February 22, 2011 – Introduced by Representatives SEIDEL, BARCA, MOLEPSKE JR, TURNER, MILROY, TASKUNAS, FIELDS, PARISI, BERCHEAU, BERNARD SCHABER, POPE-ROBERTS and JORGENSEN, cosponsored by Senators HANSEN and TAYLOR. Referred to Committee on Jobs, Economy and Small Business.

1 AN ACT to renumber 560.205 (3) (e); to amend 71.07 (5d) (b) 2.; and to create 71.07 (5d) (b) 3. and 560.205 (3) (e) 2. of the statutes; relating to: increasing the credit amount and allowing the transfer of the angel investment tax credit.

Analysis by the Legislative Reference Bureau

Under current law, an individual may claim an income tax credit equal to 25 percent of the individual’s angel investment in a qualified new business venture, as determined by the Department of Commerce (Commerce). Under this bill, an individual may claim an angel investment credit equal to 40 percent of the individual’s investment if the qualified new business venture has received no more than $1,000,000 in bona fide angel investments, including the individual’s investment, after the bill’s effective date.

Under current law, a person who is eligible to receive an early stage seed investment tax credit may transfer the credit to another taxpayer if the person notifies Commerce and the Department of Revenue (DOR) of the transfer and submits the transfer documents with the notification. No person may transfer an early stage seed investment credit more than once in a 12-month period and Commerce may charge the person a fee for the transfer equal to 1 percent of the credit amount.

Under this bill, an individual who is eligible to receive an angel investment credit may transfer the credit to another taxpayer if the person notifies Commerce and DOR of the transfer and submits the transfer documents with the notification. No person may transfer an angel investment credit more than once in a 12-month period and Commerce may charge the person a fee for the transfer equal to 1 percent of the credit amount.
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For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 71.07 (5d) (b) 2. of the statutes is amended to read:

71.07 (5d) (b) 2. For taxable years beginning after December 31, 2007, and before January 1, 2011, for the taxable year certified by the department of commerce, an amount equal to 25 percent of the claimant’s bona fide angel investment made directly in a qualified new business venture.

SECTION 2. 71.07 (5d) (b) 3. of the statutes is created to read:

71.07 (5d) (b) 3. For taxable years beginning after December 31, 2010, for the taxable year certified by the department of commerce, an amount equal to 25 percent of the claimant’s bona fide angel investment made directly in a qualified new business venture, except that the claimant may claim 40 percent of such investment if the qualified new business venture has received no more than $1,000,000 in bona fide angel investments, including the claimant’s investment, after the effective date of this subdivision .... [LRB inserts date].

SECTION 3. 560.205 (3) (e) of the statutes is renumbered 560.205 (3) (e) 1.

SECTION 4. 560.205 (3) (e) 2. of the statutes is created to read:

560.205 (3) (e) 2. A person who is eligible to claim a credit under s. 71.07 (5d) may sell or otherwise transfer the credit to another person who is subject to the taxes imposed under s. 71.02, if the person notifies the department of commerce and the department of revenue of the transfer and submits with the notification a copy of the transfer documents. No person may sell or otherwise transfer a credit as provided
in this paragraph more than once in a 12-month period. The department of commerce may charge any person selling or otherwise transferring a credit under this paragraph a fee equal to 1 percent of the credit amount sold or transferred. The department of commerce shall deposit all fees collected under this paragraph in the appropriation account under s. 20.143 (1) (gm).

SECTION 5. Initial applicability.

(1) This act first applies to taxable years beginning on January 1, 2011.