liability on certain amounts invested in new businesses under the early stage seed investment tax credit or the angel investment tax credit. Under rules promulgated by Commerce, the total amount of all angel investment credits that may be claimed in each calendar year is \$3,000,000 and the total amount of all early stage seed investment credits that may be claimed in each calendar year is \$3,500,000. Under the bill, the total amount of angel investment credits that may be claimed in each calendar year is \$5,500,000 and the total amount of all early stage seed investment credits that may be claimed in each calendar year is \$6,000,000. The bill also increases the amount of the investment that may be used as the basis of an angel investment credit from \$500,000 to \$2,000,000. In addition, the bill requires that any person claiming an angel investment credit or an early stage seed investment credit keep his or her investment in a certified business for as least three years. Finally, notwithstanding the credit amount limitations under

current law and under the bill, DOR may, in consultation with Commerce, carry forward unclaimed credit amounts to subsequent taxable years.

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

1 **SECTION 1.** 71.07 (5b) (c) 1. of the statutes is amended to read:

2 71.07 **(5b)** (c) 1. The Except as provided in s. 73.03 (63), the maximum amount
3 of the credits that may be claimed under this subsection and ss. 71.28 (5b) and 71.47
4 (5b) for all taxable years combined is ~~\$35,000,000~~ \$52,500,000.

5 **SECTION 2.** 71.07 (5d) (c) 1. of the statutes is amended to read:

6 71.07 **(5d)** (c) 1. The Except as provided in s. 73.03 (63), the maximum amount
7 of the credits that may be claimed under this subsection for all taxable years
8 combined is ~~\$30,000,000~~ \$47,500,000.

9 **SECTION 3.** 71.07 (5d) (c) 2. of the statutes is amended to read:

10 71.07 **(5d)** (c) 2. The maximum amount of a claimant's investment that may be
11 used as the basis for a credit under this subsection is ~~\$500,000~~ \$2,000,000 for each
12 investment made directly in a business certified under s. 560.205 (1).

13 **SECTION 4.** 71.28 (5b) (c) 1. of the statutes is amended to read:

14 71.28 **(5b)** (c) 1. The Except as provided in s. 73.03 (63), the maximum amount
15 of the credits that may be claimed under this subsection and ss. 71.07 (5b) and 71.47
16 (5b) for all taxable years combined is ~~\$35,000,000~~ \$52,500,000.

17 **SECTION 5.** 71.47 (5b) (c) 1. of the statutes is amended to read:

18 71.47 **(5b)** (c) 1. The Except as provided in s. 73.03 (63), the maximum amount
19 of the credits that may be claimed under this subsection and ss. 71.07 (5b) and 71.28
20 (5b) for all taxable years combined is ~~\$35,000,000~~ \$52,500,000.

21 **SECTION 6.** 73.03 (63) of the statutes is created to read:

1 73.03 (63) Notwithstanding the amount limitations specified under ss. 71.07
2 (5b) (c) 1. and (5d) (c) 1., 71.28 (5b) (c) 1., 71.47 (5b) (c) 1., and 560.205 (3) (d), in
3 consultation with the department of commerce, to carry forward to subsequent
4 taxable years unclaimed credit amounts of the early stage seed investment credits
5 under ss. 71.07 (5b), 71.28 (5b), and 71.47 (5b) and the angel investment credit under
6 s. 71.07 (5d). Annually, no later than July 1, the department of commerce shall
7 submit to the department of revenue its recommendations for the carry forward of
8 credit amounts as provided under this subsection.

9 **SECTION 7.** 560.205 (3) (d) of the statutes is amended to read:

10 560.205 (3) (d) *Rules.* The department of commerce, in consultation with the
11 department of revenue, shall promulgate rules to administer this section. The rules
12 shall further define "bona fide angel investment" for purposes of s. 71.07 (5d) (a) 1.
13 The rules shall limit the aggregate amount of tax credits under s. 71.07 (5d) that may
14 be claimed for investments in businesses certified under sub. (1) at \$3,000,000 per
15 calendar year for calendar years beginning after December 31, 2004. ~~The, and~~
16 \$5,500,000 per calendar year for calendar years beginning after December 31, 2007.
17 The rules shall also limit the aggregate amount of the tax credits under ss. 71.07 (5b),
18 71.28 (5b), and 71.47 (5b) that may be claimed for investments paid to fund managers
19 certified under sub. (2) at \$3,500,000 per calendar year for calendar years beginning
20 after December 31, 2004, and \$6,000,000 per calendar year for calendar years
21 beginning after December 31, 2007. The rules shall also provide that, for calendar
22 years beginning after December 31, 2007, no person may receive a credit under ss.
23 71.07 (5b) and (5d), 71.28 (5b), or 71.47 (5b) unless the person's investment is kept
24 in a certified business, or with a certified fund manager, for no less than 3 years.

25 (END)