



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1243/1
CMH:cdc

2019 ASSEMBLY BILL 532

1 **AN ACT to amend** 71.01 (13) and 71.05 (8) (b) 1.; and **to create** 71.05 (25m), 71.26
2 (3) (vm), 71.34 (1k) (p), 71.45 (2) (a) 21. and 71.83 (1) (e) of the statutes; **relating**
3 **to:** income and franchise tax benefit for investment in Wisconsin opportunity
4 zones and providing a penalty.

Analysis by the Legislative Reference Bureau

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

5 **SECTION 1.** 71.01 (13) of the statutes is amended to read:

6 71.01 (13) “Wisconsin adjusted gross income” means federal adjusted gross
7 income, with the modifications prescribed in s. 71.05 (6) to (12), (19), (20), (24), (25),
8 (25m), and (26).

9 **SECTION 2.** 71.05 (8) (b) 1. of the statutes is amended to read:

10 71.05 (8) (b) 1. Except as provided in s. 71.80 (25), a Wisconsin net operating
11 loss may be carried back against Wisconsin taxable income of the previous 2 years

ASSEMBLY BILL 532**SECTION 2**

1 and then carried forward against Wisconsin taxable incomes of the next 20 taxable
2 years, if the taxpayer was subject to taxation under this chapter in the taxable year
3 in which the loss was incurred, to the extent not offset against other income of the
4 year of loss and to the extent not offset against Wisconsin modified taxable income
5 of the 2 years preceding the loss and of any year between the loss year and the taxable
6 year for which the loss carry-forward is claimed. In this paragraph, “Wisconsin
7 modified taxable income” means Wisconsin taxable income with the following
8 exceptions: a net operating loss deduction or offset for the loss year or any taxable
9 year before or thereafter is not allowed, the deduction for long-term capital gains
10 under subs. (6) (b) 9. and 9m. and, (25), and (25m) is not allowed, the amount
11 deductible for losses from sales or exchanges of capital assets may not exceed the
12 amount includable in income for gains from sales or exchanges of capital assets and
13 “Wisconsin modified taxable income” may not be less than zero.

14 **SECTION 3.** 71.05 (25m) of the statutes is created to read:

15 71.05 **(25m)** CAPITAL GAINS EXCLUSION; OPPORTUNITY ZONES. (a) In this
16 subsection:

17 1. “Claimant” means an individual; an individual partner or member of a
18 partnership, limited liability company, or limited liability partnership; or an
19 individual shareholder of a tax-option corporation.

20 2. “Wisconsin qualified opportunity fund” means a qualified opportunity fund,
21 as defined in 26 USC 1400Z-2 (d) (1), that holds at least 90 percent of its assets in
22 Wisconsin qualified opportunity zone property, as measured on the last day of the
23 first 6-month period of the fund’s taxable year and the last day of the fund’s taxable
24 year.

ASSEMBLY BILL 532

1 3. “Wisconsin qualified opportunity zone” means a population census tract
2 located in this state that is designated as a qualified opportunity zone under 26 USC
3 1400Z-1.

4 4. “Wisconsin qualified opportunity zone property” means qualified
5 opportunity zone property, as defined in 26 USC 1400Z-2 (d) (2), except that qualified
6 opportunity zone business property, as defined in 26 USC 1400Z-2 (d) (2) (D) and (3)
7 (A) (i), shall be located in a Wisconsin qualified opportunity zone.

8 (b) For taxable years beginning after December 31, 2019, a claimant may
9 subtract from federal adjusted gross income the amount of gain excluded from
10 federal gross income in the taxable year due to the application of 26 USC 1400Z-2
11 (b) (2) (B) (iii) for an investment held in a Wisconsin qualified opportunity fund for
12 at least 5 years or due to the application of 26 USC 1400Z-2 (b) (2) (B) (iv) for an
13 investment held in a Wisconsin qualified opportunity fund for at least 7 years; except
14 that the gain may not include any amount for which the claimant claimed a
15 subtraction under sub. (25) (b) or any gain described under sub. (26) (b).

16 (c) No later than January 31 of the year following the close of the fund’s taxable
17 year, a fund shall annually certify to each investor and the department that it
18 qualifies as a Wisconsin qualified opportunity fund for the fund’s taxable year.

19 (d) Nothing in this subsection affects, or requires an adjustment to, a
20 subtraction by the claimant under sub. (6) (b) 9. for the same taxable year.

21 (e) An individual partner, member, or shareholder may not make a subtraction
22 under par. (b) if the entity of which the individual is a partner, member, or
23 shareholder makes a subtraction under par. (b) when computing net income under
24 s. 71.21 (6) (d) 1. or makes a subtraction under s. 71.34 (1k) (p) when computing net
25 income under s. 71.365 (4m) (d) 1.

ASSEMBLY BILL 532**SECTION 4**

1 **SECTION 4.** 71.26 (3) (vm) of the statutes is created to read:

2 71.26 **(3)** (vm) 1. For taxable years beginning after December 31, 2019, section
3 1400Z-2 (relating to capital gains invested in opportunity zones) is modified so that
4 an increase in basis is twice the amount determined under section 1400Z-2 (b) (2)
5 (B) (iii) for an investment held in a Wisconsin qualified opportunity fund for at least
6 5 years or under section 1400Z-2 (b) (2) (B) (iv) for an investment held in a Wisconsin
7 qualified opportunity fund for at least 7 years. In this subdivision, “Wisconsin
8 qualified opportunity fund” has the meaning given in s. 71.05 (25m) (a) 2.

9 2. No later than January 31 of the year following the close of the fund’s taxable
10 year, a fund shall annually certify to each investor and the department that it
11 qualifies as a Wisconsin qualified opportunity fund for the fund’s taxable year.

12 **SECTION 5.** 71.34 (1k) (p) of the statutes is created to read:

13 71.34 **(1k)** (p) 1. For taxable years beginning after December 31, 2019, a
14 subtraction may be made of the amount of gain excluded from federal gross income
15 in the taxable year due to the application of 26 USC 1400Z-2 (b) (2) (B) (iii) for an
16 investment held in a Wisconsin qualified opportunity fund for at least 5 years or due
17 to the application of 26 USC 1400Z-2 (b) (2) (B) (iv) for an investment held in a
18 Wisconsin qualified opportunity fund for at least 7 years. In this subdivision,
19 “Wisconsin qualified opportunity fund” has the meaning given in s. 71.05 (25m) (a)
20 2.

21 2. No later than January 31 of the year following the close of the fund’s taxable
22 year, a fund shall annually certify to each investor and the department of revenue
23 that it qualifies as a Wisconsin qualified opportunity fund for the fund’s taxable year.

24 **SECTION 6.** 71.45 (2) (a) 21. of the statutes is created to read:

