

GENERAL FUND TAXES -
INDIVIDUAL AND CORPORATE INCOME AND FRANCHISE TAXES

Beloit Development Opportunity Zone

Motion:

Move to allow all eligible businesses that are conducting economic activity in the Beloit development opportunity zone (created in September, 2001) to claim tax benefits. Also, specify that any eligible business in the zone may claim the development zone capital investment credit created by 2001 Wisconsin Act 16.

Note:

The 2001-03 biennial budget (2001 Wisconsin Act 16) included provisions that required the Department of Commerce to designate an area in the City of Beloit as a development opportunity zone. Corporations conducting or intending to conduct economic activity in the Beloit zone can claim the consolidated development zones jobs and environmental remediation tax credit and the development zones capital investment credit, if it is based on the economic activity of another. The maximum amount of credits that can be claimed in the Beloit development opportunity zone is \$4.7 million. The zone was designated by Commerce in September, 2001, and will exist for seven years from that date. The Beloit development opportunity zone provides financial assistance to the City's Gateway project.

This motion would allow businesses other than corporations, such as sole proprietorships, partnerships, and limited liability companies taxed as partnerships, to claim tax credits in the Beloit development opportunity zone. In addition, the motion would allow all eligible businesses to claim the development zones capital investment credit, not just those businesses that claim the credit based on the economic activity of another business in the zone. This corrects a statutory cross reference that was not included in the provisions that created the Beloit zone. Based on information provided by Commerce concerning the likely timing of investments by businesses in the Beloit development opportunity zone, this motion is estimated to result in a minimal increase in the amount of tax credits claimed in 2003-05 biennium.