



State of Wisconsin

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STEPHEN R. MILLER
CHIEF

April 29, 2009

MEMORANDUM

To: Representative Garthwaite

From: Tracy K. Kuczenski, Legislative Attorney, (608) 266-9867
Joseph T. Kreye, Sr. Legislative Attorney, (608) 266-2263

Subject: Technical Memorandum to **2009 AB 113** (LRB-1987/1) 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

March 4, 2009

TO: Tracy Kuczenski
Joseph Kreye
Legislative Reference Bureau

FROM: Rebecca Boldt
Department of Revenue

SUBJECT: Technical Memorandum on AB 113 (LRB 1987/1) – Consolidation of Economic Development Credits

The Department has the following technical concerns with the above-referenced bill:

The definition of “member of a targeted group” does not include a qualified summer youth employee. If the intent is to define “member of a targeted group” consistently between the existing Development Zones Credit and the credit under this bill, the definition in sec. 560.70(4m) should either reference sec. 71.28(1dx)5 or section 51(d)(7) of the Internal Revenue Code. (Bill Section 806)

Proposed sections 71.05(6)(a)15., 71.26(2)(a)4., 71.34(1k)(g), and 71.45(2)(a)10. require taxpayers to include the computed amount of credit in income. Proposed sections 71.07(2dy)(d)2., 71.28(1dy)(d)2., and 71.47(1dy)(d)2. provide that if a claimant’s certification is revoked or the claimant becomes ineligible, that claimant may no longer claim the credit and may not use any unused carryforwards. If a claimant is unable to use the credit carryforward because it was revoked or the claimant becomes ineligible, is the claimant allowed to subtract out the credit amounts included in income attributable to the amount that can no longer be used? Under current law relating to the Development Zones Credit, such a subtraction is allowed in s. 71.05(6)(b)11. If such a subtraction is allowed in this bill the language would probably be placed in secs. 71.05(6)(b), 71.26(2)(a), 71.34(1k), and 71.45(2)(a) and may read as follows:

“[A deduction shall be allowed for] an amount equal to unused credits added to federal income under [proposed section 71.05(6)(a)15., 71.26(2)(a)4., 71.34(1k)(g), or 71.45(2)(a)10] to the extent such unused credits are no longer available to the [taxpayer] because of the provisions of [proposed section 71.07(2dy)(d)2., 71.28(1dy)(d)2., or 71.47(1dy)(d)2].

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.

cc: Rep. Garthwaite