



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1168/1
EKL:cdc

2019 ASSEMBLY BILL 225

May 21, 2019 - Introduced by Representatives ZIMMERMAN, FIELDS, OTT, MACCO, ROHRKASTE, TAUCHEN, KULP, MURPHY, SKOWRONSKI, KUGLITSCH, RAMTHUN, HUTTON, THIESFELDT, BRANDTJEN, OHNSTAD, SINICKI, QUINN, CROWLEY, LOUDENBECK, ZAMARRIPA, VRUWINK, HAYWOOD and KRUG, cosponsored by Senators MARKLEIN, L. TAYLOR, COWLES, FEYEN, TIFFANY, OLSEN and KOOYENGA. Referred to Committee on Ways and Means.

AUTHORS SUBJECT TO CHANGE

1 **AN ACT** *to renumber and amend* 76.638 (2); and *to create* 76.638 (2) (b) and
2 76.638 (2m) of the statutes; **relating to:** allocation of early stage seed
3 investment credit to offset taxes imposed on insurers.

Analysis by the Legislative Reference Bureau

This bill allows the allocation of the early stage seed investment credit to offset certain taxes imposed on insurers.

Under current law, insurers subject to the premium and gross investment income taxes may claim the early stage seed investment credit to offset them. The credit equals 25 percent of the claimant's investment paid to a fund manager who invests in a new business venture that is certified by the Wisconsin Economic Development Corporation. Under the bill, in the case of a partnership, limited liability company, or tax-option corporation, the 25 percent limitation is determined at the entity level, rather than the claimant level, and may be allocated among the claimants according to the entity's organizational documents. The bill also provides that a partnership, limited liability company, or tax-option corporation may not claim the credit against these taxes, but rather must compute the credit amount that each of its partners, members, or shareholders may claim and notify them of the amount. The partners, members, or shareholders may claim the credit according to their ownership interest or as specially allocated in the entity's organizational documents.

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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.** 76.638 (2) of the statutes is renumbered 76.638 (2) (a) and amended
2 to read:

3 76.638 (2) (a) FILING CLAIMS. For taxable years beginning after December 31,
4 2008, subject to the limitations provided under this subsection section and s. 238.15
5 or s. 560.205, 2009 stats., and except as provided in par. (b), an insurer may claim
6 as a credit against the fees imposed under s. 76.60, 76.63, 76.65, 76.66, or 76.67, 25
7 percent of the insurer's investment paid to a fund manager that the fund manager
8 invests in a business certified under s. 238.15 or s. 560.205 (1), 2009 stats.

9 **SECTION 2.** 76.638 (2) (b) of the statutes is created to read:

10 76.638 (2) (b) In the case of a partnership, limited liability company, or
11 tax-option corporation, the computation of the 25 percent limitation under par. (a)
12 shall be determined at the entity level rather than the claimant level and may be
13 allocated among the claimants who make investments in the manner set forth in the
14 entity's organizational documents. The entity shall provide to the department of
15 revenue and to the department of commerce or the Wisconsin Economic
16 Development Corporation the names and tax identification numbers of the
17 claimants, the amounts of the credits allocated to the claimants, and the
18 computation of the allocations.

19 **SECTION 3.** 76.638 (2m) of the statutes is created to read:

20 76.638 (2m) LIMITATIONS. Partnerships, limited liability companies, and
21 tax-option corporations may not claim the credit under this section, but the

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1 eligibility for, and the amount of, the credit are based on their payment of amounts
2 under sub. (2). A partnership, limited liability company, or tax-option corporation
3 shall compute the amount of credit that each of its partners, members, or
4 shareholders may claim and shall provide that information to each of them.
5 Partners, members of limited liability companies, and shareholders of tax-option
6 corporations may claim the credit in proportion to their ownership interest or as
7 specially allocated in their organizational documents.

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(END)