



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2011 Wisconsin Act 3
[January 2011 Special Session
Assembly Bill 3]

**Relocation Tax Deductions and
Credits**

2011 Wisconsin Act 3 creates a tax **deduction** for business income earned by an individual or that passes through to an individual from a partnership, limited liability corporation (LLC), or tax-option corporation. The deduction may be claimed by a business that locates to this state from another state or another country and begins doing business in this state. Under the Act, “locates to this state” means moving either 51% or more of the workforce payroll of the business or at least \$200,000 of wages paid to such workforce to Wisconsin during the first taxable year to which the deduction relates. The deduction may be claimed for two consecutive tax years, beginning with the tax year the business locates to this state and begins doing business in this state. An individual may not take the deduction if the individual, partnership, LLC, or tax-option corporation has done business in this state during any of the two taxable years preceding the first taxable year in which the deduction would otherwise be allowed.

Act 3 creates a similar tax **credit** for corporations. Under the Act, the credit may be claimed by a business that locates to this state from another state or another country and begins doing business in this state. “Locates to this state” means moving either 51% or more of the workforce payroll of the business or at least \$200,000 of wages paid to such workforce to Wisconsin during the first taxable year to which the credit relates. The credit may be claimed for two consecutive tax years, beginning with the tax year the business locates to this state and begins doing business in this state. The credit may not be claimed if the claimant has done business in this state during any of the two taxable years preceding the first taxable year in which the credit is claimed. Partnerships, LLCs, and tax-option corporations may not claim this credit, but may claim the deduction created by the Act.

Act 3 requires the Department of Revenue to promulgate rules to administer both the deduction and the credit created under the Act.

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature’s Web site at: <http://www.legis.state.wi.us/>.

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Act 3 specifies that the general fund statutory reserve requirement (\$65 million in 2010-11 and the 2011-13 Biennium) does not apply to this legislation.

Effective date: Act 3 takes effect on February 15, 2011; its provisions apply to taxable years beginning on January 1, 2011.

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