



2005 ASSEMBLY BILL 983

February 2, 2006 - Introduced by Representatives FIELDS, ALBERS, ZEPNICK, A. WILLIAMS and YOUNG. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 71.05 (6) (a) 15. and 71.08 (1) (intro.); and **to create** 71.07 (5e),
2 71.10 (4) (gxx) and 560.22 of the statutes; **relating to:** creating an emerging
3 target investment tax credit and granting rule-making authority.

Analysis by the Legislative Reference Bureau

This bill creates an income tax credit for an amount equal to 15 percent of the investment a person makes in a minority business or woman-owned business. The maximum amount that a person may invest and use as the basis for a credit is \$500,000 for each investment made directly in the business. The maximum amount of the credits that may be claimed for all claimants and all taxable years is \$20,000,000.

Under the bill, the Department of Commerce certifies a person who is eligible for the tax credit, and certifies the amount of the credit for which the person is eligible. A person is eligible for certification only if the person will make an investment in a business engaged in manufacturing, financial services, business services, consumer products and services, media, entertainment, or technology.

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:

ASSEMBLY BILL 983

1 **SECTION 1.** 71.05 (6) (a) 15. of the statutes is amended to read:

2 71.05 **(6)** (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
3 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (5b), ~~and (5d)~~, and (5e)
4 and not passed through by a partnership, limited liability company, or tax-option
5 corporation that has added that amount to the partnership's, company's, or
6 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

7 **SECTION 2.** 71.07 (5e) of the statutes is created to read:

8 71.07 **(5e)** EMERGING TARGET INVESTMENT CREDIT. (a) *Definitions.* In this
9 subsection:

10 1. "Emerging target investment" means a purchase of an equity interest, or any
11 other expenditure, as determined by rule under s. 560.22, that is made by any of the
12 following:

13 a. An individual who reviews new businesses or proposed new businesses for
14 potential investment of the individual's money.

15 b. A network of individuals who satisfy subd. 1.

16 2. "Claimant" means an individual who files a claim under this subsection.

17 3. "Minority business" means a business that is certified under s. 560.036.

18 4. "Woman-owned business" means a sole proprietorship, partnership, limited
19 liability company, joint venture, or corporation that is at least 51 percent owned,
20 controlled, and actively managed by a woman, as determined by the department of
21 commerce.

22 (b) *Filing claims.* Subject to the limitations provided in this subsection and in
23 s. 560.22, a claimant may claim as a credit against the tax imposed under s. 71.02
24 or 71.08, up to the amount of those taxes, an amount equal to 15 percent of the

ASSEMBLY BILL 983

1 claimant's emerging target investment made directly in a minority business or
2 woman-owned business in the taxable year.

3 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
4 under this subsection for all taxable years combined is \$20,000,000.

5 2. The maximum amount of a claimant's investment that may be used as the
6 basis for a credit under this subsection is \$500,000 for each investment made directly
7 in a business certified under s. 560.22.

8 3. For a claimant who is a nonresident or part-year resident of this state and
9 who is a single person or a married person filing a separate return, multiply the
10 credit for which the claimant is eligible under par. (b) by a fraction, the numerator
11 of which is the individual's Wisconsin adjusted gross income and the denominator of
12 which is the individual's federal adjusted gross income. If a claimant is married and
13 files a joint return, and if the claimant or the claimant's spouse, or both, are
14 nonresidents or part-year residents of this state, multiply the credit for which the
15 claimant is eligible under par. (b) by a fraction, the numerator of which is the couple's
16 joint Wisconsin adjusted gross income and the denominator of which is the couple's
17 joint federal adjusted gross income.

18 (d) *Administration.* 1. If an investment for which a claimant claims a credit
19 under par. (b) is held by the claimant for less than one year, the claimant shall pay
20 to the department, in the manner prescribed by the department, the amount of the
21 credit that the claimant received related to the investment.

22 2. Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies
23 to the credit under this subsection.

24 3. Subsection (9e) (d), to the extent that it applies to the credit under that
25 subsection, applies to the credit under this subsection.

ASSEMBLY BILL 983

1 **SECTION 3.** 71.08 (1) (intro.) of the statutes, as affected by 2005 Wisconsin Act
2 25, is amended to read:

3 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
4 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
5 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3n), (3s),
6 (3t), (5b), (5d), (5e), (6), (6e), and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds),
7 (1dx), (1fd), (2m), (3), (3n), and (3t) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds),
8 (1dx), (1fd), (2m), (3), (3n), and (3t) and subchs. VIII and IX and payments to other
9 states under s. 71.07 (7), is less than the tax under this section, there is imposed on
10 that natural person, married couple filing jointly, trust, or estate, instead of the tax
11 under s. 71.02, an alternative minimum tax computed as follows:

12 **SECTION 4.** 71.10 (4) (gxx) of the statutes is created to read:

13 71.10 (4) (gxx) Emerging target investment credit under s. 71.07 (5e).

14 **SECTION 5.** 560.22 of the statutes is created to read:

15 **560.22 Emerging target investment program.** (1) (a) The department
16 shall implement a program to certify persons as eligible for tax credits under s. 71.07
17 (5e). The department may certify a person under this subsection only if the person
18 will make an emerging target investment, as defined in s. 71.07 (5e) (a) 1., in a
19 business engaged in any of the following:

- 20 1. Manufacturing.
- 21 2. Financial services.
- 22 3. Business services.
- 23 4. Consumer products and services.
- 24 5. Media.
- 25 6. Entertainment.

