



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2011 Assembly Bill 1

**Assembly Amendment 1
and Assembly Substitute
Amendment 1**

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CURRENT LAW

Under current law, the Wisconsin Economic Development Corporation (WEDC) may certify a person to receive a tax credit (“jobs tax credit”) if the person operates or intends to operate a business in this state and enters into a contract with WEDC. For taxable years beginning after December 31, 2010, the credits equal a percentage, as determined by WEDC but not exceeding 10%, of qualified new employee wages, up to a maximum of \$10,000 per employee.

To receive a jobs tax credit, a person who has been certified must have increased net employment in his or her business. In addition, the person must have created jobs with wages in a specified range, improved employees’ job-related skills, or provided other qualified training. To qualify, new jobs must pay annual wages of at least \$20,000, or at least \$30,000, depending upon the classification of the county or municipality as a “tier I” or “tier II” county or municipality, as determined by WEDC based on factors such as the unemployment rate and median family income in the area.

The total amount of jobs tax credits that may be awarded in a calendar year is \$5 million. In addition, a \$14.5 million limit applies to credits for taxable years beginning on or after January 1, 2010 and ending before July 1, 2013.

The credits are refundable. However, refunds for credits certified for taxable years beginning after December 31, 2009, and before January 1, 2012, shall be paid in taxable years beginning after December 31, 2011.

2011 ASSEMBLY BILL 1

2011 Assembly Bill 1 modifies the timeline for payment of refunds under the tax credit program. Specifically, under the bill, refunds for credits certified for taxable years beginning after December 31, 2009 and before June 30, 2011, shall be paid in taxable years beginning on or after July 1, 2011. In

2011, the effect of the change would be to advance the timing of refund payments made to claimants who have elected a taxable year that begins during the second half of the calendar year.

ASSEMBLY AMENDMENT 1

Assembly Amendment 1 to Assembly Bill 1 makes several modifications to the bill. First, it makes the appropriation for tax credit refunds sum sufficient rather than sum certain for taxable years beginning on or after January 1, 2011.

Second, the amendment modifies the timeline for refunds for credits certified for taxable years beginning after December 31, 2009 and before June 30, 2011. Specifically, it allows such refunds to be paid in taxable years beginning on or after January 1, 2011.

Third, the amendment increases the cap on the total amount of credits that may be awarded under the program in any one calendar year from \$5 million to \$10 million.

Finally, the amendment repeals an obsolete effective date provision.

ASSEMBLY SUBSTITUTE AMENDMENT 1

Assembly Substitute Amendment 1 to Assembly Bill 1 replaces all of the changes made to the jobs tax credit program under the bill with the following change: the substitute amendment increases the maximum amount of jobs tax credits that may be awarded in a calendar year to \$10 million (compared to the \$5 million maximum under current law). The change made by the substitute amendment would apply beginning on July 1, 2011.

LEGISLATIVE HISTORY

Assembly Bill 1 was introduced by Representatives Williams, Steineke, Nass, A. Ott, Ripp, Van Roy, Kaufert, Tranel, Rivard, and Kleefisch on January 14, 2011. Assembly Amendment 1 was offered by Representative Williams on January 26, 2011. On January 27, 2011, the Assembly Committee on Jobs, Economy and Small Business recommended the adoption of Assembly Amendment 1 to Assembly Bill 1 on a vote of Ayes, 13; Noes, 0. On the same day, the committee recommended the passage of Assembly Bill 1, as amended, on a vote of Ayes, 13; Noes, 0.

Assembly Substitute Amendment 1 was offered by the Joint Committee on Finance on October 12, 2011. On the same day, the joint committee recommended adoption of the substitute amendment on a vote of Ayes, 14; Noes, 0, and it recommended passage of the bill, as amended, by the same vote.

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