



State of Wisconsin  
2015 - 2016 LEGISLATURE

LRB-0997/P3  
JK&MPG:kjf:jm

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

**FOR 2015-2017 BUDGET - NOT READY FOR INTRODUCTION**

D-N  
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Don't Get

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~~ FWDA 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~~ FWDA
3. An amount equal to up to 50 percent of the person's costs incurred to undertake certain job-training activities.

*FWDA*  
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).

*INSEN 2-11*  
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

claimed

(2x)

*under this subsection for taxable years beginning after December 31, 2008, and*

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, except that credits certified by the  
6 Wisconsin Economic Development Corporation before January 1, 2016, may be  
7 claimed for taxable years beginning 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, except that credits certified by the  
16 Wisconsin Economic Development Corporation before January 1, 2016, may be  
17 claimed for taxable years beginning 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:

235.308

235.308

235.308

SECTION 7

Edward

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, 235.308) ✓

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. Authority Forward 235.308 ✓

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. Authority Forward

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 5 235.308 ✓  
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. Authority

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~~ 235.308 ✓

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

Amend  
5-21

SECTION 9

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, except that credits certified by the

*claimed under this subsection for taxable years beginning after December 31, 2008, and*

*carried forward*

1 Wisconsin Economic Development Corporation before January 1, 2016, may be  
2 claimed for taxable years beginning 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 **SECTION 14.** 71.28 (3q) (d) 3. of the statutes is created to read:

9 71.28 (3q) (d) 3. No credit may be claimed under this subsection for taxable  
10 years beginning after December 31, 2015, except that credits certified by the  
11 Wisconsin Economic Development Corporation before January 1, 2016, may be  
12 claimed for taxable years beginning 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.
- 16 235.308 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

*claimed under this subsection for taxable years beginning after December 31, 2008, and*

*carried forward*

*Forward*

235.308

235.308

235.308

235.308

*Authority*

*Forward*

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

*235.308*

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 Authority *Forward*

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

*235.308*

9 (4) (a) 4., as determined by the *Forward* Wisconsin Economic Development Corporation Authority

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 *235.308*

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)~~ <sup>(1dm)</sup> 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

Amount  
9-18

*Insert 10-2*

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 71.47 (1dy) (d) 4. No credit may be claimed under this subsection for taxable  
11 years beginning after December 31, 2015, except that credits certified by the  
12 Wisconsin Economic Development Corporation before January 1, 2016, may be  
13 claimed for taxable years beginning 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 71.47 (3q) (d) 3. No credit may be claimed under this subsection for taxable  
21 years beginning after December 31, 2015, except that credits certified by the  
22 Wisconsin Economic Development Corporation before January 1, 2016, may be  
23 claimed for taxable years beginning 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:

*claimed under this subsection for taxable years  
beginning after December 31, 2008, and*

*carried forward (2x)*

*g*

*g*

*g*

*g*

*(2x)*

235.308

235.308

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:

Edward

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

Authority

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235.308

Authority

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Authority

235.308

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~~ 235.308 ✓

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~~ 71.43, 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 SECTION 26. 76.637 (5) of the statutes is created to read:

7 *Edward* 76.637 (5) SUNSET. No credit may be claimed under this section for taxable  
8 years beginning after December 31, 2015, except that credits certified by the  
9 Wisconsin *Authority* ~~Economic~~ Development ~~Corporation~~ before January 1, 2016, may be  
10 claimed for taxable years beginning after December 31, 2015.

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

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

1 fund managers certified under sub. (2) at ~~\$3,500,000 per calendar year for calendar~~  
2 ~~years beginning after December 31, 2004, and before January 1, 2008, \$6,000,000 per~~  
3 ~~calendar year for calendar years beginning after December 31, 2007, and before~~  
4 ~~January 1, 2010, \$8,000,000 for calendar year 2010, and \$20,500,000 is \$30,000,000~~  
5 ~~per calendar year for calendar years beginning after December 31, 2010, plus, for~~  
6 ~~taxable years beginning after December 31, 2010, an additional \$250,000 for tax~~  
7 ~~credits that may be claimed for investments in nanotechnology businesses certified~~  
8 ~~under sub. (1). The rules policies and procedures established under this section shall~~  
9 ~~also provide that, for calendar years beginning after December 31, 2007, a person~~  
10 ~~who receives a credit under ss. 71.07 (5b) and (5d), 71.28 (5b), 71.47 (5b), or 76.638~~  
11 ~~must keep the investment in a certified business, or with a certified fund manager,~~  
12 ~~for no less than 3 years, unless the person's investment becomes worthless, as~~  
13 ~~determined by the corporation, during the 3-year period or the person has kept the~~  
14 ~~investment for no less than 12 months and a bona fide liquidity event, as determined~~  
15 ~~by the corporation, occurs during the 3-year period. The rules policies and~~  
16 ~~procedures shall permit the corporation to reallocate credits under this section that~~  
17 ~~are unused in any calendar year to a person eligible for tax benefits, as defined under~~  
18 ~~s. 238.16 (1) (d) 238.30 (7) (e), if all of the following apply:~~

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

20 238.16 (4) (c) Subject to a reallocation by the corporation pursuant to rules  
21 adopted under s. 238.15 (3) (d), the corporation may allocate up to \$5,000,000 in tax  
22 benefits under this section in any calendar year, except that beginning on July 1,  
23 2011, and ending December 31, 2015, the corporation may allocate up to \$10,000,000  
24 in tax benefits under this section in any calendar year.

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

238.16

1 <sup>235.16</sup> 238.16(6) SUNSET. The <sup>authority</sup> corporation may not award any tax benefits under this  
2 section after June 30, 2015. <sup>235.30</sup>

3 SECTION 30. <sup>235.30</sup> 238.30(7) (e) of the statutes is created to read:

4 <sup>235.308</sup> 238.30(7) (e) In s. ~~238.308~~, "tax benefits" means the business development tax  
5 credit under ss. 71.07 (3y), 71.28 (3y), and 71.47 (3y).

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

7 238.303 (1) (a) Except as provided in pars (am) and (b), and ~~subject to a~~  
8 ~~reallocation by the corporation pursuant to rules adopted under s. 238.15 (3) (d), the~~  
9 total tax benefits available to be allocated by the corporation under ss. 238.301 to  
10 238.306 may not exceed the sum of the tax benefits remaining to be allocated under  
11 s. 560.71 to 560.785, 2009 stats., s. 560.797, 2009 stats., s. 560.798, 2009 stats., s.  
12 560.7995, 2009 stats., and s. 560.96, 2009 stats., on March 6, 2009, plus  
13 \$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?

14 <sup>235.303</sup> SECTION 32. <sup>235.303</sup> 238.303(4) of the statutes is created to read:

15 <sup>235.306</sup> 238.303(4) SUNSET. The corporation may not award any tax benefits under ss.  
16 <sup>235.308</sup> 238.301 to 238.306 after June 30, 2015.

17 SECTION 33. <sup>235.301</sup> 238.308 of the statutes is created to read:

18 <sup>235.308</sup> 238.308 Business development tax credit. (1) DEFINITION. In this section,  
19 "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

20 (2) CERTIFICATION. (a) The <sup>24</sup> corporation may certify a person to receive tax  
21 benefits under this section if all of the following apply:

*authority*

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

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

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

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

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

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

1. An amount equal to up to 10 percent of the amount of wages that the person paid to an employee in an eligible 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 an eligible position in a taxable year, if the eligible position is offered at the claimant's business in an economically distressed area, as determined by the corporation.

3. An amount equal to up to 50 percent of the person's training costs incurred to undertake activities to enhance an employee's general knowledge, employability, and flexibility in the workplace; to develop skills unique to the person's workplace

authority

corporation

authority

corporation

the

authority

the



1 or equipment; or to develop skills that will increase the quality of the person's  
2 product.

3 4. An amount equal to up to 3 percent of the person's personal property  
4 investment and 5 percent of the person's real property investment in a capital  
5 investment project, if the project involves a total capital investment of at least  
6 \$1,000,000 or, if less than \$1,000,000, the project involves a capital investment that  
7 is equal to at least \$10,000 per employee employed on the 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 <sup>the</sup> 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 <sup>authority</sup> (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. <sup>authority</sup>

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). <sup>authority (2x)</sup>

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).

^ on at least a quarterly basis ^

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

4 (e) The corporation shall annually verify the information submitted to the  
5 corporation by the person claiming tax benefits under ss. 71.07 (3y), 71.28 (3y), and  
6 71.47 (3y).

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

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

(END)

on at least a quarterly basis

D-Note

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

LRB-0997/P4ins  
JK&MPG:kjf:jm

**Insert 2 - 11**

X  
\*\*\*\*NOTE: This is reconciled s. 71.05 (6) (a) 15. This SECTION has been affected by drafts with the following LRB numbers:-0997/P3 and -1018/P1 (5)

**Insert 5 - 21**

X  
\*\*\*\*NOTE: This is reconciled s. 71.08 (1) (intro.). This SECTION has been affected by drafts with the following LRB numbers:-0997/P3 and -1018/P1 (5)

**Insert 6 - 16**

X  
\*\*\*\*NOTE: This is reconciled s. 71.21 (4) (a). This SECTION has been affected by drafts with the following LRB numbers:-0997/P3 and -1018/P1 (5)

**Insert 9 - 18**

X  
\*\*\*\*NOTE: This is reconciled s. 71.34 (1k) (g). This SECTION has been affected by drafts with the following LRB numbers:-0997/P3 and -1018/P1 (5)

**Insert 10 - 2**

X  
\*\*\*\*NOTE: This is reconciled s. 71.45 (2) (a) 10. This SECTION has been affected by drafts with the following LRB numbers:-0997/P3 and -1018/P1 (5)

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0997/P4dn  
JK&MPC:kjf:jar

*Date*

✓                      ✓                      ✓  
This draft reconciles LRB-0997/P3, LRB-1215/P2 and LRB-1018/P1. All of these drafts should continue to appear in the compiled bill.

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**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0997/P4dn  
JK:kjfrs

January 28, 2015

This draft reconciles LRB-0997/P3, LRB-1215/P2 and LRB-1018/P1. All of these drafts should continue to appear in the compiled bill.

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State of Wisconsin  
2015 - 2016 LEGISLATURE

LRB-0997/P4  
JK&MPG:kjf:rs

5

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

**FOR 2015-2017 BUDGET — NOT READY FOR INTRODUCTION**

Insert  
D. Note  
Don't Gen

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

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*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 FWDA 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 FWDA.
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.

FWDA 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).

\*\*\*\*NOTE: This is reconciled s. 71.05 (6) (a) 15. This SECTION has been affected by drafts with the following LRB numbers:-0997/P3 and -1018/P1.

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

13           71.07 (2dy) (d) 4. Credits claimed under this subsection for taxable years  
14 beginning after December 31, 2008, and before January 1, 2016, may be carried  
15 forward for taxable years beginning after December 31, 2015.

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

1           71.07 (3q) (d) 3. Credits claimed under this subsection for taxable years  
2 beginning after December 31, 2008, and before January 1, 2016, may be carried  
3 forward for taxable years beginning after December 31, 2015.

4           **SECTION 5.** 71.07 (3y) of the statutes is created to read:

5           71.07 (3y) BUSINESS DEVELOPMENT CREDIT. (a) *Definitions.* In this subsection:

6           1. “Claimant” means a person certified to receive tax benefits under s. 235.308.

7           2. “Eligible position” has the meaning given in s. 235.308 (1) (a).

8           (b) *Filing claims.* Subject to the limitations provided in this subsection and s.  
9 235.308, for taxable years beginning after December 31, 2015, a claimant may claim  
10 as a credit against the tax imposed under ss. 71.02 and 71.08 all of the following:

11           1. The amount of wages that the claimant paid to an employee in an eligible  
12 position in the taxable year, not to exceed 10 percent of such wages, as determined  
13 by the Forward Wisconsin Development Authority under s. 235.308.

14           2. The amount of wages that the claimant paid to an employee in an eligible  
15 position in the taxable year, not to exceed 5 percent of such wages, if the employee  
16 is employed in an eligible position at the claimant’s business in an economically  
17 distressed area, as determined by the Forward Wisconsin Development Authority.

18           3. The amount of training costs that the claimant incurred under s. 235.305 (4)  
19 (a) 3., not to exceed 50 percent of such costs, as determined by the Forward Wisconsin  
20 Development Authority.

21           4. The amount of the personal property investment, not to exceed 3 percent of  
22 such investment, and the amount of the real property investment, not to exceed 5  
23 percent of such investment, in a capital investment project that satisfies s. 235.308  
24 (4) (a) 4., as determined by the Forward Wisconsin Development Authority.



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

9 2. No credit may be allowed under this subsection unless the claimant includes  
10 with the claimant's return a copy of the claimant's certification for tax benefits under  
11 s. 235.308.

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

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

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

20 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married  
21 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under  
22 ss. 71.07 (1), ~~(2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3m), (3n), (3p),~~  
23 ~~(3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (3y),~~ (4k), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (5n),  
24 (6), (6e), (8r), (9e), (9m), and (9r), 71.28 ~~(1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx),~~  
25 (1dy), (2m), (3), (3n), (3t), and (3w), 71.47 ~~(1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx),~~

1 (1dy), (2m), (3), (3n), (3t), and (3w), 71.57 to 71.61, and 71.613 and subch. VIII and  
2 payments to other states under s. 71.07 (7), is less than the tax under this section,  
3 there is imposed on that natural person, married couple filing jointly, trust or estate,  
4 instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

\*\*\*\*NOTE: This is reconciled s. 71.08 (1) (intro.). This SECTION has been affected by  
drafts with the following LRB numbers:-0997/P3 and -1018/P1.

5 **SECTION 7.** 71.10 (4) (i) of the statutes is amended to read:

6 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland  
7 preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and  
8 beyond under s. 71.613, homestead credit under subch. VIII, farmland tax relief  
9 credit under s. 71.07 (3m), dairy manufacturing facility investment credit under s.  
10 71.07 (3p), jobs tax credit under s. 71.07 (3q), meat processing facility investment  
11 credit under s. 71.07 (3r), woody biomass harvesting and processing credit under s.  
12 71.07 (3rm), food processing plant and food warehouse investment credit under s.  
13 71.07 (3rn), business development credit under s. 71.07 (3y), film production services  
14 credit under s. 71.07 (5f), film production company investment credit under s. 71.07  
15 (5h), veterans and surviving spouses property tax credit under s. 71.07 (6e),  
16 enterprise zone jobs credit under s. 71.07 (3w), beginning farmer and farm asset  
17 owner tax credit under s. 71.07 (8r), earned income tax credit under s. 71.07 (9e),  
18 estimated tax payments under s. 71.09, and taxes withheld under subch. X.

19 **SECTION 8.** 71.21 (4) (a) of the statutes is amended to read:

20 71.21 (4) (a) The amount of the credits computed by a partnership under s.  
21 71.07 (~~2dd~~), (~~2de~~), (~~2di~~), (~~2dj~~), (~~2dL~~), (2dm), (~~2ds~~), (2dx), (2dy), (3g), (3h), (3n), (3p),  
22 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (3y), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k),

1 (5r), (5rm), (6n), and (8r) and passed through to partners shall be added to the  
2 partnership's income.

\*\*\*\*NOTE: This is reconciled s. 71.21 (4) (a). This SECTION has been affected by drafts  
with the following LRB numbers:-0997/P3 and -1018/P1.

3 **SECTION 9.** 71.28 (1dy) (d) 4. of the statutes is created to read:

4 71.28 (1dy) (d) 4. Credits claimed under this subsection for taxable years  
5 beginning after December 31, 2008, and before January 1, 2016, may be carried  
6 forward for taxable years beginning after December 31, 2015.

7 **SECTION 10.** 71.28 (3q) (d) 3. of the statutes is created to read:

8 71.28 (3q) (d) 3. Credits claimed under this subsection for taxable years  
9 beginning after December 31, 2008, and before January 1, 2016, may be carried  
10 forward for taxable years beginning after December 31, 2015.

11 **SECTION 11.** 71.28 (3y) of the statutes is created to read:

12 71.28 (3y) BUSINESS DEVELOPMENT CREDIT. (a) *Definitions.* In this subsection:

13 1. "Claimant" means a person certified to receive tax benefits under s. 235.308.

14 2. "Eligible position" has the meaning given in s. 235.308 (1) (a).

15 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.  
16 235.308, for taxable years beginning after December 31, 2015, a claimant may claim  
17 as a credit against the tax imposed under ss. 71.02 and 71.08 all of the following:

18 1. The amount of wages that the claimant paid to an employee in an eligible  
19 position in the taxable year, not to exceed 10 percent of such wages, as determined  
20 by the Forward Wisconsin Development Authority under s. 235.308.

21 2. The amount of wages that the claimant paid to an employee in an eligible  
22 position in the taxable year, not to exceed 5 percent of such wages, if the employee

1 is employed in an eligible position at the claimant's business in an economically  
2 distressed area, as determined by the Forward Wisconsin Development Authority.

3 3. The amount of training costs that the claimant incurred under s. 235.308 (4)  
4 (a) 3., not to exceed 50 percent of such costs, as determined by the Forward Wisconsin  
5 Development Authority.

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. 235.308  
9 (4) (a) 4., as determined by the Forward Wisconsin Development Authority.

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. 235.308.

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 12.** 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 13.** 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.

\*\*\*\*NOTE: This is reconciled s. 71.34 (1k) (g). This SECTION has been affected by  
drafts with the following LRB numbers:-0997/P3 and -1018/P1.

19 **SECTION 14.** 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~~) (1dm) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm),  
22 (3rn), (3w), (3y), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), and (9s) and  
23 not passed through by a partnership, limited liability company, or tax-option

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

\*\*\*\*NOTE: This is reconciled s. 71.45 (2) (a) 10. This SECTION has been affected by  
drafts with the following LRB numbers: -0997/P3 and -1018/P1.

4 **SECTION 15.** 71.47 (1dy) (d) 4. of the statutes is created to read:

5 71.47 (1dy) (d) 4. Credits claimed under this subsection for taxable years  
6 beginning after December 31, 2008, and before January 1, 2016, may be carried  
7 forward for taxable years beginning after December 31, 2015.

8 **SECTION 16.** 71.47 (3q) (d) 3. of the statutes is created to read:

9 71.47 (3q) (d) 3. Credits claimed under this subsection for taxable years  
10 beginning after December 31, 2008, before January 1, 2016, may be carried forward  
11 for taxable years beginning after December 31, 2015.

12 **SECTION 17.** 71.47 (3y) of the statutes is created to read:

13 71.47 (3y) BUSINESS DEVELOPMENT CREDIT. (a) *Definitions.* In this subsection:

- 14 1. "Claimant" means a person certified to receive tax benefits under s. 235.308.  
15 2. "Eligible position" has the meaning given in s. 235.308 (1) (a).

16 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.  
17 235.308, for taxable years beginning after December 31, 2015, a claimant may claim  
18 as a credit against the tax imposed under ss. 71.02 and 71.08 all of the following:

19 1. The amount of wages that the claimant paid to an employee in an eligible  
20 position in the taxable year, not to exceed 10 percent of such wages, as determined  
21 by the Forward Wisconsin Development Authority under s. 235.308.

22 2. The amount of wages that the claimant paid to an employee in an eligible  
23 position in the taxable year, not to exceed 5 percent of such wages, if the employee

1 is employed in an eligible position at the claimant's business in an economically  
2 distressed area, as determined by the Forward Wisconsin Development Authority.

3 3. The amount of training costs that the claimant incurred under s. 235.308 (4)  
4 (a) 3., not to exceed 50 percent of such costs, as determined by the Forward Wisconsin  
5 Development Authority.

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. 235.308  
9 (4) (a) 4., as determined by the Forward Wisconsin Development Authority.

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. 235.308.

21 (d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), as it applies to the  
22 credit under s. 71.28 (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. 71.43, 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 18. 71.49 (1) (f) of the statutes is amended to read:

4 71.49 (1) (f) The total of farmland preservation credit under subch. IX,  
5 farmland tax relief credit under s. 71.47 (2m), dairy manufacturing facility  
6 investment credit under s. 71.47 (3p), jobs credit under s. 71.47 (3q), meat processing  
7 facility investment credit under s. 71.47 (3r), woody biomass harvesting and  
8 processing credit under s. 71.47 (3rm), food processing plant and food warehouse  
9 investment credit under s. 71.47 (3rn), enterprise zone jobs credit under s. 71.47  
10 (3w), business development credit under s. 71.47 (3y), film production services credit  
11 under s. 71.47 (5f), film production company investment credit under s. 71.47 (5h),  
12 beginning farmer and farm asset owner tax credit under s. 71.47 (8r), and estimated  
13 tax payments under s. 71.48.

14 SECTION 19. 76.637 (5) of the statutes is created to read:

15 76.637 (5) SUNSET. No credit may be claimed under this section for taxable  
16 years beginning after December 31, 2015, except that credits certified by the  
17 Forward Wisconsin Development Authority before January 1, 2016, may be claimed  
18 for taxable years beginning after December 31, 2015.

19 SECTION 20. 235.16 (6) of the statutes is ~~created~~ to read:

20 235.16 (6) SUNSET. The authority may not award any tax benefits under this  
21 section after June 30, 2015.

22 SECTION 21. 235.30 (7) (e) of the statutes is created to read:

23 235.30 (7) (e) In s. 235.308, "tax benefits" means the business development tax  
24 credit under ss. 71.07 (3y), 71.28 (3y), and 71.47 (3y).

25 SECTION 22. 235.303 (4) of the statutes is created to read:



1 235.303 (4) SUNSET. The corporation may not award any tax benefits under ss.  
2 238.301 to 238.306 after June 30, 2015.

3 SECTION 23. 235.308 of the statutes is created to read:

4 235.308 Business development tax credit. (1) DEFINITION. In this section,  
5 "eligible position" means a full-time job offered by a person certified under sub. (2).

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

- 8 1. The person is operating or intends to operate a business in this state.
- 9 2. The person applies under this section and enters into a contract with the  
10 corporation. *QUALIFICATION*

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

13 (3) ELIGIBILITY FOR TAX BENEFITS. A person is eligible to receive tax benefits if,  
14 in each year for which the person claims tax benefits under this section, the person  
15 increases net employment in this state in the person's business above the net  
16 employment in this state in the person's business during the year before the person  
17 was certified under sub. (2), as determined by the authority under its policies and  
18 procedures.

19 (4) AWARDS, LIMITS, EXPIRATION. (a) The authority may award all of the following  
20 tax benefits to a person certified under sub. (2):

- 21 1. An amount equal to up to 10 percent of the amount of wages that the person  
22 paid to an employee in an eligible position in the taxable year.
- 23 2. An amount equal to up to 5 percent of the amount of wages that the person  
24 paid to an employee in an eligible position in the taxable year, if the eligible position

1 is offered at the claimant's business in an economically distressed area, as  
2 determined by the authority.

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

8 4. An amount equal to up to 3 percent of the person's personal property  
9 investment and 5 percent of the person's real property investment in a capital  
10 investment project, if the project involves a total capital investment of at least  
11 \$1,000,000 or, if less than \$1,000,000, the project involves a capital investment that  
12 is equal to at least \$10,000 per employee employed on the project.

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

19 (b) Subject to a reallocation by the authority under s. 235.15 (3) (d), the  
20 authority may allocate up to \$10,000,000 in tax benefits under this section in any  
21 calendar year. Any unused allocation may be carried forward.

22 (5) DUTIES. (a) The authority shall notify the department of revenue, on at least  
23 a quarterly basis, when the corporation certifies a person to receive tax benefits.

24 (b) The authority shall notify the department of revenue within 30 days of  
25 revoking a certification made under sub. (2).

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

4 (d) The authority shall determine the maximum amount of the tax credits  
5 under ss. 71.07 (3y), 71.28 (3y), and 71.47 (3y) that a certified business may claim and  
6 shall notify the department of revenue of this amount on at least a quarterly basis.

7 (e) The authority shall annually verify the information submitted to the  
8 corporation by the person claiming tax benefits under ss. 71.07 (3y), 71.28 (3y), and  
9 71.47 (3y).

10 (f) The authority shall adopt policies and procedures for the implementation  
11 and operation of this section.

12

(END)

Insert 14-11

2015-2016 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-0997/P5ins  
MPG:.....

1 INSERT 14-11

2 SECTION 1. 238.16 (6) of the statutes is created to read:

3 238.16 (6) SUNSET. The corporation may not award any tax benefits under this  
4 section after June 30, 2015.

5 SECTION 2. 238.16 (6) of the statutes is repealed.

6 SECTION 3. 238.303 (4) of the statutes is created to read:

7 238.303 (4) SUNSET. The corporation may not award any tax benefits under ss.  
8 238.301 to 238.306 after June 30, 2015.

9 SECTION 4. 238.303 (4) of the statutes is repealed.

10 SECTION 9450. Effective dates; Wisconsin Economic Development  
11 Corporation.

12 (1) BUSINESS DEVELOPMENT TAX CREDIT. The treatment of sections 238.16 (6) (by  
13 SECTION 2) and 238.303 (4) (by SECTION 4) of the statutes takes effect on January 1,  
14 2016.

15 END INSERT 14-11

create a.r. (a)

as created by  
2015 Wisconsin  
Act ... (this act)

create a.r. (b)

a.r. (a)

a.r. (b)

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0997/P3<sup>dn</sup> (5)

JK:kjf:rs

January 28, 2015 *Date*

↓  
EMPG

✓ ✓ ✓  
This draft reconciles LRB-0997/P3, LRB-1215/P2 and LRB-1018/P1. All of these drafts should continue to appear in the compiled bill.

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*MPG*

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

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January 30, 2015

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**DRAFTER'S NOTE  
FROM THE  
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LRB-0997/P<sup>6</sup>dn  
JK&MPG:kjfrs

January 30, 2015

  
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