

Fiscal Estimate Narratives

WEDC 11/13/2023

LRB Number	23-4621/1	Introduction Number	SB-0585	Estimate Type	Original
Description various changes to the business development tax credit					

Assumptions Used in Arriving at Fiscal Estimate

This bill makes several adjustments to the business development tax credit. The changes apply to taxable years beginning after December 31, 2023. Under current law, the Wisconsin Economic Development Corporation may certify a person who operates or intends to operate a business in this state to receive tax credits. Currently, a person is eligible for tax benefits if the person increases net employment in this state in the person's business above what it was in the year preceding the person's certification. Under the bill, a person is eligible for tax benefits if, in each year for which the person claims tax benefits: 1) the person creates new jobs or retains existing jobs and the person makes a capital investment in the person's business; and 2) the person does not decrease net employment in this state in the person's business below the net employment in this state in the person's business during the year before the person was certified to receive tax benefits. Also, under current law, a person may claim tax benefits of up to 3 percent of the person's personal property investment and up to 5 percent of the person's real property investment in a capital investment project, if the project involves a total capital investment of at least \$1,000,000 or, if less than \$1,000,000, the project involves a capital investment that is equal to at least \$10,000 per eligible employee employed on the project. The bill changes those limits to up to 10 percent of the person's personal property investment and up to 10 percent of the person's real property investment. The bill also provides that a person may claim tax benefits of an amount equal to up to 15 percent of the person's investment in workforce housing for eligible employees and up to 15 percent of the person's investment in establishing a child care program for eligible employees. The bill provides that WEDC must approve or deny the certification of a person within 90 days after receiving the person's application for certification.

The corporation assumes that the full tax credit allocation of \$22M will be utilized due to the changes in the program, and that it will become highly competitive.

No new funding for administration is made available with this bill, thus adding these requirements to the corporation will reduce resources available for other activities and programs.

Long-Range Fiscal Implications