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## WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

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<b>2003 Wisconsin Act 72</b> [2003 Assembly Bill 520]	<b>Technology Zone Tax Credits</b>
2003 Acts: <a href="http://www.legis.state.wi.us/2003/data/acts/">www.legis.state.wi.us/2003/data/acts/</a>	Act Memos: <a href="http://www.legis.state.wi.us/lc/act_memo/act_memo.htm">www.legis.state.wi.us/lc/act_memo/act_memo.htm</a>

2003 Wisconsin Act 72 relates to changing the method of calculating technology zone tax credits and the certification of businesses under the technology zone program.

Under current law, a business that is located in a technology zone may be eligible to claim the technology zone tax credit. The technology zone tax credit equals the sum of the following: (a) the amount of real and personal taxes paid during the tax year; (b) the amount of state income and franchise taxes paid during the tax year; and (c) the amount of state, county, and special district sales and use taxes paid during the year. The maximum amount of credits that can be claimed in a technology zone is \$5 million.

2003 Wisconsin Act 72 eliminates the current technology zone tax credit components that provide individual and corporate income and franchise tax credits for: (a) the amount of state income and franchise taxes paid during the year; and (b) the amount of state, county, and special district sales and use taxes paid during the tax year. The Act retains the current tax credit component for the amount of real and personal property taxes paid during the tax year, and creates new technology zone capital investment and jobs tax credit components.

The new technology zone capital investment tax credit component provides a tax credit, under the state individual and corporate income and franchise taxes, equal to 10% of the following amounts of capital investments made by the business in the technology zone in the tax year: (a) the purchase price of depreciable, tangible personal property; and (b) the amount expended to acquire, construct, rehabilitate, remodel, or repair real property in the technology zone. Investment amounts used to claim this credit cannot be used in calculating any other credit. Also, the investments on which the tax credit was based must be retained for use in the technology zone as long as the business was certified as eligible for technology zone tax credits.

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This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents.

The new technology zone jobs tax credit is equal to 15% of the amount spent for the first 12 months of wages for each job created in the technology zone after the zone is certified by the Department of Commerce.

Act 72 also creates additional requirements that technology zone tax credits claimants must comply with when filing their tax returns in order to receive the credit. The claimant must include: (a) the Department of Commerce verification that the claimant's business is eligible to receive the technology zone tax credit and that the business and the Department of Commerce have entered into the required agreement concerning the tax credit; and (b) a statement from the Department of Commerce verifying the purchase price of the investment used to claim the technology zone tax credit, and that the investment is used in the zone for the period in which the claimant's business is certified as eligible for the credit.

***Effective Date:*** The effective date of Act 72 is the day after publication, or November 27, 2003. The Act first applies to taxable years beginning on January 1, 2002.

***Prepared by:*** Laura Rose, Deputy Director

January 6, 2004

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