



State of Wisconsin

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STEPHEN R. MILLER
CHIEF

April 8, 2010

MEMORANDUM

To: Representative Fields

From: Christopher Sundberg, Legislative Attorney, (608) 266-9739

Subject: Technical Memorandum to **2009 AB 902** (LRB-4122/1) 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

April 6, 2010

TO: Christopher T. Sundberg
Legislative Reference Bureau

FROM: Rebecca Boldt
Department of Revenue

SUBJECT: Technical Memorandum on AB 902 (LRB 4122/1) – Low-Profit Limited Liability Companies

- Proposed s. 183.0202(7) should reference s. 183.0106(1m)(a), instead of s. 183.0106(1m)(a)1. in order to ensure that a low-profit limited liability company must meet all of the requirements under the proposed subdivisions 1. through 3.
- It may be helpful in understanding of this new hybrid entity if the Reference Bureau analysis made mention of the fact that an L3C does not enjoy tax-exempt status. An L3C is not a charity and investments or donations are not tax deductible. Items of income, expense, gain or loss pass through the L3C to its members and are allocated in proportion to the members' interests in the L3C, just as with an LLC which is taxed as a partnership. Members would be subject to taxation at their respective income tax rates.

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. Fields