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## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

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**2005 Assembly Bill 208**

**Senate Amendments  
1 and 2**

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*Assembly Bill 208*, as amended by the Assembly, authorizes the Department of Commerce (“the department”) to designate rural enterprise development zones and to certify certain businesses to receive tax benefits for operating within the zones. One of these is a business that expands operations in a rural enterprise development zone, or that relocates to a rural enterprise development zone from another location in this state, if any of the following apply:

1. The business will increase the “number of full-time employees” employed in the rural enterprise development zone by at least 10%, and the business enters into an agreement with the department to claim tax benefits only for years during which the business maintains the increased level of employment. *Senate Amendment 1* replaces “number of full-time employees” with “personnel,” and defines “personnel” to include individuals “who provide services to a business as independent contractors in this state.”
2. The business makes a capital investment in property located in the rural enterprise development zone and the value of the capital investment is equal to at least 10% of the “business’s gross revenues in the preceding tax year,” and the business enters into an agreement with the department to claim tax benefits only for years during which the business maintains the capital investment. *Senate Amendment 1* specifies that the “business’s gross revenues in the preceding tax year” must be “attributable to business activities in this state.”
3. The business offers compensation and benefits for the same type of work to its employees working in the zone that are at least as favorable as those offered to its employees working outside the zone, as determined by the department. *Senate Amendment 1* changes this from a stand-alone provision to an additional requirement added to each of the requirements listed above. As a result, this requirement must be met **in addition to** either of the requirements described in the two previous paragraphs.

*Senate Amendment 2* relates to the initial applicability of Assembly Bill 208. Under *Assembly Bill 208*, as amended by the Assembly, the provisions related to the rural enterprise development income and capital gains credits for individuals and the rural enterprise development zone jobs credit for certified businesses would first apply to taxable years beginning on January 1 of the year in which they take effect, except that if they take effect after July 31, they would first apply to taxable years beginning on January 1 of the year following the year in which they take effect. *Senate Amendment 2* amends this so that these provisions would first apply to taxable years beginning on July 1, 2007.

**Legislative History**

On April 5, 2005, the Assembly passed Assembly Bill 208, as amended, on a vote of Ayes, 65; Noes, 33.

Senate Amendment 1 was offered by Senator Brown. On December 5, 2005, the Senate Committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform recommended adoption of Senate Amendment 1, and concurrence in Assembly Bill 208 as amended, both on votes of Ayes, 3; Noes, 2.

Senate Amendment 2 was offered by Senator S. Fitzgerald. On March 2, 2006, the Senate adopted Senate Amendments 1 and 2 by voice vote, and concurred in Assembly Bill 208 as amended on a vote of Ayes, 17; Noes, 15.

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