

Fiscal Estimate Narratives

DOR 4/28/2009

LRB Number	09-1136/1	Introduction Number	SB-077	Estimate Type	Original
Description Changes to economic development tax benefit programs, providing an exemption from emergency rule procedures, and requiring the exercise of rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

The bill consolidates five existing zone-based credits (the Agricultural Development Zone, Airport Development Zone, Community Development Zone, Enterprise Development Zone, and the Technology Zone credits) into a new nonrefundable economic development tax credit. Unlike the zone-based credit programs it replaces, the new credit will be available to claimants in all areas of the state. Commerce may allocate tax credits up to the total amount remaining under the existing credits that the bill replaces as of the effective date of the bill.

The credit is determined by the Department of Commerce for job creation projects, capital investment projects, employee training projects, and projects related to persons with corporate headquarters in Wisconsin. Unused credits may be carried over and offset against tax for up to 15 years.

Eligible activities under the bill include all of the following:

1. Job creation projects that result in the creation and maintenance of jobs paying wages and providing benefits at a level approved by Commerce.
2. Projects that involve a significant investment of capital, as determined by Commerce by rule, in new equipment, machinery, real property, or depreciable personal property.
3. Projects that involve significant investments in the training or reeducation of employees for the purpose of improving the productivity or competitiveness of the business of the person.
4. Projects that will result in the location or retention of a corporate headquarters in Wisconsin or that will result in the retention of employees if the corporate headquarters are located in Wisconsin.

Like the zone credit programs it replaces, partnerships, limited liability companies, and tax-option corporations may not claim the credit but the eligibility for, and the amount of, the credit are based on their authorization to claim tax benefits under s. 560.703. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

Fiscal effect

The provisions in this bill were signed into law as part of 2009 Act 2 on February 19, 2009. Therefore, the bill has no fiscal effect.

Long-Range Fiscal Implications