



# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

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STEPHEN R. MILLER  
CHIEF

January 22, 2010

## MEMORANDUM

**To:** Representative Barca

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

**Subject:** Technical Memorandum to **2009 AB 642** (LRB-3439/1) by **DOR**

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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

January 11, 2010

**TO:** Joseph Kreye  
Legislative Reference Bureau

**FROM:** Rebecca Boldt  
Department of Revenue

**SUBJECT:** Technical Memorandum on AB 642 (LRB 3439/1) – Supplement to the Federal New Markets Tax Credit

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

- Proposed sections 71.07(5n)(c)2, 71.28(5n)(c)2, and 71.47(5n)(c)2 provide that the tax basis of a claimant's interest in a partnership, limited liability company, or tax-option corporation shall be reduced, but not below zero, by the amount of any credit claimed. However, there is no provision providing that other entities or individuals that claim the credit based on their own investment must reduce their tax basis in the investment, as is required with other investment credits. Otherwise, the entity or individual should add the credit amount to income as is required with all other non-investment credits. The author may wish to address this.
- There is a reference to s. 76.27 on Page 9, line 13 of the draft. There is no sec. 76.27 in the Wisconsin Statutes. From the context, it appears the correct reference should be to 76.67.
- In the analysis by the Legislative Reference Bureau, the word "individual" in the first sentence of the second paragraph should be replaced with "person" as Commerce not only certifies individuals but both legal and natural persons.
- The effective date of the bill would be a problem only if it is enacted later in the year after forms had been finalized for printing. It would be preferable to add that if enacted after July 31, the credit would first apply to taxable years beginning on January 1 after date of enactment. The author may wish to address this.

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](mailto:Michael.oakleaf@revenue.wi.gov).

cc: Rep. Barca