



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #287

### **Jobs Tax Credit (General Fund Taxes -- Income and Franchise Taxes)**

[LFB 2013-15 Budget Summary: Page 177, #14]

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#### **CURRENT LAW**

A refundable jobs tax credit can be claimed under the state individual income and corporate income and franchise taxes, for 10% of the eligible wages paid to an eligible employee and/or the amount of costs incurred to undertake training activities in a tax year, as determined by the Wisconsin Economic Development Corporation (WEDC). Specifically, WEDC can award tax benefits equal to the lesser of 10% of the wages paid to an employee or \$10,000, if the employee earned wages in the year for which the tax credit is claimed equal to one of the following: (a) at least \$20,000 in a tier I county or municipality; or (b) at least \$30,000 in a tier II county or municipality. (AB 40 would change the tier I wage requirements to be greater than 150% of federal minimum wage.) WEDC can also award tax credits in an amount determined by the Corporation for costs incurred to undertake training activities in a tier I or tier II county or municipality that: (a) improve the job-related skills of any eligible employee; (b) train any eligible employee on the use of job-related new technologies; or (c) provide job-related training to any eligible employee whose employment represents the employee's first full-time job.

The maximum amount of tax credits that WEDC can allocate in a calendar year is \$10 million. In addition, the total amount of credits that can be claimed for tax years beginning on or after January 1, 2010, and ending on June 30, 2013, is limited to \$14.5 million. WEDC is also authorized to reallocate angel investment and early stage seed investment tax credits that are unused in any calendar year to persons eligible for the jobs tax credit, subject to 14-day passive review by the Joint Committee on Finance.

#### **GOVERNOR**

Provide \$17,000,000 GPR annually in the jobs tax credit appropriation for estimated tax credit claims.

## MODIFICATION

Reestimate the sum sufficient appropriation for the jobs tax credit to be \$12,000,000 GPR in 2013-14 and \$18,000,000 GPR in 2014-15. Compared to the bill, the reestimate would reduce the jobs tax credit appropriation by \$5,000,000 GPR in 2013-14, and increase it by \$1,000,000 GPR in 2014-15.

**Explanation:** The reestimate reflects allocations of jobs tax credits by WEDC for 2011 through 2013 that are lower than previous estimates.

Change to Bill Funding	
GPR	- \$4,000,000

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