



## WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

**2011 Wisconsin Act 213**  
[2011 Senate Bill 463]

**Angel Investment and Early Stage  
Seed Tax Credits**

### **CURRENT LAW**

Angel investment tax credits are nonrefundable tax credits equal to 25% of a claimant's bona fide angel investment made directly in business certified by the Wisconsin Economic Development Corporation (WEDC). Early stage seed investment tax credits are nonrefundable tax credits equal to 25% of a claimant's investment paid to a fund manager that the fund manager invests in a business certified under the angel investment tax credit program. After December 31, 2010, the aggregate amount of tax credits that may be issued for the angel investment and early stage seed investment tax credit programs in a given calendar year is \$20 million and \$20.5 million, respectively. In addition, the angel investment tax credit program is limited to a total cap of \$47.5 million.

Act 213 modifies the requirements for certification of businesses under the programs by adding a requirement that a certified business must agree to stay in Wisconsin for three years, or be subject to certain penalties. In addition, it makes the following certification requirements applicable only to the *initial* certification, not the *recertification*, of a business:

- The requirement to have fewer than 100 employees.
- The requirement to have not received an aggregate private equity investment in cash of more than \$10 million prior to being certified as a qualified new business venture.
- The requirement to have been in operation in this state for not more than 10 consecutive years.

Act 213 also modifies the requirement under prior law that a person who receives a tax credit under the angel investment or early stage seed investment tax credit programs must maintain the investment for at least three years by exempting investors from the requirement in the event that the

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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 at the Legislature's Web site at: <http://www.legis.state.wi.us/>.

investment becomes worthless, as determined by WEDC, or a bona fide liquidity event occurs, as determined by WEDC.

***Effective date:*** April 20, 2012.

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