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# Wisconsin Legislative Council

## ACT MEMO

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### 2019 Wisconsin Act 136 [2019 Assembly Bill 532]

### Investment in Wisconsin Opportunity Zones

Similar to the provisions of the federal opportunity zone program, state law permits a Wisconsin taxpayer to decrease the amount of his or her capital gains in an investment by investing the proceeds of those gains in a Wisconsin opportunity zone. Under federal and state law, a taxpayer who invests capital gains in a qualified opportunity fund and holds the investment for at least five years may exclude 10 percent of the gains from income at the time of sale or at the expiration of the program in 2026. A taxpayer who invests capital gains in a qualified opportunity fund and holds the investment for at least seven years may exclude 15 percent of the gains from income at the time of sale or at the expiration of the program in 2026. In addition, if a taxpayer holds an investment in a qualified opportunity fund for at least 10 years, the investment's earnings are not taxed.

Under 2019 Wisconsin Act 136, an investor in a Wisconsin opportunity zone who invests capital gains in a qualified opportunity fund for at least five years may exclude an additional 10 percent (20 percent total) of the gains for Wisconsin income and franchise tax purposes. An investor who does the same for at least seven years may exclude an additional 15 percent (30 percent total). These provisions apply to taxable years beginning after December 31, 2019. The act also provides that a qualified opportunity fund must certify to each investor and the Department of Revenue on an annual basis that the fund is qualified for the fund's taxable year. These certifications must be made by January 31 of the year following the close of a fund's taxable year.

**Effective date:** March 5, 2020

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