

2019 DRAFTING REQUEST

Bill

For: Howard Marklein (608) 266-0703

Drafter: elunder

By: Vince

Secondary Drafters:

Date: 4/16/2019

May Contact:

Same as LRB: -1168



Submit via email: YES
Requester's email: Sen.Marklein@legis.wi.gov
Carbon copy (CC) to: erika.lunder@legis.wisconsin.gov
joseph.kreye@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Early stage seed investment credit for insurance companies

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	elunder 4/16/2019		dwalker 4/16/2019	dwalker 4/16/2019	State

FE Sent For: *2 at intro*

<END>

Lunder, Erika

From: Williams, Vincent
Sent: Tuesday, April 16, 2019 1:29 PM
To: Lunder, Erika
Cc: Augustyn, Ryan; Rep.Zimmerman
Subject: LRB 1168
Attachments: Cosponsorship LRB 1168 Early Stage Insurance Investment.docx; LRB 1168 Fiscal Estimate.pdf; LRB 1168 Bill Text.pdf

Erika,

Can I request a companion draft for introduction in the senate to Rep. Zimmerman's LRB 1168?

Regards,

Vince Williams
Legislative Aide & Committee Clerk
Office of State Senator Howard Marklein
17th Senate District
PO Box 7882
Madison, WI 53707-7882
www.legis.wisconsin.gov
(608) 266-0703 or (800) 978-8008

From: Augustyn, Ryan <Ryan.Augustyn@legis.wisconsin.gov>
Sent: Tuesday, April 16, 2019 11:25 AM
To: Williams, Vincent <Vincent.Williams@legis.wisconsin.gov>; Broberg, Jennifer <Jennifer.Broberg@legis.wisconsin.gov>
Subject: Cosponsor Memo

Good Morning Both,

Attached is the cosponsor memo, bill text and fiscal for our tech council bill. As soon as you are both satisfied please let me know and I can send this all out.

Thank you,

Ryan Augustyn
Office of Representative Shannon Zimmerman
(608) 266-1526

TO: All Legislators

FROM: Representative Zimmerman and Representative Fields

Senator Marklein

DATE: April 16, 2018

RE: Co-sponsorship of LRB 1168 relating to: allocation of early stage seed investment credit to offset taxes imposed on insurers.

Deadline: Friday, May 3, 2019 at 12:00PM

LRB 1168 comes at the request of the Wisconsin Technology Council. It fixes an unintended consequence of two laws passing simultaneously, returning parity to investors.

Businesses can earn tax credits for investing in qualified startups. If the business is part of an investment fund, the credits can be earned by the fund itself, which allows the fund to spread the financial benefits to all of its investors. This was common practice from 2005 when the credits started, and was codified into the statutes in a 2009 update.

Due to the success of the tax credits, the program was expanded in 2009 to include insurance companies, but unfortunately without using the updated language. This led the Office of the Wisconsin Commissioner of Insurance in 2018 to interpret the difference in statutes as intentional, thereby changing the rules for insurance investment.

This means investment funds are still earning the credits, but are unable to offer the benefits to the insurance companies who generate the credits. LRB 1168 simply copies the language for the other startup tax credits (71.07(5b), 71.47(5b), and 71.28(5b),) so we continue to incentivize insurance companies both inside and outside the state to invest in Wisconsin startups, bettering our business environment.

Attached you will also find a fiscal estimate from the Wisconsin Economic Development Corporation (WEDC) showing there will be no fiscal impact from this bill, and in fact this may even decrease administrative costs.

If you wish to sign on a co-sponsor to LRB 1168, please contact Rep. Zimmerman's office either by email or at 6-1526, or Sen. Marklein's office either by email or at 6-0703 by Friday, May 3, 2019 at noon.

Analysis by the Legislative Reference Bureau

This bill allows the allocation of the early stage seed investment credit to offset certain taxes imposed on insurers.

Under current law, insurers subject to the premium and gross investment income taxes may claim the early stage seed investment credit to offset them. The credit equals 25 percent of the claimant's investment paid to a fund manager who invests in a new business venture that is certified by the Wisconsin Economic Development Corporation. Under the bill, in the case of a partnership, limited liability company, or tax-option corporation, the 25 percent limitation is determined at the entity level, rather than the claimant level, and may be allocated among the claimants according to the entity's organizational documents. The bill also provides that a partnership, limited liability company, or tax-option corporation may not claim the credit against these taxes, but rather must compute the credit amount that each of its partners, members, or shareholders may claim and notify them of the amount. The partners, members, or shareholders may claim the credit according to their ownership interest or as specially allocated in the entity's organizational documents.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

Walker, Dan

From: Williams, Vincent
Sent: Tuesday, April 16, 2019 3:30 PM
To: LRB.Legal
Subject: Draft Review: LRB -2803/1

Please Jacket LRB -2803/1 for the SENATE.