



2003 ASSEMBLY BILL 722

January 5, 2004 - Introduced by Representatives VRUWINK, TAYLOR, HEBL, RICHARDS, TURNER, SCHOOFF, MILLER, PLOUFF, BERCEAU, MOLEPSKE, POPE-ROBERTS, ZEPNICK, J. LEHMAN and GRONEMUS, cosponsored by Senators PLALE, SCHULTZ and LASSA. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 71.07 (2dx) (a) 5., 71.07 (2dx) (b) (intro.), 71.28 (1dx) (a) 5.,
2 71.28 (1dx) (b) (intro.), 71.47 (1dx) (a) 5., 71.47 (1dx) (b) (intro.), 560.745 (2) (a),
3 560.797 (2) (d) and 560.797 (5) (b); and **to create** 560.745 (2) (ar) of the statutes;
4 **relating to:** tax credits under the Development Zone and Enterprise
5 Development Zone programs and limits on the total number of authorized
6 enterprise development zones.

Analysis by the Legislative Reference Bureau

Currently, the Department of Commerce (department) is authorized to allocate \$38,155,000 in tax credits to eligible businesses that conduct certain economic activities in areas designated as development zones. In addition, the department is authorized to allocate tax credits to eligible businesses that conduct certain economic activities in areas designated as enterprise development zones. Under current law, the department may allocate up to \$3,000,000 in tax credits per enterprise development zone and, unless a greater number is authorized by the Joint Committee on Finance, may designate up to 79 enterprise development zones. Thus, the total amount of tax credits authorized under the Enterprise Development Zone Program is currently \$237,000,000.

This bill pools the total amount of tax credits authorized under the Development Zone and Enterprise Development Zone programs. Under this bill, the department may allocate a total of \$275,155,000 in tax credits under the

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Development Zone Program or the Enterprise Development Zone Program. The combined total of all tax credits allocated by the department under these programs, though, may not exceed \$275,155,000. This bill also deletes the \$3,000,000 limit on tax credits per enterprise development zone and the limit on the total number of enterprise development zones that the department may designate.

Under current law, a business that is eligible to claim the development zones tax credit may claim as a credit an amount that is based in part on the number of jobs the business creates in the development zone that are filled by members of a targeted group. A member of a targeted group includes a person who resides in a location that the federal government designates as an empowerment zone or an enterprise community. Under current law, a business that claims a development zones tax credit may claim the credit only against the taxes imposed on the income derived from business activities in the development zone.

Under the bill, a member of a targeted group includes a person who resides in a location that the federal government designates for the purpose of encouraging economic revitalization, rather than a location that the federal government designates as an empowerment zone or an enterprise community. Under the bill, a business that claims a development zones tax credit may claim the credit against the amount of the taxes imposed on all of the income of the business, regardless of whether the income is derived from business activities in the development zone.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 71.07 (2dx) (a) 5. of the statutes is amended to read:
2 71.07 (2dx) (a) 5. “Member of a targeted group” means a person who resides
3 in an empowerment zone, or an enterprise community, that the U.S. government
4 designates a location designated by the federal government for the purpose of
5 encouraging economic revitalization, a person who is employed in an unsubsidized
6 job but meets the eligibility requirements under s. 49.145 (2) and (3) for a Wisconsin
7 works employment position, a person who is employed in a trial job, as defined in s.
8 49.141 (1) (n), a person who is eligible for child care assistance under s. 49.155, a
9 person who is a vocational rehabilitation referral, an economically disadvantaged
10 youth, an economically disadvantaged veteran, a supplemental security income

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1 recipient, a general assistance recipient, an economically disadvantaged ex-convict,
2 a qualified summer youth employee, as defined in 26 USC 51 (d) (7), a dislocated
3 worker, as defined in 29 USC 2801 (9), or a food stamp recipient; if the person has
4 been certified in the manner under sub. (2dj) (am) 3. by a designated local agency,
5 as defined in sub. (2dj) (am) 2.

6 **SECTION 2.** 71.07 (2dx) (b) (intro.) of the statutes is amended to read:

7 71.07 (2dx) (b) *Credit.* (intro.) Except as provided in pars. (be) and (bg) and
8 in s. 73.03 (35), and subject to s. 560.785, for any taxable year for which the person
9 is entitled under s. 560.795 (3) to claim tax benefits or certified under s. 560.765 (3),
10 560.797 (4) or 560.798 (3), any person may claim as a credit against the amount of
11 the taxes imposed on the person's income from the person's business activities in a
12 development zone otherwise due under this subchapter the following amounts:

13 **SECTION 3.** 71.28 (1dx) (a) 5. of the statutes is amended to read:

14 71.28 (1dx) (a) 5. "Member of a targeted group" means a person who resides
15 in an empowerment zone, or an enterprise community, that the U.S. government
16 designates a location designated by the federal government for the purpose of
17 encouraging economic revitalization, a person who is employed in an unsubsidized
18 job but meets the eligibility requirements under s. 49.145 (2) and (3) for a Wisconsin
19 works employment position, a person who is employed in a trial job, as defined in s.
20 49.141 (1) (n), a person who is eligible for child care assistance under s. 49.155, a
21 person who is a vocational rehabilitation referral, an economically disadvantaged
22 youth, an economically disadvantaged veteran, a supplemental security income
23 recipient, a general assistance recipient, an economically disadvantaged ex-convict,
24 a qualified summer youth employee, as defined in 26 USC 51 (d) (7), a dislocated
25 worker, as defined in 29 USC 2801 (9), or a food stamp recipient; if the person has

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1 been certified in the manner under sub. (1dj) (am) 3. by a designated local agency,
2 as defined in sub. (1dj) (am) 2.

3 **SECTION 4.** 71.28 (1dx) (b) (intro.) of the statutes is amended to read:

4 71.28 (1dx) (b) *Credit.* (intro.) Except as provided in pars. (be) and (bg) and
5 in s. 73.03 (35), and subject to s. 560.785, for any taxable year for which the person
6 is entitled under s. 560.795 (3) to claim tax benefits or certified under s. 560.765 (3),
7 560.797 (4) or 560.798 (3), any person may claim as a credit against the amount of
8 the taxes imposed on the person's income from the person's business activities in a
9 development zone otherwise due under this subchapter the following amounts:

10 **SECTION 5.** 71.47 (1dx) (a) 5. of the statutes is amended to read:

11 71.47 (1dx) (a) 5. "Member of a targeted group" means a person who resides
12 in an empowerment zone, or an enterprise community, that the U.S. government
13 designates a location designated by the federal government for the purpose of
14 encouraging economic revitalization, a person who is employed in an unsubsidized
15 job but meets the eligibility requirements under s. 49.145 (2) and (3) for a Wisconsin
16 works employment position, a person who is employed in a trial job, as defined in s.
17 49.141 (1) (n), a person who is eligible for child care assistance under s. 49.155, a
18 person who is a vocational rehabilitation referral, an economically disadvantaged
19 youth, an economically disadvantaged veteran, a supplemental security income
20 recipient, a general assistance recipient, an economically disadvantaged ex-convict,
21 a qualified summer youth employee, as defined in 26 USC 51 (d) (7), a dislocated
22 worker, as defined in 29 USC 2801 (9), or a food stamp recipient; if the person has
23 been certified in the manner under sub. (1dj) (am) 3. by a designated local agency,
24 as defined in sub. (1dj) (am) 2.

25 **SECTION 6.** 71.47 (1dx) (b) (intro.) of the statutes is amended to read:

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1 71.47 **(1dx)** (b) *Credit*. (intro.) Except or provided in pars. (be) and (bg) and
2 in s. 73.03 (35), and subject to s. 560.785, for any taxable year for which the person
3 is entitled under s. 560.795 (3) to claim tax benefits or certified under s. 560.765 (3),
4 560.797 (4) or 560.798 (3), any person may claim as a credit against the amount of
5 the taxes imposed on the person's income from the person's business activities in a
6 development zone otherwise due under this subchapter the following amounts:

7 **SECTION 7.** 560.745 (2) (a) of the statutes is amended to read:

8 560.745 **(2)** (a) When the department designates a development zone under s.
9 560.71, it shall establish a limit for tax benefits for the development zone determined
10 by allocating to the development zone a portion of ~~\$38,155,000~~ \$275,155,000.

11 **SECTION 8.** 560.745 (2) (ar) of the statutes is created to read:

12 560.745 **(2)** (ar) The total amount of all tax benefits authorized under par. (a)
13 and all tax benefits authorized under s. 560.797 (5) (b) may not exceed \$275,155,000.

14 **SECTION 9.** 560.797 (2) (d) of the statutes is amended to read:

15 560.797 **(2)** (d) ~~The department may not designate more than 79 enterprise~~
16 ~~development zones unless the department obtains the approval of the joint~~
17 ~~committee on finance to do so.~~ Of the enterprise development zones that the
18 department designates, at least 10 shall be designated under par. (bg).

19 **SECTION 10.** 560.797 (5) (b) of the statutes is amended to read:

20 560.797 **(5)** (b) When the department designates an area as an enterprise
21 development zone under this section, the department shall establish a limit, ~~not to~~
22 ~~exceed \$3,000,000~~, for tax benefits for the enterprise development zone by allocating
23 to the enterprise development zone a portion of \$275,155,000. The total amount of
24 all tax benefits authorized under this paragraph and all tax benefits authorized
25 under s. 560.745 (2) (a) may not exceed \$275,155,000.

