



DOA:.....Quinn, BB0318 - Jobs credit and economic development credit consolidation

FOR 2015-2017 BUDGET -- NOT READY FOR INTRODUCTION

1/23

Insert

1/22

Don't Gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, a person may claim the economic development tax credit for eligible activities in economically distressed areas of the state, as determined by WEDC. Currently, a person may also claim a jobs tax credit equal to 10 percent of the wages paid to employees whose wages satisfy certain thresholds. Both credits are administered by WEDC.

This bill eliminates the economic development tax credit and the jobs tax credit and creates the business development credit, which is a refundable tax credit. Under the business development credit, a person certified by WEDC may claim all of the following:

1. An amount equal to up to 10 percent of the amount of wages that the person paid to an employee in a full-time position in a taxable year.
2. An amount equal to up to 5 percent of the amount of wages that the person paid to an employee in a full-time position in a taxable year, if the eligible position is offered at the claimant's business in an economically distressed area, as determined by WEDC.
3. An amount equal to up to 50 percent of the person's costs incurred to undertake certain job-training activities.

9 5. An amount determined by the corporation as a percentage of wages paid to a full-time employee performing

4. An amount equal to up to 3 percent of the person's personal property investment and 5 percent of the person's real property investment in certain capital investment projects.

WEDC may allocate up to \$10,000,000 to the business development tax credit in any calendar year and may carry forward unused amounts.

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

SECTION 1. 20.835 (2) (bg) of the statutes is created to read:

20.835 (2) (bg) *Business development credit.* A sum sufficient to make the payments under ss. 71.07 (3y) (d) 2., 71.28 (3y) (d) 2., and 71.47 (3y) (d) 2.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 2. 71.05 (6) (a) 15. of the statutes is amended to read:

71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the credits computed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (3y), (4k), (4n), (5e), (5f), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), and (8r) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

SECTION 3. 71.07 (2dy) (b) of the statutes is amended to read:

71.07 (2dy) (b) *Filing claims.* Subject to the limitations under this subsection and ss. 238.301 to 238.306 or ss. 560.701 to 560.706, 2009 stats., for taxable years beginning after December 31, 2008, and before January 1, 2016, a claimant may claim as a credit against the tax imposed under s. 71.02 or 71.08, up to the amount of the tax, the amount authorized for the claimant under s. 238.303 or s. 560.703, 2009 stats.

Corporate headquarter's functions in Wisconsin. The reason is that it

1 **SECTION 4.** 71.07 (2dy) (d) 4. of the statutes is created to read:

2 71.07 (2dy) (d) 4. No credit may be claimed under this subsection for taxable
3 years beginning after December 31, 2015. Credits under this subsection for taxable
4 years that begin before January 1, 2016, may be carried forward to taxable years that
5 begin after December 31, 2015.

6 **SECTION 5.** 71.07 (3q) (b) (intro.) of the statutes is amended to read:

7 71.07 (3q) (b) *Filing claims.* (intro.) Subject to the limitations provided in this
8 subsection and s. 238.16 or s. 560.2055, 2009 stats., for taxable years beginning after
9 December 31, 2009, and before January 1, 2016, a claimant may claim as a credit
10 against the taxes imposed under ss. 71.02 and 71.08 any of the following:

11 **SECTION 6.** 71.07 (3q) (d) 3. of the statutes is created to read:

12 71.07 (3q) (d) 3. No credit may be claimed under this subsection for taxable
13 years beginning after December 31, 2015. Credits under this subsection for taxable
14 years that begin before January 1, 2016, may be carried forward to taxable years that
15 begin after December 31, 2015.

16 **SECTION 7.** 71.07 (3y) of the statutes is created to read:

17 71.07 (3y) BUSINESS DEVELOPMENT CREDIT. (a) *Definitions.* In this subsection:

- 18 1. “Claimant” means a person certified to receive tax benefits under s. 238.308.
19 2. “Eligible position” has the meaning given in s. 238.308 (1) (a).

20 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
21 238.308, for taxable years beginning after December 31, 2015, a claimant may claim
22 as a credit against the tax imposed under ss. 71.02 and 71.08 all of the following:

- 23 1. The amount of wages that the claimant paid to an employee in an eligible
24 position in the taxable year, not to exceed 10 percent of such wages, as determined
25 by the Wisconsin Economic Development Corporation under s. 238.308.

1 2. The amount of wages that the claimant paid to an employee in an eligible
2 position in the taxable year, not to exceed 5 percent of such wages, if the employee
3 is employed in an eligible position at the claimant's business in an economically
4 distressed area, as determined by the Wisconsin Economic Development
5 Corporation.

6 3. The amount of training costs that the claimant incurred under s. 238.308 (4)
7 (a) 3., not to exceed 50 percent of such costs, as determined by the Wisconsin
8 Economic Development Corporation.

9 4. The amount of the personal property investment, not to exceed 3 percent of
10 such investment, and the amount of the real property investment, not to exceed 5
11 percent of such investment, in a capital investment project that satisfies s. 238.308
12 (4) (a) 4., as determined by the Wisconsin Economic Development Corporation.

13 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
14 corporations may not claim the credit under this subsection, but the eligibility for,
15 and the amount of, the credit are based on their payment of amounts under par. (b).
16 A partnership, limited liability company, or tax-option corporation shall compute
17 the amount of credit that each of its partners, members, or shareholders may claim
18 and shall provide that information to each of them. Partners, members of limited
19 liability companies, and shareholders of tax-option corporations may claim the
20 credit in proportion to their ownership interests.

21 2. No credit may be allowed under this subsection unless the claimant includes
22 with the claimant's return a copy of the claimant's certification for tax benefits under
23 s. 238.308.

24 (d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), as it applies to the
25 credit under s. 71.28 (4), applies to the credit under this subsection.

1 2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise
2 due under ss. 71.02 and 71.08, the amount of the claim not used to offset the tax due
3 shall be certified by the department of revenue to the department of administration
4 for payment by check, share draft, or other draft drawn from the appropriation
5 account under s. 20.835 (2) (bg).

6 **SECTION 8.** 71.08 (1) (intro.) of the statutes is amended to read:

7 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
8 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
9 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3m), (3n), (3p),
10 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (3y), (4k), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (5n),
11 (6), (6e), (8r), (9e), (9m), and (9r), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx),
12 (1dy), (2m), (3), (3n), (3t), and (3w), 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx),
13 (1dy), (2m), (3), (3n), (3t), and (3w), 71.57 to 71.61, and 71.613 and subch. VIII and
14 payments to other states under s. 71.07 (7), is less than the tax under this section,
15 there is imposed on that natural person, married couple filing jointly, trust or estate,
16 instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

17 **SECTION 9.** 71.10 (4) (i) of the statutes is amended to read:

18 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
19 preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and
20 beyond under s. 71.613, homestead credit under subch. VIII, farmland tax relief
21 credit under s. 71.07 (3m), dairy manufacturing facility investment credit under s.
22 71.07 (3p), jobs tax credit under s. 71.07 (3q), meat processing facility investment
23 credit under s. 71.07 (3r), woody biomass harvesting and processing credit under s.
24 71.07 (3rm), food processing plant and food warehouse investment credit under s.
25 71.07 (3rn), business development credit under s. 71.07 (3y), film production services

1 credit under s. 71.07 (5f), film production company investment credit under s. 71.07
2 (5h), veterans and surviving spouses property tax credit under s. 71.07 (6e),
3 enterprise zone jobs credit under s. 71.07 (3w), beginning farmer and farm asset
4 owner tax credit under s. 71.07 (8r), earned income tax credit under s. 71.07 (9e),
5 estimated tax payments under s. 71.09, and taxes withheld under subch. X.

6 **SECTION 10.** 71.21 (4) (a) of the statutes is amended to read:

7 71.21 (4) (a) The amount of the credits computed by a partnership under s.
8 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p),
9 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (3y), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k),
10 (5r), (5rm), (6n), and (8r) and passed through to partners shall be added to the
11 partnership's income.

12 **SECTION 11.** 71.28 (1dy) (b) of the statutes is amended to read:

13 71.28 (1dy) (b) *Filing claims.* Subject to the limitations under this subsection
14 and ss. 238.301 to 238.306 or s. 560.701 to 560.706, 2009 stats., for taxable years
15 beginning after December 31, 2008, and before January 1, 2016, a claimant may
16 claim as a credit against the tax imposed under s. 71.23, up to the amount of the tax,
17 the amount authorized for the claimant under s. 238.303 or s. 560.703, 2009 stats.

18 **SECTION 12.** 71.28 (1dy) (d) 4. of the statutes is created to read:

19 71.28 (1dy) (d) 4. No credit may be claimed under this subsection for taxable
20 years beginning after December 31, 2015. Credits under this subsection for taxable
21 years that begin before January 1, 2016, may be carried forward to taxable years that
22 begin after December 31, 2015.

23 **SECTION 13.** 71.28 (3q) (b) (intro.) of the statutes is amended to read:

24 71.28 (3q) (b) *Filing claims.* (intro.) Subject to the limitations provided in this
25 subsection and s. 238.16 or s. 560.2055, 2009 stats., for taxable years beginning after

1 December 31, 2009, and before January 1, 2016, a claimant may claim as a credit
2 against the taxes imposed under s. 71.23 any of the following:

3 **SECTION 14.** 71.28 (3q) (d) 3. of the statutes is created to read:

4 71.28 (3q) (d) 3. No credit may be claimed under this subsection for taxable
5 years beginning after December 31, 2015. Credits under this subsection for taxable
6 years that begin before January 1, 2016, may be carried forward to taxable years that
7 begin after December 31, 2015.

8 **SECTION 15.** 71.28 (3y) of the statutes is created to read:

9 71.28 (3y) BUSINESS DEVELOPMENT CREDIT. (a) *Definitions.* In this subsection:

10 1. “Claimant” means a person certified to receive tax benefits under s. 238.308.

11 2. “Eligible position” has the meaning given in s. 238.308 (1) (a).

12 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
13 238.308, for taxable years beginning after December 31, 2015, a claimant may claim
14 as a credit against the tax imposed under ss. 71.02 and 71.08 all of the following:

15 1. The amount of wages that the claimant paid to an employee in an eligible
16 position in the taxable year, not to exceed 10 percent of such wages, as determined
17 by the Wisconsin Economic Development Corporation under s. 238.308.

18 2. The amount of wages that the claimant paid to an employee in an eligible
19 position in the taxable year, not to exceed 5 percent of such wages, if the employee
20 is employed in an eligible position at the claimant’s business in an economically
21 distressed area, as determined by the Wisconsin Economic Development
22 Corporation.

23 3. The amount of training costs that the claimant incurred under s. 238.308 (4)
24 (a) 3., not to exceed 50 percent of such costs, as determined by the Wisconsin
25 Economic Development Corporation.

1 4. The amount of the personal property investment, not to exceed 3 percent of
2 such investment, and the amount of the real property investment, not to exceed 5
3 percent of such investment, in a capital investment project that satisfies s. 238.308
4 (4) (a) 4., as determined by the Wisconsin Economic Development Corporation.

5 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
6 corporations may not claim the credit under this subsection, but the eligibility for,
7 and the amount of, the credit are based on their payment of amounts under par. (b).
8 A partnership, limited liability company, or tax-option corporation shall compute
9 the amount of credit that each of its partners, members, or shareholders may claim
10 and shall provide that information to each of them. Partners, members of limited
11 liability companies, and shareholders of tax-option corporations may claim the
12 credit in proportion to their ownership interests.

13 2. No credit may be allowed under this subsection unless the claimant includes
14 with the claimant's return a copy of the claimant's certification for tax benefits under
15 s. 238.308.

16 (d) *Administration.* 1. Subsection (4) (e), (g), and (h), as it applies to the credit
17 under sub. (4), applies to the credit under this subsection.

18 2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise
19 due under s. 71.23, the amount of the claim not used to offset the tax due shall be
20 certified by the department of revenue to the department of administration for
21 payment by check, share draft, or other draft drawn from the appropriation account
22 under s. 20.835 (2) (bg).

23 **SECTION 16.** 71.30 (3) (f) of the statutes is amended to read:

24 71.30 (3) (f) The total of farmland preservation credit under subch. IX,
25 farmland tax relief credit under s. 71.28 (2m), dairy manufacturing facility

1 investment credit under s. 71.28 (3p), jobs credit under s. 71.28 (3q), meat processing
2 facility investment credit under s. 71.28 (3r), woody biomass harvesting and
3 processing credit under s. 71.28 (3rm), food processing plant and food warehouse
4 investment credit under s. 71.28 (3rn), enterprise zone jobs credit under s. 71.28
5 (3w), business development credit under s. 71.28 (3y), film production services credit
6 under s. 71.28 (5f), film production company investment credit under s. 71.28 (5h),
7 beginning farmer and farm asset owner tax credit under s. 71.28 (8r), and estimated
8 tax payments under s. 71.29.

9 **SECTION 17.** 71.34 (1k) (g) of the statutes is amended to read:

10 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
11 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
12 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (3y), (4), (5), (5e), (5f), (5g),
13 (5h), (5i), (5j), (5k), (5r), (5rm), (6n), and (8r) and passed through to shareholders.

14 **SECTION 18.** 71.45 (2) (a) 10. of the statutes is amended to read:

15 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
16 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
17 (3w), (3y), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), and (9s) and not
18 passed through by a partnership, limited liability company, or tax-option
19 corporation that has added that amount to the partnership's, limited liability
20 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and
21 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

22 **SECTION 19.** 71.47 (1dy) (b) of the statutes is amended to read:

23 71.47 (1dy) (b) *Filing claims.* Subject to the limitations under this subsection
24 and ss. 238.301 to 238.306 or s. 560.701 to 560.706, 2009 stats., for taxable years
25 beginning after December 31, 2008, and before January 1, 2016, a claimant may

1 claim as a credit against the tax imposed under s. 71.43, up to the amount of the tax,
2 the amount authorized for the claimant under s. 238.303 or s. 560.703, 2009 stats.

3 **SECTION 20.** 71.47 (1dy) (d) 4. of the statutes is created to read:

4 71.47 (1dy) (d) 4. No credit may be claimed under this subsection for taxable
5 years beginning after December 31, 2015. Credits under this subsection for taxable
6 years that begin before January 1, 2016, may be carried forward to taxable years that
7 begin after December 31, 2015.

8 **SECTION 21.** 71.47 (3q) (b) (intro.) of the statutes is amended to read:

9 71.47 (3q) (b) *Filing claims.* (intro.) Subject to the limitations provided in this
10 subsection and s. 238.16 or s. 560.2055, 2009 stats., for taxable years beginning after
11 December 31, 2009, and before January 1, 2016, a claimant may claim as a credit
12 against the taxes imposed under s. 71.43 any of the following:

13 **SECTION 22.** 71.47 (3q) (d) 3. of the statutes is created to read:

14 71.47 (3q) (d) 3. No credit may be claimed under this subsection for taxable
15 years beginning after December 31, 2015. Credits under this subsection for taxable
16 years that begin before January 1, 2016, may be carried forward to taxable years that
17 begin after December 31, 2015.

18 **SECTION 23.** 71.47 (3y) of the statutes is created to read:

19 71.47 (3y) BUSINESS DEVELOPMENT CREDIT. (a) *Definitions.* In this subsection:

20 1. “Claimant” means a person certified to receive tax benefits under s. 238.308.

21 2. “Eligible position” has the meaning given in s. 238.308 (1) (a).

22 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
23 238.308, for taxable years beginning after December 31, 2015, a claimant may claim
24 as a credit against the tax imposed under ss. 71.02 and 71.08 all of the following:

1 1. The amount of wages that the claimant paid to an employee in an eligible
2 position in the taxable year, not to exceed 10 percent of such wages, as determined
3 by the Wisconsin Economic Development Corporation under s. 238.308.

4 2. The amount of wages that the claimant paid to an employee in an eligible
5 position in the taxable year, not to exceed 5 percent of such wages, if the employee
6 is employed in an eligible position at the claimant's business in an economically
7 distressed area, as determined by the Wisconsin Economic Development
8 Corporation.

9 3. The amount of training costs that the claimant incurred under s. 238.308 (4)
10 (a) 3., not to exceed 50 percent of such costs, as determined by the Wisconsin
11 Economic Development Corporation.

12 4. The amount of the personal property investment, not to exceed 3 percent of
13 such investment, and the amount of the real property investment, not to exceed 5
14 percent of such investment, in a capital investment project that satisfies s. 238.308
15 (4) (a) 4., as determined by the Wisconsin Economic Development Corporation.

16 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
17 corporations may not claim the credit under this subsection, but the eligibility for,
18 and the amount of, the credit are based on their payment of amounts under par. (b).
19 A partnership, limited liability company, or tax-option corporation shall compute
20 the amount of credit that each of its partners, members, or shareholders may claim
21 and shall provide that information to each of them. Partners, members of limited
22 liability companies, and shareholders of tax-option corporations may claim the
23 credit in proportion to their ownership interests.

1 2. No credit may be allowed under this subsection unless the claimant includes
2 with the claimant's return a copy of the claimant's certification for tax benefits under
3 s. 238.308.

4 (d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), as it applies to the
5 credit under s. 71.28 (4), applies to the credit under this subsection.

6 2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise
7 due under s. 71.42, the amount of the claim not used to offset the tax due shall be
8 certified by the department of revenue to the department of administration for
9 payment by check, share draft, or other draft drawn from the appropriation account
10 under s. 20.835 (2) (bg).

11 **SECTION 24.** 71.49 (1) (f) of the statutes is amended to read:

12 71.49 (1) (f) The total of farmland preservation credit under subch. IX,
13 farmland tax relief credit under s. 71.47 (2m), dairy manufacturing facility
14 investment credit under s. 71.47 (3p), jobs credit under s. 71.47 (3q), meat processing
15 facility investment credit under s. 71.47 (3r), woody biomass harvesting and
16 processing credit under s. 71.47 (3rm), food processing plant and food warehouse
17 investment credit under s. 71.47 (3rn), enterprise zone jobs credit under s. 71.47
18 (3w), business development credit under s. 71.47 (3y), film production services credit
19 under s. 71.47 (5f), film production company investment credit under s. 71.47 (5h),
20 beginning farmer and farm asset owner tax credit under s. 71.47 (8r), and estimated
21 tax payments under s. 71.48.

22 **SECTION 25.** 76.637 (2) of the statutes is amended to read:

23 76.637 (2) FILING CLAIMS. Subject to the limitations under this section, ss.
24 238.301 to 238.306, and ss. 560.701 to 560.706, 2009 stats., for taxable years
25 beginning after December 31, 2008, and before January 1, 2016, a claimant may

1 claim as a credit against the fees due under s. 76.60, 76.63, 76.65, 76.66, or 76.67 the
2 amount authorized for the claimant under s. 238.303 or s. 560.703, 2009 stats.

3 **SECTION 26.** 76.637 (5) of the statutes is created to read:

4 76.637 (5) SUNSET. No credit may be claimed under this section for taxable
5 years beginning after December 31, 2015.

6 **SECTION 27.** 238.15 (3) (d) (intro.) of the statutes is amended to read:

7 238.15 (3) (d) *Rules Administration.* (intro.) The corporation, in consultation
8 with the department of revenue, shall adopt rules establish policies and procedures
9 to administer this section. ~~The rules and~~ shall further define “bona fide angel
10 investment” for purposes of s. 71.07 (5d) (a) 1. The rules shall limit the aggregate
11 amount of tax credits under s. 71.07 (5d) that may be claimed for investments in
12 businesses certified under sub. (1) ~~at \$3,000,000 per calendar year for calendar years~~
13 ~~beginning after December 31, 2004, and before January 1, 2008, \$5,500,000 per~~
14 ~~calendar year for calendar years beginning after December 31, 2007, and before~~
15 ~~January 1, 2010, \$6,500,000 for calendar year 2010, and \$20,000,000 per calendar~~
16 ~~year for calendar years beginning after December 31, 2010, plus, for taxable years~~
17 ~~beginning after December 31, 2010, an additional \$250,000 for tax credits that may~~
18 ~~be claimed for investments in nanotechnology businesses certified under sub. (1).~~
19 The rules shall also limit the aggregate amount and of the tax credits under ss. 71.07
20 (5b), 71.28 (5b), 71.47 (5b), and 76.638 that may be claimed for investments paid to
21 fund managers certified under sub. (2) ~~at \$3,500,000 per calendar year for calendar~~
22 ~~years beginning after December 31, 2004, and before January 1, 2008, \$6,000,000 per~~
23 ~~calendar year for calendar years beginning after December 31, 2007, and before~~
24 ~~January 1, 2010, \$8,000,000 for calendar year 2010, and \$20,500,000 is \$30,000,000~~
25 ~~per calendar year for calendar years beginning after December 31, 2010, plus, for~~

1 taxable years beginning after December 31, 2010, an additional \$250,000 for tax
2 credits that may be claimed for investments in nanotechnology businesses certified
3 under sub. (1). The rules policies and procedures established under this section shall
4 also provide that, for calendar years beginning after December 31, 2007, a person
5 who receives a credit under ss. 71.07 (5b) and (5d), 71.28 (5b), 71.47 (5b), or 76.638
6 must keep the investment in a certified business, or with a certified fund manager,
7 for no less than 3 years, unless the person's investment becomes worthless, as
8 determined by the corporation, during the 3-year period or the person has kept the
9 investment for no less than 12 months and a bona fide liquidity event, as determined
10 by the corporation, occurs during the 3-year period. The rules policies and
11 procedures shall permit the corporation to reallocate credits under this section that
12 are unused in any calendar year to a person eligible for tax benefits, as defined under
13 s. ~~238.16 (1) (d)~~ 238.30 (7) (e), if all of the following apply:

14 **SECTION 28.** 238.16 (4) (c) of the statutes is amended to read: ✓

15 238.16 (4) (c) Subject to a reallocation by the corporation pursuant to rules
16 adopted under s. 238.15 (3) (d), the corporation may allocate up to \$5,000,000 in tax
17 benefits under this section in any calendar year, except that beginning on July 1,
18 2011, and ending December 31, 2015, the corporation may allocate up to \$10,000,000
19 in tax benefits under this section in any calendar year.

20 **SECTION 29.** 238.16 (6) of the statutes is created to read: ✓

21 238.16 (6) SUNSET. The corporation may not award any tax benefits under this
22 section after June 30, 2015.

23 **SECTION 30.** 238.30 (7) (e) of the statutes is created to read: ✓

24 238.30 (7) (e) In s. 238.308, "tax benefits" means the business development tax
25 credit under ss. 71.07 (3y), 71.28 (3y), and 71.47 (3y).

Insert 14-25

1 SECTION 31. 238.303 (4) of the statutes is created to read:

2 238.303 (4) SUNSET. The corporation may not award any tax benefits under ss.
3 238.301 to 238.306 after June 30, 2015.

4 SECTION 32. 238.308 of the statutes is created to read:

5 238.308 Business development tax credit. (1) DEFINITIONS. In this section,

6 (a) "Eligible position" means a full-time job offered by a person certified under
7 sub. (2).

8 (b) 1. Except as provided in subd. 2., "full-time job" means a regular,
9 nonseasonal full-time position in which an individual, as a condition of employment,
10 is required to work at least 2,080 hours per year, including paid leave and holidays,
11 and for which the individual receives pay that is equal to at least 150 percent of the
12 federal minimum wage and benefits that are not required by federal or state law.
13 "Full-time job" does not include initial training before an employment position.

14 2. The corporation may grant exceptions to the requirement under subd. 1. that
15 a full-time job means a position in which an individual, as a condition of
16 employment, is required to work at least 2,080 hours per year if all of the following
17 apply:

18 a. The annual pay for the position is more than the amount determined by
19 multiplying 2,080 by 150 percent of the federal minimum wage.

20 b. An individual in the position is offered retirement, health, and other benefits
21 that are equivalent to the retirement, health, and other benefits offered to an
22 individual who is required to work at least 2,080 hours per year.

23 (2) CERTIFICATION. (a) The corporation may certify a person to receive tax
24 benefits under this section if all of the following apply:

25 1. The person is operating or intends to operate a business in this state.

Insert 15-25

1 2. The person applies under this section and enters into a contract with the
2 corporation.

3 (b) The certification of a person under par. (a) may remain in effect for no more
4 than 10 cumulative years.

5 **(3) ELIGIBILITY FOR TAX BENEFITS.** A person is eligible to receive tax benefits if,
6 in each year for which the person claims tax benefits under this section, the person
7 increases net employment in this state in the person's business above the net
8 employment in this state in the person's business during the year before the person
9 was certified under sub. (2), as determined by the corporation under its policies and
10 procedures.

****NOTE: This is borrowed from the jobs tax credit. Is it consistent with the intent?

MPG

11 **(4) AWARDS, LIMITS, EXPIRATION.** (a) The corporation may award all of the
12 following tax benefits to a person certified under sub. (2):

13 1. An amount equal to up to 10 percent of the amount of wages that the person
14 paid to an employee in an eligible position in a taxable year.

15 2. An amount equal to up to 5 percent of the amount of wages that the person
16 paid to an employee in an eligible position in a taxable year, if the eligible position
17 is offered at the claimant's business in an economically distressed area, as
18 determined by the corporation.

19 3. An amount equal to up to 50 percent of the person's training costs incurred
20 to undertake activities to enhance an employee's general knowledge, employability,
21 and flexibility in the workplace; to develop skills unique to the person's workplace
22 or equipment; or to develop skills that will increase the quality of the person's
23 product.

Insert 7-c

1 4. An amount equal to up to 3 percent of the person’s personal property
2 investment and 5 percent of the person’s real property investment in a capital
3 investment project, if the project will result in the location or retention of a person’s
4 corporate headquarters in Wisconsin or if the project involves a total capital
5 investment of at least \$1,000,000 or, if less than \$1,000,000, the project involves a
6 capital investment that is equal to at least \$10,000 per employee employed on the
7 project.

8 (b) Subject to a reallocation by the corporation under s. 238.15 (3) (d), the
9 corporation may allocate up to \$10,000,000 in tax benefits under this section in any
10 calendar year. Any unused allocation may be carried forward.

11 **(5) DUTIES OF THE CORPORATION.** (a) The corporation shall notify the department
12 of revenue when the corporation certifies a person to receive tax benefits.

13 (b) The corporation shall notify the department of revenue within 30 days of
14 revoking a certification made under sub. (2).

15 (c) The corporation may require a person to repay any tax benefits the person
16 claims for a year in which the person failed to maintain an eligible position required
17 by an agreement under sub. (2) (b).

18 (d) The corporation shall determine the maximum amount of the tax credits
19 under ss. 71.07 (3y), 71.28 (3y), and 71.47 (3y) that a certified business may claim and
20 shall notify the department of revenue of this amount.

21 (e) The corporation shall annually verify the information submitted to the
22 corporation by the person claiming tax benefits under ss. 71.07 (3y), 71.28 (3y), and
23 71.47 (3y).

24 (f) The corporation shall adopt policies and procedures for the implementation
25 and operation of this section.

****NOTE: These duties are borrowed largely from the jobs tax credit under current law. Okay? MPG

1

(END)

**2015-2016 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0997/P2ins
MPG:kjf:jf

INSERT 14-25

SECTION 1. 238.303 (1) (a) of the statutes is amended to read:

238.303 (1) (a) Except as provided in pars. (am) and (b), and ~~subject to a reallocation by the corporation pursuant to rules adopted under s. 238.15 (3) (d), the~~ total tax benefits available to be allocated by the corporation under ss. 238.301 to 238.306 may not exceed the sum of the tax benefits remaining to be allocated under s. 560.71 to 560.785, 2009 stats., s. 560.797, 2009 stats., s. 560.798, 2009 stats., s. 560.7995, 2009 stats., and s. 560.96, 2009 stats., on March 6, 2009, plus \$100,000,000.

****NOTE: This treatment corrects what appears to be an error in the statutes. The reallocation provision under s. 238.15 (3) (d) does not appear to have ~~ever~~ applied to the "economic development tax credit." Okay?

NOTE: NOTE: Section 238.303 (1) (title) was renumbered from s. 560.703 (1) (title) by the legislative reference bureau under s. 13.92 (1) (bm) 2. NOTE: History: 2009 a. 2, 265; 2011 a. 4; 2011 a. 32 ss. 3412 to 3415; Stats. 2011 s. 238.303; 2013 a. 20; s. 13.92 (1) (bm) 2.

END INSERT 14-25

INSERT 15-25

****NOTE: I removed the definition of "full-time job" in the draft, because that term is already defined in s. 238.30 (2m) (a) and (b). Please let me know if you have any questions. MPG

END INSERT 15-25

INSERT 17-7

5. An amount, as determined by the corporation, equal to a percentage of the amount of wages that the person paid to an employee in an eligible position in a taxable year, if the eligible position was created or retained in connection with the person's location or retention of the person's corporate headquarters in Wisconsin and the job duties associated with the eligible position involve the performance of corporate headquarters functions.

END INSERT 17-7

Gallagher, Michael

From: Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>
Sent: Sunday, January 25, 2015 4:50 PM
To: Gallagher, Michael; Kreye, Joseph
Subject: RE: Business Development Credit Change and Question - 0997/P2

I suppose my language was vaguer in writing than it was in my head. I only mentioned the headquarters piece as being "distinct" from the capital investment piece, without clarifying that there is no intended connection in the capital investment piece to anything involving a corporate headquarters.

To make this clearer, the criteria should be:

1. Job creation and retention with the bonus for distressed counties as drafted
2. Worker training as drafted
3. Capital investment at 3% for personal property and 5% for real property
4. Headquarters retention mirroring the current law Economic Development Tax Credit provision

Does that improve the clarity a little bit?

Thanks.

-Brian

From: Gallagher, Michael [mailto:Michael.Gallagher@legis.wisconsin.gov]
Sent: Sunday, January 25, 2015 4:44 PM
To: Quinn, Brian D - DOA; Kreye, Joseph - LEGIS
Subject: RE: Business Development Credit Change and Question - 0997/P2

On 1, I'll remove that reference in the capital investment portion. After your follow-up, I thought you wanted the headquarters thing in both instances, as under current law if I'm not mistake--I don't have it in front of me right now. So, just to be clear, we want the most recent change--allowing the credit to be claimed for employees performing headquarters functions--but we want to remove the headquarters method for qualifying a capital investment for purposes of the credit. Correct?

On 2, I'll have to defer to Joe.

From: Quinn, Brian D - DOA [Brian.Quinn@wisconsin.gov]
Sent: Sunday, January 25, 2015 4:18 PM
To: Gallagher, Michael; Kreye, Joseph
Subject: Business Development Credit Change and Question - 0997/P2

Mike and Joe,

An issue and a question:

1. Page 17, Lines 3-7 – This appears to retain the language that we discussed removing earlier since the capital investment award language is not tied to headquarters recruitment.
2. General question – Throughout the draft, there are prohibitions on both of the prior credits being claimed after December 31, 2015. Unless I'm misunderstanding something here (entirely possible/probable) I think that this creates a problem with existing awards where the credits are released to the recipients over a series of tax years

as the terms of the award are honored. For instance, an award for \$2 million may have been made in 2014 with the idea that the credit would be released in \$400,000 increments over the following five years as the terms of the award are met. Would the language as drafted prevent the recipients from claiming these amounts? If so, this language should be removed to simply halt awards of the Economic Development Tax Credit after June 30th, 2015 and the Jobs Tax Credit after December 31, 2015.

If that second point needs clarification, let me know.

Brian Quinn
Executive Policy and Budget Analyst - Senior
Wisconsin Department of Administration
Division of Executive Budget and Finance
(608)-266-1923
Brian.quinn@wisconsin.gov

Gallagher, Michael

From: Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>
Sent: Sunday, January 25, 2015 4:18 PM
To: Gallagher, Michael; Kreye, Joseph
Subject: Business Development Credit Change and Question - 0997/P2

Mike and Joe,

An issue and a question:

1. Page 17, Lines 3-7 – This appears to retain the language that we discussed removing earlier since the capital investment award language is not tied to headquarters recruitment.
2. General question – Throughout the draft, there are prohibitions on both of the prior credits being claimed after December 31, 2015. Unless I'm misunderstanding something here (entirely possible/probable) I think that this creates a problem with existing awards where the credits are released to the recipients over a series of tax years as the terms of the award are honored. For instance, an award for \$2 million may have been made in 2014 with the idea that the credit would be released in \$400,000 increments over the following five years as the terms of the award are met. Would the language as drafted prevent the recipients from claiming these amounts? If so, this language should be removed to simply halt awards of the Economic Development Tax Credit after June 30th, 2015 and the Jobs Tax Credit after December 31, 2015.

If that second point needs clarification, let me know.

Brian Quinn
Executive Policy and Budget Analyst - Senior
Wisconsin Department of Administration
Division of Executive Budget and Finance
(608)-266-1923
Brian.quinn@wisconsin.gov



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-0997/P2
JK&MPG:kjf:jm

P3

DOA:.....Quinn, BB0318 - Jobs credit and economic development credit consolidation

FOR 2015-2017 BUDGET -- NOT READY FOR INTRODUCTION

m 1-26-15

Today

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, a person may claim the economic development tax credit for eligible activities in economically distressed areas of the state, as determined by WEDC. Currently, a person may also claim a jobs tax credit equal to 10 percent of the wages paid to employees whose wages satisfy certain thresholds. Both credits are administered by WEDC.

This bill eliminates the economic development tax credit and the jobs tax credit and creates the business development credit, which is a refundable tax credit. Under the business development credit, a person certified by WEDC may claim all of the following:

1. An amount equal to up to 10 percent of the amount of wages that the person paid to an employee in a full-time position in a taxable year.
2. An amount equal to up to 5 percent of the amount of wages that the person paid to an employee in a full-time position in a taxable year, if the eligible position is offered at the claimant's business in an economically distressed area, as determined by WEDC.
3. An amount equal to up to 50 percent of the person's costs incurred to undertake certain job-training activities.

4. An amount equal to up to 3 percent of the person's personal property investment and 5 percent of the person's real property investment in certain capital investment projects.

5. An amount determined by the corporation as a percentage of wages paid to a full-time employee performing corporate headquarters functions if the person locates or retains its headquarters in Wisconsin.

WEDC may allocate up to \$10,000,000 to the business development tax credit in any calendar year and may carry forward unused amounts.

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

1 **SECTION 1.** 20.835 (2) (bg) of the statutes is created to read:

2 20.835 (2) (bg) *Business development credit.* A sum sufficient to make the
3 payments under ss. 71.07 (3y) (d) 2., 71.28 (3y) (d) 2., and 71.47 (3y) (d) 2.

 ****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

4 **SECTION 2.** 71.05 (6) (a) 15. of the statutes is amended to read:

5 71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the
6 credits computed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds),
7 (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (3y), (4k), (4n),
8 (5e), (5f), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), and (8r) and not passed through by a
9 partnership, limited liability company, or tax-option corporation that has added that
10 amount to the partnership's, company's, or tax-option corporation's income under s.
11 71.21 (4) or 71.34 (1k) (g).

12 **SECTION 3.** 71.07 (2dy) (b) of the statutes is amended to read:

13 71.07 (2dy) (b) *Filing claims.* Subject to the limitations under this subsection
14 and ss. 238.301 to 238.306 or ss. 560.701 to 560.706, 2009 stats., for taxable years
15 beginning after December 31, 2008, and before January 1, 2016, a claimant may
16 claim as a credit against the tax imposed under s. 71.02 or 71.08, up to the amount

1 of the tax, the amount authorized for the claimant under s. 238.303 or s. 560.703,
2 2009 stats.

3 **SECTION 4.** 71.07 (2dy) (d) 4. of the statutes is created to read:

4 71.07 (2dy) (d) 4. No credit may be claimed under this subsection for taxable
5 years beginning after December 31, 2015. Credits under this subsection for taxable
6 years that begin before January 1, 2016, may be carried forward to taxable years that
7 begin after December 31, 2015.

8 **SECTION 5.** 71.07 (3q) (b) (intro.) of the statutes is amended to read:

9 71.07 (3q) (b) *Filing claims.* (intro.) Subject to the limitations provided in this
10 subsection and s. 238.16 or s. 560.2055, 2009 stats., for taxable years beginning after
11 December 31, 2009, and before January 1, 2016, a claimant may claim as a credit
12 against the taxes imposed under ss. 71.02 and 71.08 any of the following:

13 **SECTION 6.** 71.07 (3q) (d) 3. of the statutes is created to read:

14 71.07 (3q) (d) 3. No credit may be claimed under this subsection for taxable
15 years beginning after December 31, 2015. Credits under this subsection for taxable
16 years that begin before January 1, 2016, may be carried forward to taxable years that
17 begin after December 31, 2015.

18 **SECTION 7.** 71.07 (3y) of the statutes is created to read:

19 71.07 (3y) BUSINESS DEVELOPMENT CREDIT. (a) *Definitions.* In this subsection:

- 20 1. "Claimant" means a person certified to receive tax benefits under s. 238.308.
21 2. "Eligible position" has the meaning given in s. 238.308 (1) (a).

22 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
23 238.308, for taxable years beginning after December 31, 2015, a claimant may claim
24 as a credit against the tax imposed under ss. 71.02 and 71.08 all of the following:

1 1. The amount of wages that the claimant paid to an employee in an eligible
2 position in the taxable year, not to exceed 10 percent of such wages, as determined
3 by the Wisconsin Economic Development Corporation under s. 238.308.

4 2. The amount of wages that the claimant paid to an employee in an eligible
5 position in the taxable year, not to exceed 5 percent of such wages, if the employee
6 is employed in an eligible position at the claimant's business in an economically
7 distressed area, as determined by the Wisconsin Economic Development
8 Corporation.

9 3. The amount of training costs that the claimant incurred under s. 238.308 (4)
10 (a) 3., not to exceed 50 percent of such costs, as determined by the Wisconsin
11 Economic Development Corporation.

12 4. The amount of the personal property investment, not to exceed 3 percent of
13 such investment, and the amount of the real property investment, not to exceed 5
14 percent of such investment, in a capital investment project that satisfies s. 238.308
15 (4) (a) 4., as determined by the Wisconsin Economic Development Corporation.

16 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
17 corporations may not claim the credit under this subsection, but the eligibility for,
18 and the amount of, the credit are based on their payment of amounts under par. (b).
19 A partnership, limited liability company, or tax-option corporation shall compute
20 the amount of credit that each of its partners, members, or shareholders may claim
21 and shall provide that information to each of them. Partners, members of limited
22 liability companies, and shareholders of tax-option corporations may claim the
23 credit in proportion to their ownership interests.

1 2. No credit may be allowed under this subsection unless the claimant includes
2 with the claimant's return a copy of the claimant's certification for tax benefits under
3 s. 238.308.

4 (d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), as it applies to the
5 credit under s. 71.28 (4), applies to the credit under this subsection.

6 2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise
7 due under ss. 71.02 and 71.08, the amount of the claim not used to offset the tax due
8 shall be certified by the department of revenue to the department of administration
9 for payment by check, share draft, or other draft drawn from the appropriation
10 account under s. 20.835 (2) (bg).

11 **SECTION 8.** 71.08 (1) (intro.) of the statutes is amended to read:

12 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
13 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
14 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3m), (3n), (3p),
15 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (3y), (4k), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (5n),
16 (6), (6e), (8r), (9e), (9m), and (9r), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx),
17 (1dy), (2m), (3), (3n), (3t), and (3w), 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx),
18 (1dy), (2m), (3), (3n), (3t), and (3w), 71.57 to 71.61, and 71.613 and subch. VIII and
19 payments to other states under s. 71.07 (7), is less than the tax under this section,
20 there is imposed on that natural person, married couple filing jointly, trust or estate,
21 instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

22 **SECTION 9.** 71.10 (4) (i) of the statutes is amended to read:

23 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
24 preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and
25 beyond under s. 71.613, homestead credit under subch. VIII, farmland tax relief

1 credit under s. 71.07 (3m), dairy manufacturing facility investment credit under s.
2 71.07 (3p), jobs tax credit under s. 71.07 (3q), meat processing facility investment
3 credit under s. 71.07 (3r), woody biomass harvesting and processing credit under s.
4 71.07 (3rm), food processing plant and food warehouse investment credit under s.
5 71.07 (3rn), business development credit under s. 71.07 (3y), film production services
6 credit under s. 71.07 (5f), film production company investment credit under s. 71.07
7 (5h), veterans and surviving spouses property tax credit under s. 71.07 (6e),
8 enterprise zone jobs credit under s. 71.07 (3w), beginning farmer and farm asset
9 owner tax credit under s. 71.07 (8r), earned income tax credit under s. 71.07 (9e),
10 estimated tax payments under s. 71.09, and taxes withheld under subch. X.

11 **SECTION 10.** 71.21 (4) (a) of the statutes is amended to read:

12 71.21 (4) (a) The amount of the credits computed by a partnership under s.
13 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p),
14 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (3y), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k),
15 (5r), (5rm), (6n), and (8r) and passed through to partners shall be added to the
16 partnership's income.

17 **SECTION 11.** 71.28 (1dy) (b) of the statutes is amended to read:

18 71.28 (1dy) (b) *Filing claims.* Subject to the limitations under this subsection
19 and ss. 238.301 to 238.306 or s. 560.701 to 560.706, 2009 stats., for taxable years
20 beginning after December 31, 2008, and before January 1, 2016, a claimant may
21 claim as a credit against the tax imposed under s. 71.23, up to the amount of the tax,
22 the amount authorized for the claimant under s. 238.303 or s. 560.703, 2009 stats.

23 **SECTION 12.** 71.28 (1dy) (d) 4. of the statutes is created to read:

24 71.28 (1dy) (d) 4. No credit may be claimed under this subsection for taxable
25 years beginning after December 31, 2015. Credits under this subsection for taxable

Lucret A

1 years that begin before January 1, 2016, may be carried forward to taxable years that
2 begin after December 31, 2015.

3 **SECTION 13.** 71.28 (3q) (b) (intro.) of the statutes is amended to read:

4 71.28 (3q) (b) *Filing claims.* (intro.) Subject to the limitations provided in this
5 subsection and s. 238.16 or s. 560.2055, 2009 stats., for taxable years beginning after
6 December 31, 2009, and before January 1, 2016, a claimant may claim as a credit
7 against the taxes imposed under s. 71.23 any of the following:

8 *Insert
A*

9 **SECTION 14.** 71.28 (3q) (d) 3. of the statutes is created to read:

10 71.28 (3q) (d) 3. No credit may be claimed under this subsection for taxable
11 years beginning after December 31, 2015. Credits under this subsection for taxable
12 years that begin before January 1, 2016, may be carried forward to taxable years that
begin after December 31, 2015.

13 **SECTION 15.** 71.28 (3y) of the statutes is created to read:

14 71.28 (3y) BUSINESS DEVELOPMENT CREDIT. (a) *Definitions.* In this subsection:

- 15 1. "Claimant" means a person certified to receive tax benefits under s. 238.308.
16 2. "Eligible position" has the meaning given in s. 238.308 (1) (a).

17 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
18 238.308, for taxable years beginning after December 31, 2015, a claimant may claim
19 as a credit against the tax imposed under ss. 71.02 and 71.08 all of the following:

20 1. The amount of wages that the claimant paid to an employee in an eligible
21 position in the taxable year, not to exceed 10 percent of such wages, as determined
22 by the Wisconsin Economic Development Corporation under s. 238.308.

23 2. The amount of wages that the claimant paid to an employee in an eligible
24 position in the taxable year, not to exceed 5 percent of such wages, if the employee
25 is employed in an eligible position at the claimant's business in an economically

1 distressed area, as determined by the Wisconsin Economic Development
2 Corporation.

3 3. The amount of training costs that the claimant incurred under s. 238.308 (4)
4 (a) 3., not to exceed 50 percent of such costs, as determined by the Wisconsin
5 Economic Development Corporation.

6 4. The amount of the personal property investment, not to exceed 3 percent of
7 such investment, and the amount of the real property investment, not to exceed 5
8 percent of such investment, in a capital investment project that satisfies s. 238.308
9 (4) (a) 4., as determined by the Wisconsin Economic Development Corporation.

10 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
11 corporations may not claim the credit under this subsection, but the eligibility for,
12 and the amount of, the credit are based on their payment of amounts under par. (b).
13 A partnership, limited liability company, or tax-option corporation shall compute
14 the amount of credit that each of its partners, members, or shareholders may claim
15 and shall provide that information to each of them. Partners, members of limited
16 liability companies, and shareholders of tax-option corporations may claim the
17 credit in proportion to their ownership interests.

18 2. No credit may be allowed under this subsection unless the claimant includes
19 with the claimant's return a copy of the claimant's certification for tax benefits under
20 s. 238.308.

21 (d) *Administration.* 1. Subsection (4) (e), (g), and (h), as it applies to the credit
22 under sub. (4), applies to the credit under this subsection.

23 2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise
24 due under s. 71.23, the amount of the claim not used to offset the tax due shall be
25 certified by the department of revenue to the department of administration for

1 payment by check, share draft, or other draft drawn from the appropriation account
2 under s. 20.835 (2) (bg).

3 **SECTION 16.** 71.30 (3) (f) of the statutes is amended to read:

4 71.30 (3) (f) The total of farmland preservation credit under subch. IX,
5 farmland tax relief credit under s. 71.28 (2m), dairy manufacturing facility
6 investment credit under s. 71.28 (3p), jobs credit under s. 71.28 (3q), meat processing
7 facility investment credit under s. 71.28 (3r), woody biomass harvesting and
8 processing credit under s. 71.28 (3rm), food processing plant and food warehouse
9 investment credit under s. 71.28 (3rn), enterprise zone jobs credit under s. 71.28
10 (3w), business development credit under s. 71.28 (3y), film production services credit
11 under s. 71.28 (5f), film production company investment credit under s. 71.28 (5h),
12 beginning farmer and farm asset owner tax credit under s. 71.28 (8r), and estimated
13 tax payments under s. 71.29.

14 **SECTION 17.** 71.34 (1k) (g) of the statutes is amended to read:

15 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
16 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
17 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (3y), (4), (5), (5e), (5f), (5g),
18 (5h), (5i), (5j), (5k), (5r), (5rm), (6n), and (8r) and passed through to shareholders.

19 **SECTION 18.** 71.45 (2) (a) 10. of the statutes is amended to read:

20 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
21 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
22 (3w), (3y), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), and (9s) and not
23 passed through by a partnership, limited liability company, or tax-option
24 corporation that has added that amount to the partnership's, limited liability

1 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and
2 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

3 **SECTION 19.** 71.47 (1dy) (b) of the statutes is amended to read:

4 71.47 (1dy) (b) *Filing claims.* Subject to the limitations under this subsection
5 and ss. 238.301 to 238.306 or s. 560.701 to 560.706, 2009 stats., for taxable years
6 beginning after December 31, 2008, and before January 1, 2016, a claimant may
7 claim as a credit against the tax imposed under s. 71.43, up to the amount of the tax,
8 the amount authorized for the claimant under s. 238.303 or s. 560.703, 2009 stats.

9 **SECTION 20.** 71.47 (1dy) (d) 4. of the statutes is created to read:

10 *Insert A* 71.47 (1dy) (d) 4. No credit may be claimed under this subsection for taxable
11 years beginning after December 31, 2015. Credits under this subsection for taxable
12 years that begin before January 1, 2016, may be carried forward to taxable years that
13 begin after December 31, 2015.

14 **SECTION 21.** 71.47 (3q) (b) (intro.) of the statutes is amended to read:

15 71.47 (3q) (b) *Filing claims.* (intro.) Subject to the limitations provided in this
16 subsection and s. 238.16 or s. 560.2055, 2009 stats., for taxable years beginning after
17 December 31, 2009, and before January 1, 2016, a claimant may claim as a credit
18 against the taxes imposed under s. 71.43 any of the following:

19 **SECTION 22.** 71.47 (3q) (d) 3. of the statutes is created to read:

20 *Insert A* 71.47 (3q) (d) 3. No credit may be claimed under this subsection for taxable
21 years beginning after December 31, 2015. Credits under this subsection for taxable
22 years that begin before January 1, 2016, may be carried forward to taxable years that
23 begin after December 31, 2015.

24 **SECTION 23.** 71.47 (3y) of the statutes is created to read:

25 71.47 (3y) BUSINESS DEVELOPMENT CREDIT. (a) *Definitions.* In this subsection:

1 1. “Claimant” means a person certified to receive tax benefits under s. 238.308.

2 2. “Eligible position” has the meaning given in s. 238.308 (1) (a).

3 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
4 238.308, for taxable years beginning after December 31, 2015, a claimant may claim
5 as a credit against the tax imposed under ss. 71.02 and 71.08 all of the following:

6 1. The amount of wages that the claimant paid to an employee in an eligible
7 position in the taxable year, not to exceed 10 percent of such wages, as determined
8 by the Wisconsin Economic Development Corporation under s. 238.308.

9 2. The amount of wages that the claimant paid to an employee in an eligible
10 position in the taxable year, not to exceed 5 percent of such wages, if the employee
11 is employed in an eligible position at the claimant’s business in an economically
12 distressed area, as determined by the Wisconsin Economic Development
13 Corporation.

14 3. The amount of training costs that the claimant incurred under s. 238.308 (4)
15 (a) 3., not to exceed 50 percent of such costs, as determined by the Wisconsin
16 Economic Development Corporation.

17 4. The amount of the personal property investment, not to exceed 3 percent of
18 such investment, and the amount of the real property investment, not to exceed 5
19 percent of such investment, in a capital investment project that satisfies s. 238.308
20 (4) (a) 4., as determined by the Wisconsin Economic Development Corporation.

21 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
22 corporations may not claim the credit under this subsection, but the eligibility for,
23 and the amount of, the credit are based on their payment of amounts under par. (b).
24 A partnership, limited liability company, or tax-option corporation shall compute
25 the amount of credit that each of its partners, members, or shareholders may claim

1 and shall provide that information to each of them. Partners, members of limited
2 liability companies, and shareholders of tax-option corporations may claim the
3 credit in proportion to their ownership interests.

4 2. No credit may be allowed under this subsection unless the claimant includes
5 with the claimant's return a copy of the claimant's certification for tax benefits under
6 s. 238.308.

7 (d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), as it applies to the
8 credit under s. 71.28 (4), applies to the credit under this subsection.

9 2. If the allowable amount of the claim under par. (b) exceeds the tax otherwise
10 due under s. 71.42, the amount of the claim not used to offset the tax due shall be
11 certified by the department of revenue to the department of administration for
12 payment by check, share draft, or other draft drawn from the appropriation account
13 under s. 20.835 (2) (bg).

14 **SECTION 24.** 71.49 (1) (f) of the statutes is amended to read:

15 71.49 (1) (f) The total of farmland preservation credit under subch. IX,
16 farmland tax relief credit under s. 71.47 (2m), dairy manufacturing facility
17 investment credit under s. 71.47 (3p), jobs credit under s. 71.47 (3q), meat processing
18 facility investment credit under s. 71.47 (3r), woody biomass harvesting and
19 processing credit under s. 71.47 (3rm), food processing plant and food warehouse
20 investment credit under s. 71.47 (3rn), enterprise zone jobs credit under s. 71.47
21 (3w), business development credit under s. 71.47 (3y), film production services credit
22 under s. 71.47 (5f), film production company investment credit under s. 71.47 (5h),
23 beginning farmer and farm asset owner tax credit under s. 71.47 (8r), and estimated
24 tax payments under s. 71.48.

25 **SECTION 25.** 76.637 (2) of the statutes is amended to read:

1 76.637 (2) FILING CLAIMS. Subject to the limitations under this section, ss.
2 238.301 to 238.306, and ss. 560.701 to 560.706, 2009 stats., for taxable years
3 beginning after December 31, 2008, and before January 1, 2016, a claimant may
4 claim as a credit against the fees due under s. 76.60, 76.63, 76.65, 76.66, or 76.67 the
5 amount authorized for the claimant under s. 238.303 or s. 560.703, 2009 stats.

6 *Insert*
7 *A*

SECTION 26. 76.637 (5) of the statutes is created to read:

7 76.637 (5) SUNSET. No credit may be claimed under this section for taxable
8 years beginning after December 31, 2015.

9 SECTION 27. 238.15 (3) (d) (intro.) of the statutes is amended to read:

10 238.15 (3) (d) *Rules Administration*. (intro.) The corporation, in consultation
11 with the department of revenue, shall ~~adopt rules~~ establish policies and procedures
12 to administer this section. ~~The rules~~ and shall further define “bona fide angel
13 investment” for purposes of s. 71.07 (5d) (a) 1. ~~The rules shall limit the aggregate~~
14 amount of tax credits under s. 71.07 (5d) that may be claimed for investments in
15 businesses certified under sub. (1) ~~at \$3,000,000 per calendar year for calendar years~~
16 ~~beginning after December 31, 2004, and before January 1, 2008, \$5,500,000 per~~
17 ~~calendar year for calendar years beginning after December 31, 2007, and before~~
18 ~~January 1, 2010, \$6,500,000 for calendar year 2010, and \$20,000,000 per calendar~~
19 ~~year for calendar years beginning after December 31, 2010, plus, for taxable years~~
20 ~~beginning after December 31, 2010, an additional \$250,000 for tax credits that may~~
21 ~~be claimed for investments in nanotechnology businesses certified under sub. (1).~~
22 The rules shall also limit the aggregate amount and of the tax credits under ss. 71.07
23 (5b), 71.28 (5b), 71.47 (5b), and 76.638 that may be claimed for investments paid to
24 fund managers certified under sub. (2) ~~at \$3,500,000 per calendar year for calendar~~
25 ~~years beginning after December 31, 2004, and before January 1, 2008, \$6,000,000 per~~

1 ~~calendar year for calendar years beginning after December 31, 2007, and before~~
2 ~~January 1, 2010, \$8,000,000 for calendar year 2010, and \$20,500,000 is \$30,000,000~~
3 ~~per calendar year for calendar years beginning after December 31, 2010, plus, for~~
4 ~~taxable years beginning after December 31, 2010, an additional \$250,000 for tax~~
5 ~~credits that may be claimed for investments in nanotechnology businesses certified~~
6 ~~under sub. (1). The rules policies and procedures established under this section shall~~
7 ~~also provide that, for calendar years beginning after December 31, 2007, a person~~
8 ~~who receives a credit under ss. 71.07 (5b) and (5d), 71.28 (5b), 71.47 (5b), or 76.638~~
9 ~~must keep the investment in a certified business, or with a certified fund manager,~~
10 ~~for no less than 3 years, unless the person's investment becomes worthless, as~~
11 ~~determined by the corporation, during the 3-year period or the person has kept the~~
12 ~~investment for no less than 12 months and a bona fide liquidity event, as determined~~
13 ~~by the corporation, occurs during the 3-year period. The rules policies and~~
14 ~~procedures shall permit the corporation to reallocate credits under this section that~~
15 ~~are unused in any calendar year to a person eligible for tax benefits, as defined under~~
16 ~~s. 238.16 (1) (d) 238.30 (7) (e), if all of the following apply:~~

17 **SECTION 28.** 238.16 (4) (c) of the statutes is amended to read:

18 238.16 (4) (c) Subject to a reallocation by the corporation pursuant to rules
19 adopted under s. 238.15 (3) (d), the corporation may allocate up to \$5,000,000 in tax
20 benefits under this section in any calendar year, except that beginning on July 1,
21 2011, and ending December 31, 2015, the corporation may allocate up to \$10,000,000
22 in tax benefits under this section in any calendar year.

23 **SECTION 29.** 238.16 (6) of the statutes is created to read:

24 238.16 (6) SUNSET. The corporation may not award any tax benefits under this
25 section after June 30, 2015.

1 **SECTION 30.** 238.30 (7) (e) of the statutes is created to read:

2 238.30 (7) (e) In s. 238.308, “tax benefits” means the business development tax
3 credit under ss. 71.07 (3y), 71.28 (3y), and 71.47 (3y).

4 **SECTION 31.** 238.303 (1) (a) of the statutes is amended to read:

5 238.303 (1) (a) Except as provided in pars. (am) and (b), ~~and subject to a~~
6 ~~reallocation by the corporation pursuant to rules adopted under s. 238.15 (3) (d), the~~
7 total tax benefits available to be allocated by the corporation under ss. 238.301 to
8 238.306 may not exceed the sum of the tax benefits remaining to be allocated under
9 s. 560.71 to 560.785, 2009 stats., s. 560.797, 2009 stats., s. 560.798, 2009 stats., s.
10 560.7995, 2009 stats., and s. 560.96, 2009 stats., on March 6, 2009, plus
11 \$100,000,000.

 ****NOTE: This treatment corrects what appears to be an error in the statutes. The
reallocation provision under s. 238.15 (3) (d) does not appear to have ever applied to the
“economic development tax credit.” Okay?

12 **SECTION 32.** 238.303 (4) of the statutes is created to read:

13 238.303 (4) SUNSET. The corporation may not award any tax benefits under ss.
14 238.301 to 238.306 after June 30, 2015.

15 **SECTION 33.** 238.308 of the statutes is created to read:

16 **238.308 Business development tax credit. (1) DEFINITION.** In this section,
17 “eligible position” means a full-time job offered by a person certified under sub. (2).

 ****NOTE: I removed the definition of “full-time job” in the draft, because that term
is already defined in s. 238.30 (2m) (a) and (b). Please let me know if you have any
questions. MPG

18 **(2) CERTIFICATION.** (a) The corporation may certify a person to receive tax
19 benefits under this section if all of the following apply:

20 1. The person is operating or intends to operate a business in this state.

1 2. The person applies under this section and enters into a contract with the
2 corporation.

3 (b) The certification of a person under par. (a) may remain in effect for no more
4 than 10 cumulative years.

5 **(3) ELIGIBILITY FOR TAX BENEFITS.** A person is eligible to receive tax benefits if,
6 in each year for which the person claims tax benefits under this section, the person
7 increases net employment in this state in the person's business above the net
8 employment in this state in the person's business during the year before the person
9 was certified under sub. (2), as determined by the corporation under its policies and
10 procedures.

 ****NOTE: This is borrowed from the jobs tax credit. Is it consistent with the intent?

MPG

11 **(4) AWARDS, LIMITS, EXPIRATION.** (a) The corporation may award all of the
12 following tax benefits to a person certified under sub. (2):

13 1. An amount equal to up to 10 percent of the amount of wages that the person
14 paid to an employee in an eligible position in a taxable year.

15 2. An amount equal to up to 5 percent of the amount of wages that the person
16 paid to an employee in an eligible position in a taxable year, if the eligible position
17 is offered at the claimant's business in an economically distressed area, as
18 determined by the corporation.

19 3. An amount equal to up to 50 percent of the person's training costs incurred
20 to undertake activities to enhance an employee's general knowledge, employability,
21 and flexibility in the workplace; to develop skills unique to the person's workplace
22 or equipment; or to develop skills that will increase the quality of the person's
23 product.

1 4. An amount equal to up to 3 percent of the person's personal property
2 investment and 5 percent of the person's real property investment in a capital
3 investment project, if the project will result in the location or retention of a person's
4 corporate headquarters in Wisconsin or if the project involves a total capital
5 investment of at least \$1,000,000 or, if less than \$1,000,000, the project involves a
6 capital investment that is equal to at least \$10,000 per employee employed on the
7 project.

8 5. An amount, as determined by the corporation, equal to a percentage of the
9 amount of wages that the person paid to an employee in an eligible position in a
10 taxable year, if the eligible position was created or retained in connection with the
11 person's location or retention of the person's corporate headquarters in Wisconsin
12 and the job duties associated with the eligible position involve the performance of
13 corporate headquarters functions.

14 (b) Subject to a reallocation by the corporation under s. 238.15 (3) (d), the
15 corporation may allocate up to \$10,000,000 in tax benefits under this section in any
16 calendar year. Any unused allocation may be carried forward.

17 **(5) DUTIES OF THE CORPORATION.** (a) The corporation shall notify the department
18 of revenue when the corporation certifies a person to receive tax benefits.

19 (b) The corporation shall notify the department of revenue within 30 days of
20 revoking a certification made under sub. (2).

21 (c) The corporation may require a person to repay any tax benefits the person
22 claims for a year in which the person failed to maintain an eligible position required
23 by an agreement under sub. (2) (b).

**2015-2016 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0997/P3ins
JK&MPG:kjf:jm

Insert A

1 , except that credits certified by the Wisconsin Economic Development
2 Corporation before January 1, 2016, may be claimed for taxable years beginning
3 after December 31, 2015

Gallagher, Michael

From: Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>
Sent: Tuesday, January 27, 2015 7:21 PM
To: Gallagher, Michael; Kreye, Joseph
Subject: Technical Edits - 0997/P3

Mike and Joe,

This was DOR's take on it. They appear to have taken a different tack on the treatment of the carryforward language than what I suggested yesterday:

“Page 1: no changes

Page 2: no changes

Page 3: lines 5-7, "~~...after December 31, 2015, except that credits certified by the Wisconsin Economic Development Corporation before January 1, 2016, may be claimed for taxable year beginning after December 31, 2015~~ Credits under this subsection for taxable years that begin after December 31, 2008, and before January 1, 2016, may be carried forward to taxable years that begin after December 31, 2015."

Lines 15-17, "~~...after December 31, 2015, Except that credits certified by the Wisconsin Economic Development Corporation before January 1, 2016, may be claimed for taxable years beginning after December 31, 2015.~~"

Page 4: no changes

Page 5: lines 17-18, a few references to the new credit are missing "...~~(3t), and (3w), and (3y)...~~(3n), (3t), and (3w), and (3y)..."

Page 6, line 25 - Page 7, line 2, "~~...after December 31, 2015, except that credits certified by the Wisconsin Economic Development Corporation before January 1, 2016, may be claimed for taxable year beginning after December 31, 2015~~ Credits under this subsection for taxable years that begin after December 31, 2008, and before January 1, 2016, may be carried forward to taxable years that begin after December 31, 2015."

Page 7: lines 10-12, "~~...after December 31, 2015, Except that credits certified by the Wisconsin Economic Development Corporation before January 1, 2016, may be claimed for taxable years beginning after December 31, 2015.~~"

Page 8: no changes

Page 9: no changes

Page 10: lines 11-13, "~~...after December 31, 2015, except that credits certified by the Wisconsin Economic Development Corporation before January 1, 2016, may be claimed for taxable year beginning after December 31, 2015~~ Credits under this subsection for taxable years that begin after December 31, 2008, and before January 1, 2016, may be carried forward to taxable years that begin after December 31, 2015."

Lines 21-23, "~~...after December 31, 2015, Except that credits certified by the Wisconsin Economic Development Corporation before January 1, 2016, may be claimed for taxable years beginning after December 31, 2015.~~"

Page 11: no changes

Page 12: line 10, Kudos to Technical Services here...the reference should be to 71.43 instead of 71.42

Page 13: no changes

Page 14: no changes

Page 15: line 19, Responding to the second drafter's note. We are a lot more comfortable with "full-time job" defined. So, we recommend that line 19 should read, "... full-time job, as defined in s. 238.30 (2m) (a) and (b), offered by..."

Page 16, lines 15 and 17: "a taxable year" is less precise than "a the taxable year," ✓

Page 17, lines 3-7: we are not sure what the policy goal is. Does an "investment" in a capital investment project mean stock, land/buildings, or both? Depending upon what the goal is, we suggest an accompanying definition.

Line 18, we want to make sure we receive regular communications from WEDC. Thus, we recommend the end of the sentence should be, "...to receive tax benefits on at least a quarterly basis." ✓

Line 21, just confirming that the policy decision is to allow WEDC discretion as to whether to require repayment of the credits. The language currently reads "may" not "shall," which I suspect is consistent with the intent.

Page 18: line 3, again, we want to make sure regular communication and recommend the end of the sentence should be, "...revenue of this amount on at least a quarterly basis." ✓

Brian Quinn
Executive Policy and Budget Analyst - Senior
Wisconsin Department of Administration
Division of Executive Budget and Finance
(608)-266-1923

Gallagher, Michael

From: Gallagher, Michael
Sent: Wednesday, January 28, 2015 9:12 AM
To: 'Quinn, Brian D - DOA'; Kreye, Joseph
Subject: RE: Technical Edits - 0997/P3

Brian: Also, as currently drafted, WEDC essentially has discretion to determine what constitutes an "investment" in a capital investment project. Let me know if you want to include a definition as suggested by DOR. Otherwise, I am leaving this as is as well.

Michael Gallagher
Legislative Attorney
Wisconsin Legislative Reference Bureau
(608) 267-7511

From: Gallagher, Michael
Sent: Wednesday, January 28, 2015 7:43 AM
To: 'Quinn, Brian D - DOA'; Kreye, Joseph
Subject: RE: Technical Edits - 0997/P3

Joe: Why don't you take it first and then hand it off to me when you are done. I have a new budget request to work on right now.

Brian: Let them know that the definition of full-time job under s. 238.30 (2m) (a) and (b) does apply to the credit created in this draft—note the intro: "In this section and ss. 238.301 to 238.395 and 238.398:." The draft creates 238.308, which falls in that range. That's why I removed the definition of full-time job from the draft.

Michael Gallagher
Legislative Attorney
Wisconsin Legislative Reference Bureau
(608) 267-7511

From: Quinn, Brian D - DOA [<mailto:Brian.Quinn@wisconsin.gov>]
Sent: Tuesday, January 27, 2015 7:21 PM
To: Gallagher, Michael; Kreye, Joseph
Subject: Technical Edits - 0997/P3

Mike and Joe,

This was DOR's take on it. They appear to have taken a different tack on the treatment of the carryforward language than what I suggested yesterday:

"Page 1: no changes

Page 2: no changes

Page 3: lines 5-7, "~~...after December 31, 2015, except that credits certified by the Wisconsin Economic Development Corporation before January 1, 2016, may be claimed for taxable year beginning after December 31, 2015~~ Credits under this subsection for taxable years that begin after December 31, 2008, and before January 1, 2016, may be carried forward to taxable years that begin after December 31, 2015."

Lines 15-17, "...after December 31, 2015, Except that credits certified by the Wisconsin Economic Development Corporation before January 1, 2016, may be claimed for taxable years beginning after December 31, 2015."

Page 4: no changes

Page 5: lines 17-18, a few references to the new credit are missing "...~~(3t), and (3w), and (3y)...~~(3n), (3t), and (3w), and (3y)..."

Page 6, line 25 – Page 7, line 2, "~~...after December 31, 2015, except that credits certified by the Wisconsin Economic Development Corporation before January 1, 2016, may be claimed for taxable year beginning after December 31, 2015~~ Credits under this subsection for taxable years that begin after December 31, 2008, and before January 1, 2016, may be carried forward to taxable years that begin after December 31, 2015."

Page 7: lines 10-12, "~~...after December 31, 2015, Except that credits certified by the Wisconsin Economic Development Corporation before January 1, 2016, may be claimed for taxable years beginning after December 31, 2015.~~"

Page 8: no changes

Page 9: no changes

Page 10: lines 11-13, "~~...after December 31, 2015, except that credits certified by the Wisconsin Economic Development Corporation before January 1, 2016, may be claimed for taxable year beginning after December 31, 2015~~ Credits under this subsection for taxable years that begin after December 31, 2008, and before January 1, 2016, may be carried forward to taxable years that begin after December 31, 2015."

Lines 21-23, "~~...after December 31, 2015, Except that credits certified by the Wisconsin Economic Development Corporation before January 1, 2016, may be claimed for taxable years beginning after December 31, 2015.~~"

Page 11: no changes

Page 12: line 10, Kudos to Technical Services here...the reference should be to 71.43 instead of 71.42

Page 13: no changes

Page 14: no changes

Page 15: line 19, Responding to the second drafter's note. We are a lot more comfortable with "full-time job" defined. So, we recommend that line 19 should read, "... full-time job, as defined in s. 238.30 (2m) (a) and (b), offered by..."

Page 16, lines 15 and 17: "a taxable year" is less precise than "a the taxable year,"

Page 17, lines 3-7: we are not sure what the policy goal is. Does an "investment" in a capital investment project mean stock, land/buildings, or both? Depending upon what the goal is, we suggest an accompanying definition.

Line 18, we want to make sure we receive regular communications from WEDC. Thus, we recommend the end of the sentence should be, "...to receive tax benefits on at least a quarterly basis."

Line 21, just confirming that the policy decision is to allow WEDC discretion as to whether to require repayment of the credits. The language currently reads "may" not "shall," which I suspect is consistent with the intent.

Page 18: line 3, again, we want to make sure regular communication and recommend the end of the sentence should be, "...revenue of this amount on at least a quarterly basis."

Brian Quinn
Executive Policy and Budget Analyst - Senior
Wisconsin Department of Administration
Division of Executive Budget and Finance
(608)-266-1923
Brian.quinn@wisconsin.gov

Kreye, Joseph

From: Gallagher, Michael
Sent: Wednesday, January 28, 2015 7:43 AM
To: Quinn, Brian D - DOA; Kreye, Joseph
Subject: RE: Technical Edits - 0997/P3

Joe: Why don't you take it first and then hand it off to me when you are done. I have a new budget request to work on right now.

Brian: Let them know that the definition of full-time job under s. 238.30 (2m) (a) and (b) does apply to the credit created in this draft—note the intro: "In this section and ss. 238.301 to 238.395 and 238.398:." The draft creates 238.308, which falls in that range. That's why I removed the definition of full-time job from the draft.

Michael Gallagher
Legislative Attorney
Wisconsin Legislative Reference Bureau
(608) 267-7511

From: Quinn, Brian D - DOA [mailto:Brian.Quinn@wisconsin.gov]
Sent: Tuesday, January 27, 2015 7:21 PM
To: Gallagher, Michael; Kreye, Joseph
Subject: Technical Edits - 0997/P3

Mike and Joe,

This was DOR's take on it. They appear to have taken a different tack on the treatment of the carryforward language than what I suggested yesterday:

"Page 1: no changes

Page 2: no changes

Page 3: lines 5-7, "~~...after December 31, 2015, except that credits certified by the Wisconsin Economic Development Corporation before January 1, 2016, may be claimed for taxable year beginning after December 31, 2015~~ Credits under this subsection for taxable years that begin after December 31, 2008, and before January 1, 2016, may be carried forward to taxable years that begin after December 31, 2015."

Lines 15-17, "~~...after December 31, 2015, Except that credits certified by the Wisconsin Economic Development Corporation before January 1, 2016, may be claimed for taxable years beginning after December 31, 2015.~~"

Page 4: no changes

Page 5: lines 17-18, a few references to the new credit are missing "...~~(3t), and (3w), and (3y)....(3n), (3t), and (3w), and (3y)...~~"

Page 6, line 25 – Page 7, line 2, "~~...after December 31, 2015, except that credits certified by the Wisconsin Economic Development Corporation before January 1, 2016, may be claimed for taxable year beginning after December 31, 2015~~ Credits under this subsection for taxable years that begin after December 31, 2008, and before January 1, 2016, may be carried forward to taxable years that begin after December 31, 2015."

Page 7: lines 10-12, "~~...after December 31, 2015, Except that credits certified by the Wisconsin Economic Development Corporation before January 1, 2016, may be claimed for taxable years beginning after December 31, 2015.~~"

Page 8: no changes

Page 9: no changes

Page 10: lines 11-13, "~~...after December 31, 2015, except that credits certified by the Wisconsin Economic Development Corporation before January 1, 2016, may be claimed for taxable year beginning after December 31, 2015~~ Credits under this subsection for taxable years that begin after December 31, 2008, and before January 1, 2016, may be carried forward to taxable years that begin after December 31, 2015."

Lines 21-23, "...after December 31, 2015. ~~Except that credits certified by the Wisconsin Economic Development Corporation before January 1, 2016, may be claimed for taxable years beginning after December 31, 2015.~~"

Page 11: no changes

Page 12: line 10, Kudos to Technical Services here...the reference should be to 71.43 instead of 71.42

Page 13: no changes

Page 14: no changes

Page 15: line 19, Responding to the second drafter's note. We are a lot more comfortable with "full-time job" defined. So, we recommend that line 19 should read, "... full-time job, as defined in s. 238.30 (2m) (a) and (b), offered by..."

Page 16, lines 15 and 17: "a taxable year" is less precise than "a the taxable year,"

Page 17, lines 3-7: we are not sure what the policy goal is. Does an "investment" in a capital investment project mean stock, land/buildings, or both? Depending upon what the goal is, we suggest an accompanying definition.

Line 18, we want to make sure we receive regular communications from WEDC. Thus, we recommend the end of the sentence should be, "...to receive tax benefits on at least a quarterly basis."

Line 21, just confirming that the policy decision is to allow WEDC discretion as to whether to require repayment of the credits. The language currently reads "may" not "shall," which I suspect is consistent with the intent.

Page 18: line 3, again, we want to make sure regular communication and recommend the end of the sentence should be, "...revenue of this amount on at least a quarterly basis."

Brian Quinn

Executive Policy and Budget Analyst - Senior

Wisconsin Department of Administration

Division of Executive Budget and Finance

(608)-266-1923

Brian.quinn@wisconsin.gov