
Wisconsin Legislative Council

ACT MEMO



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2023 Wisconsin Act 143
[2023 Assembly Bill 627]

**Business and Enterprise Zone
Tax Credits**

BACKGROUND

Under Wisconsin law, the Wisconsin Economic Development Corporation (WEDC), as determined under its policies and procedures, may certify a person for the refundable business development tax credit if the person's business increases net employment above the business's level of employment in the year preceding the certification. Calculation of the business development tax credit is based, generally, on wages of eligible employees, training costs, and personal and real property investment. Similarly, WEDC may certify a person for the refundable enterprise zone tax credit based on a claimant's increased employment, employee retention, employee training, capital investment, and purchases from Wisconsin vendors. Enterprise zone tax credits are typically awarded to businesses that relocate major operations to Wisconsin or undertake significant expansion projects in the state.

2023 WISCONSIN ACT 143

2023 Wisconsin Act 143 revises the qualifications and administrative procedures for the business development and enterprise zone tax credits.

Business Development Tax Credit

The act provides the following revisions to the business development tax credit:

- Revision to the employment-related qualifications of the credit to allow eligibility if a person creates new jobs or retains existing jobs and makes a capital investment in the state, or if a person does not decrease net employment in the person's business in the year preceding the certification.
- Authorization of additional claims related to investments in workforce housing and establishment of employee child care programs, at a level not to exceed 15 percent of the amounts of those investments and subject to disallowance of duplicative claims.
- Specification that WEDC must approve or deny an application for the certification for the credit within 90 days after receiving a person's application.
- Revision of WEDC's expenditure authority for the credit to clarify inclusion of unused allocations from closed awards.
- For the award of tax credits for property investment, reduction of the capital investment threshold to \$250,000. Under prior law, in order to award tax credits for property investment under the business development tax credit, a project must have involved a total capital investment of at least \$1 million or, if less than \$1 million, total capital investment equal to at least \$10,000 per eligible employee employed on the project.

Enterprise Zone Tax Credit

The act provides the following revisions to the enterprise zone tax credit:

- A new definition of “full-time job,” defined as a nonseasonal job for which the annual pay is more than 2,080 hours multiplied by 150 percent of the federal minimum wage, and for which retirement, health, and other benefits are offered. Prior law required an employee to actually work 2,080 hours per year.
- Amendment of the definition of “zone payroll” to mean amounts attributable to full-time employees “based in” an enterprise zone. Prior law required services to be “performed in” the zone.
- Creation of a new 12-month period “base year” definition for calculation of enterprise zone credits. Prior law calculated credits using the prior taxable year as the base year.
- Amendment of WEDC’s authority to require repayment of enterprise zone credits to allow WEDC to require repayment for general failure to comply with an agreement entered into between a business and WEDC. Prior law specified that WEDC may require repayment when a business fails to maintain employment levels or significant capital expenditure as required by an agreement with WEDC.
- Sunset of certain “supplemental claims” to the enterprise zone credit that previously allowed certification of enterprise zone benefits for a qualifying financial services technology business.

Effective date: March 23, 2024. The act’s treatments of the tax credits first apply, generally, to taxable years beginning after December 31, 2023.

For a full history of the bill, visit the Legislature’s [bill history page](#).

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