

## 2009 ASSEMBLY BILL 77

February 20, 2009 – Introduced by Representatives STRACHOTA, FIELDS, KNODL, RIPP, BARCA, SPANBAUER, BERCEAU, BROOKS, VOS, VAN ROY, HONADEL, ZIPPERER, SUDER, MURTHA, DAVIS, ROTH, NYGREN, A. OTT, NEWCOMER, PRIDEMORE, TOWNSEND, LEMAHIEU and GUNDERSON, cosponsored by Senators KANAVAS, HOPPER, LEIBHAM, KEDZIE, ERPENBACH, OLSEN, HARSDFORF and PLALE. Referred to Committee on Jobs, the Economy and Small Business.

1     **AN ACT to amend** 71.07 (5b) (c) 1., 71.07 (5d) (c) 1., 71.28 (5b) (c) 1., 71.47 (5b)  
2           (c) 1. and 560.205 (3) (d) of the statutes; **relating to:** increasing the amount of  
3           the early stage seed and angel investment credits.

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### *Analysis by the Legislative Reference Bureau*

Under current law, a person may claim an early stage seed investment income and franchise tax credit in an amount equal to 25 percent of the person's initial investment paid to a fund manager that the fund manager invests in a business that is certified by the Department of Commerce (Commerce) to receive such investments. The total amount of all credits that may be claimed in any calendar year after 2007 is \$6,000,000 and the total amount that may be claimed in all taxable years is \$52,500,000. Under this bill, the total amount of all early stage seed investment credits that may be claimed in any calendar year after 2008 is \$10,225,000 and the total amount that may be claimed in all taxable years is \$102,250,000.

Under current law, an individual may claim an income tax credit in each taxable year for two years, beginning with the taxable year certified by Commerce, in an amount equal to 12.5 percent of the individual's bona fide angel investment in a new business venture. The total amount of all credits that may be claimed in any calendar year after 2007 is \$5,500,000 and the total amount that may be claimed in all taxable years is \$47,500,000. Under this bill, the total amount of all bona fide angel investment credits that may be claimed in any calendar year after 2008 is \$8,775,000 and the total amount that may be claimed in all taxable years is \$87,750,000.

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For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

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

2           71.07 **(5b)** (c) 1. Except as provided in s. 73.03 (63), the maximum amount of  
3 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 ~~\$52,500,000~~ \$102,250,000.

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

6           71.07 **(5d)** (c) 1. Except as provided in s. 73.03 (63), the maximum amount of  
7 the credits that may be claimed under this subsection for all taxable years combined  
8 is ~~\$47,500,000~~ \$87,750,000.

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

10           71.28 **(5b)** (c) 1. Except as provided in s. 73.03 (63), the maximum amount of  
11 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 ~~\$52,500,000~~ \$102,250,000.

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

14           71.47 **(5b)** (c) 1. Except as provided in s. 73.03 (63), the maximum amount of  
15 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 ~~\$52,500,000~~ \$102,250,000.

17           **SECTION 5.** 560.205 (3) (d) of the statutes is amended to read:

18           560.205 **(3)** (d) *Rules.* The department of commerce, in consultation with the  
19 department of revenue, shall promulgate rules to administer this section. The rules  
20 shall further define “bona fide angel investment” for purposes of s. 71.07 (5d) (a) 1.  
21 The rules shall limit the aggregate amount of tax credits under s. 71.07 (5d) that may

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1 be claimed for investments in businesses certified under sub. (1) at \$3,000,000 per  
2 calendar year for calendar years beginning after December 31, 2004, and \$5,500,000  
3 per calendar year for calendar years beginning after December 31, 2007, and  
4 \$8,775,000 per calendar year for calendar years beginning after December 31, 2008.

5 The rules shall also limit the aggregate amount of the tax credits under ss. 71.07 (5b),  
6 71.28 (5b), and 71.47 (5b) that may be claimed for investments paid to fund managers  
7 certified under sub. (2) at \$3,500,000 per calendar year for calendar years beginning  
8 after December 31, 2004, and \$6,000,000 per calendar year for calendar years  
9 beginning after December 31, 2007, and \$10,225,000 per calendar year for calendar  
10 years beginning after December 31, 2008. The rules shall also provide that, for  
11 calendar years beginning after December 31, 2007, no person may receive a credit  
12 under ss. 71.07 (5b) and (5d), 71.28 (5b), or 71.47 (5b) unless the person's investment  
13 is kept in a certified business, or with a certified fund manager, for no less than 3  
14 years.

15 **SECTION 6. Initial applicability.**

16 (1) This act first applies to taxable years beginning on January 1 of the year  
17 in which this subsection takes effect, except that if this subsection takes effect after  
18 July 31 this act first applies to taxable years beginning on January 1 of the year  
19 following the year in which this subsection takes effect.

20 (END)