



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-0996/P3
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DOA:.....Quinn, BB0320 - Angel and Early Stage Business Tax Credit
Modifications

FOR 2015-2017 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

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

SECTION 1. 71.07 (5d) (a) 1. (intro.) of the statutes is amended to read:

71.07 (5d) (a) 1. (intro.) "Bona fide angel investment" means a purchase of an equity interest, or any other expenditure, as determined by rule under s. 238.15 or s. 560.205, 2009 stats., that is made by any of the following:

SECTION 2. 238.15 (1) (f) 1. b. of the statutes is amended to read:

238.15 (1) (f) 1. b. Processing or assembling products, including medical devices, pharmaceuticals, computer software, computer hardware, semiconductors,

any other innovative technology products, or other products that are produced using manufacturing methods that are enabled by applying ~~proprietary~~ differentiating technology.

SECTION 3. 238.15 (1) (f) 1. c. of the statutes is amended to read:

238.15 (1) (f) 1. c. Services that are enabled by applying ~~proprietary~~ differentiating technology.

SECTION 4. 238.15 (1) (f) 2. of the statutes is amended to read:

238.15 (1) (f) 2. It is undertaking pre-commercialization activity related to ~~proprietary~~ differentiating technology that includes conducting research, developing a new product or business process, or developing a service that is principally reliant on applying ~~proprietary~~ differentiating technology.

SECTION 5. 238.15 (1) (f) 3. of the statutes is created to read:

238.15 (1) (f) 3. It is a technology-based physician and health care consulting business.

SECTION 6. 238.15 (1) (f) 4. of the statutes is created to read:

238.15 (1) (f) 4. It is a retailer for whom at least 51 percent of its annual sales originate on the Internet.

SECTION 7. 238.15 (1) (g) of the statutes is amended to read:

238.15 (1) (g) It is not primarily engaged in real estate development, insurance, banking, lending, lobbying, political consulting, professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants, except technology-based physician or health care consultants; wholesale or retail trade, except retailers for whom at least 51 percent of annual income originates on the Internet; leisure, hospitality, transportation, or

construction, except construction of power production plants that derive energy from a renewable resource, as defined in s. 196.378 (1) (h).

SECTION 8. 238.15 (1) (L) of the statutes is amended to read:

238.15 (1) (L) For taxable years beginning after December 31, 2010 and before January 1, 2015, it has not received more than \$8,000,000 in investments that have qualified for tax credits under ss. 71.07 (5b) and (5d), 71.28 (5b), 71.47 (5b), and 76.638.

SECTION 9. 238.15 (1) (Lg) of the statutes is created to read:

238.15 (1) (Lg) For taxable years beginning after December 31, 2014, it has not received more than \$12,000,000 in investments that have qualified for tax credits under ss. 71.07 (5b) and (5d), 71.28 (5b), 71.47 (5b), and 76.638.

SECTION 10. 238.15 (3) (e) of the statutes is amended to read:

238.15 (3) (e) *Transfer.* A person who is eligible to claim a credit under s. 71.07 (5b) or (5d), 71.28 (5b), 71.47 (5b), or 76.638 may sell or otherwise transfer the credit to another person who is subject to the taxes or fees imposed under s. 71.02, 71.23, 71.47, or subch. III of ch. 76, if the person was certified to claim the credit after December 31, 2014 and if the person receives prior authorization from the investment fund manager, for a credit under s. 71.07 (5b), 71.28 (5b), 71.47 (5b), or 76.638, and the investment fund manager then, or the claimant under s. 71.07 (5d) for the sale or other transfer of a credit under s. 71.07 (5d), notifies the corporation and the department of revenue of the transfer and submits with the notification a copy of the transfer documents. No person may sell or otherwise transfer a credit as provided in this paragraph more than once in a 12-month period. The corporation may charge any person selling or otherwise transferring a credit under this paragraph a fee equal to ~~1~~ 5 percent of the credit amount sold or transferred.

SECTION 11. 238.16 (4) (c) of the statutes is amended to read:

238.16 (4) (c) Subject to a reallocation by the corporation pursuant to rules policies and procedures adopted under s. 238.15 (3) (d), the corporation may allocate up to \$5,000,000 in tax benefits under this section in any calendar year, ~~except that beginning on July 1, 2011, the corporation may allocate up to \$10,000,000 in tax~~ benefits under this section in any calendar year.

SECTION 12. 238.303 (1) (a) of the statutes is amended to read:

238.303 (1) (a) Except as provided in pars. (am) and (b), and subject to a reallocation by the corporation pursuant to ~~rules adopted~~ under s. 238.15 (3) (d), the total tax benefits available to be allocated by the corporation under ss. 238.301 to 238.306 may not exceed the sum of the tax benefits remaining to be allocated under s. 560.71 to 560.785, 2009 stats., s. 560.797, 2009 stats., s. 560.798, 2009 stats., s. 560.7995, 2009 stats., and s. 560.96, 2009 stats., on March 6, 2009, plus \$100,000,000.

(END)