



2007 ASSEMBLY BILL 598

November 29, 2007 - Introduced by Representatives STRACHOTA, KERKMAN, TOWNSEND, VOS, KAUFERT, LEMAHIEU, ALBERS, HAHN and NASS, cosponsored by Senators KANAVAS, DARLING, ROESSLER, OLSEN and PLALE. Referred to Committee on Jobs and The Economy.

1 **AN ACT to amend** 71.07 (5b) (c) 1., 71.07 (5d) (c) 1., 71.28 (5b) (c) 1., 71.47 (5b)
2 (c) 1., 560.205 (1) (f), 560.205 (1) (h) and 560.205 (3) (d) of the statutes; **relating**
3 **to:** allocating early stage seed and angel investment credits.

Analysis by the Legislative Reference Bureau

Under current law, generally, a taxpayer may claim a credit against the taxpayer's income and franchise tax liability on certain amounts invested in new businesses under the early stage seed investment tax credit or the angel investment tax credit. Under current law, the total amount of early stage seed investment credits that taxpayers may claim for all taxable years combined is \$52,500,000 and the total amount of angel investment credits that taxpayers may claim for all taxable years combined is \$47,500,000. Under this bill, the total amount of early stage seed investment credits and angel investment credits that taxpayers may claim for all taxable years combined is \$100,000,000.

Under current law, the Department of Commerce (Commerce) may certify businesses to receive angel investments if the businesses meet certain criteria, such as having less than 100 employees. Under the bill, for certification purposes, Commerce must give preference to businesses with less than 100 employees, but may certify businesses with 100 employees or more and allow tax credits in lesser amounts for investments in such businesses. In addition, the bill allows Commerce to certify a business that is testing or producing a product at the time that business seeks certification.

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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 (5b) (c) 1. of the statutes, as affected by 2007 Wisconsin Act
2 20, is amended to read:

3 71.07 **(5b)** (c) 1. Except as provided in s. 73.03 (63), the maximum amount of the
4 credits that may be claimed under this subsection and sub. (5d) and ss. 71.28 (5b) and
5 71.47 (5b) for all taxable years combined is ~~\$52,500,000~~ \$100,000,000.

6 **SECTION 2.** 71.07 (5d) (c) 1. of the statutes, as affected by 2007 Wisconsin Act
7 20, is amended to read:

8 71.07 **(5d)** (c) 1. Except as provided in s. 73.03 (63), the maximum amount of
9 the credits that may be claimed under this subsection and sub. (5b) and ss. 71.28 (5b)
10 and 71.47 (5b) for all taxable years combined is ~~\$47,500,000~~ \$100,000,000.

11 **SECTION 3.** 71.28 (5b) (c) 1. of the statutes, as affected by 2007 Wisconsin Act
12 20, is amended to read:

13 71.28 **(5b)** (c) 1. Except as provided in s. 73.03 (63), the maximum amount of the
14 credits that may be claimed under this subsection and ss. 71.07 (5b) and (5d) and
15 71.47 (5b) for all taxable years combined is ~~\$52,500,000~~ \$100,000,000.

16 **SECTION 4.** 71.47 (5b) (c) 1. of the statutes, as affected by 2007 Wisconsin Act
17 20, is amended to read:

18 71.47 **(5b)** (c) 1. Except as provided in s. 73.03 (63), the maximum amount of the
19 credits that may be claimed under this subsection and ss. 71.07 (5b) and (5d) and
20 71.28 (5b) for all taxable years combined is ~~\$52,500,000~~ \$100,000,000.

21 **SECTION 5.** 560.205 (1) (f) of the statutes is amended to read:

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1 560.205 (1) (f) It is engaged in, or has committed to engage in, manufacturing,
2 agriculture, or processing or assembling products and conducting research and
3 development or developing a new product or business process. The fact that a
4 business is testing or producing a product at the time that the business seeks
5 certification under this subsection shall not preclude the business from being
6 certified under this subsection.

7 **SECTION 6.** 560.205 (1) (h) of the statutes is amended to read:

8 560.205 (1) (h) ~~It~~ Except as provided in rules promulgated under sub. (3) (d),
9 it has less than 100 employees.

10 **SECTION 7.** 560.205 (3) (d) of the statutes, as affected by 2007 Wisconsin Act 20,
11 is amended to read:

12 560.205 (3) (d) *Rules.* The department of commerce, in consultation with the
13 department of revenue, shall promulgate rules to administer this section. The rules
14 shall further define “bona fide angel investment” for purposes of s. 71.07 (5d) (a) 1.
15 The rules shall provide that, for purposes of certifying businesses under sub. (1), the
16 department shall give preference to businesses with less than 100 employees, but
17 may certify businesses with 100 employees or more and allow tax credits in lesser
18 amounts, based on a sliding scale, for investments in such businesses. The rules
19 shall limit the aggregate amount of tax credits under s. 71.07 (5d) that may be
20 claimed for investments in businesses certified under sub. (1) at \$3,000,000 per
21 calendar year for calendar years beginning after December 31, 2004, and \$5,500,000
22 per calendar year for calendar years beginning after December 31, 2007, and before
23 January 1, 2009. The rules shall also limit the aggregate amount of the tax credits
24 under ss. 71.07 (5b), 71.28 (5b), and 71.47 (5b) that may be claimed for investments
25 paid to fund managers certified under sub. (2) at \$3,500,000 per calendar year for

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1 calendar years beginning after December 31, 2004, and \$6,000,000 per calendar year
2 for calendar years beginning after December 31, 2007, and before January 1, 2009.
3 The rules shall also limit the aggregate amount of the tax credits under ss. 71.07 (5b)
4 and (5d), 71.28 (5b), and 71.47 (5b) that may be claimed for investments under subs.
5 (1) and (2) at \$10,000,000 per calendar year for calendar years beginning after
6 December 31, 2008. The rules shall also provide that, for calendar years beginning
7 after December 31, 2007, no person may receive a credit under ss. 71.07 (5b) and (5d),
8 71.28 (5b), or 71.47 (5b) unless the person's investment is kept in a certified business,
9 or with a certified fund manager, for no less than 3 years.

10 **SECTION 8. Initial applicability.**

11 (1) This act first applies to taxable years beginning on January 1, 2009.

12 (END)