



## Business Development Tax Credits (BTC)

<b><u>Program Guidelines for Calendar Year 2025</u></b>
<b>Lead Division:</b> Business and Community Development
<input type="checkbox"/> <b>New</b> <input checked="" type="checkbox"/> <b>Revised (1/1/2025)</b>
<input type="checkbox"/> <b>Grant</b> <input type="checkbox"/> <b>Loan</b> <input checked="" type="checkbox"/> <b>Tax Credit</b> <input type="checkbox"/> <b>Technical Assistance</b>

### **Introduction**

**Background Information:** The Business Development Tax Credit (BTC) Program was created by [2015 Wisconsin Act 55](#). The program supports job creation, capital investment, training, Corporate Headquarters location or retention, and investment in workforce housing and employee child care programs by providing businesses located in or relocating to Wisconsin with refundable tax credits that can help to reduce their Wisconsin income/franchise tax liability or provide a refund, thereby helping to enhance their cash flow to expand the project's scope, accelerate the timing of the project, or enhance payroll.

**Program's Purpose:** The purpose of the BTC Program is to incent new and expanding businesses in the state of Wisconsin.

### **Eligibility Requirements**

#### **Certification:**

WEDC may certify a business as eligible to earn Tax Credits if the business does all of the following:

- Makes a capital investment in the business and either creates new Full-Time Jobs or retains existing Full-Time Jobs.<sup>1</sup>
- Does not decrease their net employment in Wisconsin below their net employment in Wisconsin in the Base Year.<sup>2</sup>
- Is operating, or intends to operate, in the state of Wisconsin;<sup>3</sup> and
- Applies and enters into a contract with WEDC.<sup>4</sup>

There is no limit on the number of businesses that may be certified for Tax Credits under this program. Each certification may exist for up to 10 cumulative years.<sup>5</sup> WEDC may cap the award and/or limit the number of years in which Tax Credits may be claimed by a Certified Business.

WEDC will evaluate Tax Credit applications based on factors including:

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<sup>1</sup> Wis. Stat. Sec. 238.308(b)1.

<sup>2</sup> Wis. Stat. Sec. 238.308(b)2.

<sup>3</sup> Wis. Stat. § 238.308(2)(a)1.

<sup>4</sup> Wis. Stat. § 238.308(2)(a)2.

<sup>5</sup> Wis. Stat. § 238.308(2)(b).

- Whether the project would occur without the allocation of Tax Credits;
- The extent to which the project will increase employment in Wisconsin;
- The extent to which the project will contribute to the economic growth of Wisconsin;
- The extent to which the project will increase geographic diversity of available Tax Credits throughout Wisconsin;
- The financial soundness of the business; and
- Any previous financial assistance that the business received from the Department of Commerce or WEDC.

To be eligible for a BTC award, the applicant must offer the employees filling the Full-Time Jobs to be attracted, created, or retained as part of the project at least 50% of the health insurance benefit costs to the employees or other equivalent health insurance benefits that are acceptable to WEDC. Recipients will be expected to continue to offer all Eligible Employees retirement, health, and other benefits through the duration of the agreement.

Tax Credits may be awarded for any of the following eligible activities: job creation,<sup>6</sup> training,<sup>7</sup> capital investment,<sup>8</sup> Corporate Headquarters location or retention,<sup>9</sup> and/or workforce housing (as defined in Wis. Stat. §234.66(1)(i)) and/or employee child care programs.<sup>10</sup> Generally, the maximum amount of Tax Credits awarded for a project will be determined by calculating the greater of the amount a Recipient could earn under either job creation or capital investment.

WEDC is not required to award the Recipient the maximum amount allowed by statute. A business may be awarded an additional amount of Tax Credits if the project meets any of the following criteria:

- The project is located in an Economically Distressed area or Opportunity Zone;
- Locating or retaining a Corporate Headquarters;
- Wisconsin is competing for the investment with one or more out-of-state locations;
- Fifty percent of Eligible Employees' wages are greater than 400 percent of the federal minimum wage;
- Industry jobs multiplier is greater than 2.0; or
- Any other criteria as approved by the Awards Administration Committee of the Board of Directors.

Once the maximum tax credit award amount is determined, WEDC will evaluate all aspects of the project to determine which eligible activities to incent with tax credits. A project may receive tax credits for multiple eligible activities. A Certified Business may qualify for Tax Credits only for eligible activities that occur after the Certification Date established by WEDC.

### **Tax Credit Calculation:**

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<sup>6</sup> Wis. Stat. § 238. 308(4)(a)1, 2; Wis. Stat. § 71.07(3y)(b)1, 2; Wis. Stat. § 71.28(3y)(b)1, 2; Wis. Stat. § 71.47(3y)(b)1, 2.

<sup>7</sup> Wis. Stat. § 238. 308(4)(a)3; Wis. Stat. § 71.07(3y)(b)3; Wis. Stat. § 71.28(3y)(b)3; Wis. Stat. § 71.47(3y)(b)3.

<sup>8</sup> Wis. Stat. § 238. 308(4)(a)4; Wis. Stat. § 71.07(3y)(b)4; Wis. Stat. § 71.28(3y)(b)4; Wis. Stat. § 71.47(3y)(b)4.

<sup>9</sup> Wis. Stat. § 238. 308(4)(a)5; Wis. Stat. § 71.07(3y)(b)5; Wis. Stat. § 71.28(3y)(b)5; Wis. Stat. § 71.47(3y)(b)5.

<sup>10</sup> Wis. Stat. Sec. 238.308(4)(a)6. Wis. Stat. § 71.07(3y)(b)6; Wis. Stat. § 71.28(3y)(b)6; Wis. Stat. § 71.47(3y)(b)6.



Generally, a business will be certified for a project based on a three-year earning period and contract term. Projects including job creation, including corporate headquarters job creation, will include an additional two-year period in which the business must maintain the jobs. The amount of tax credits awarded for each activity shall align with the following calculations:

### Job Creation

The amount of Tax Credits awarded for job creation may equal up to 10% of the annual wages for Eligible Employees in Full-Time Jobs.<sup>11</sup> In an Economically Distressed area, the amount of Tax Credits may equal up to an additional 5% of the annual wages for Eligible Employees.<sup>12</sup> Tax Credits may not be earned for wages over \$100,000 per year.

Generally, a business will be certified for amounts for job creation based on projected Full-Time Jobs to be created over three years. Certified Businesses may earn these Tax Credits over three years, based on the increase in headcount and wages each year compared to the prior year, at the project location(s) for which the award is made, subject to annual verification. Full-Time Jobs filled by Eligible Employees for which Tax Credits have been verified must be maintained for a period of either five years from the Certification Date, or a period of two years after the final earning period for job creation and retention, whichever is longer, measured as of the last day of the maintenance period. Generally, WEDC will not award tax credits for retained jobs; however, in cases where WEDC does incent retained jobs with job retention tax credits, those credits will be calculated based on the Baseline wages earned on an equal basis over three years. Tax Credits will be released annually, based on the wages of Full-Time Jobs filled by Eligible Employees during the Recipient's taxable year.

### Training

The amount of Tax Credits awarded for training may equal up to 50% of Eligible Training Costs incurred to undertake activities to enhance an Eligible Employee's general knowledge, employability, and flexibility in the workplace; to develop skills unique to the business's workplace or equipment; or to develop skills that will increase the quality of the business's product.<sup>13</sup>

Those activities must be related to the project that is the subject of the application for Tax Credits, and not for those activities that allow an employee to function within the day-to-day operations of the business or for the general, organic growth of the business. Examples of ineligible activities include orientation or training on a business process management system.

### Capital Investment<sup>14</sup>

#### Capital Investment in the Business

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<sup>11</sup> Wis. Stat. § 238. 308(4)(a)1; Wis. Stat. § 71.07(3y)(b)1; Wis. Stat. § 71.28(3y)(b)1; Wis. Stat. § 71.47(3y)(b)1.

<sup>12</sup> Wis. Stat. § 238. 308(4)(a)2; Wis. Stat. § 71.07(3y)(b)2; Wis. Stat. § 71.28(3y)(b)2; Wis. Stat. § 71.47(3y)(b)2.

<sup>13</sup> Wis. Stat. § 238. 308(4)(a)3; Wis. Stat. § 71.07(3y)(b)3; Wis. Stat. § 71.28(3y)(b)3; Wis. Stat. § 71.47(3y)(b)3.

<sup>14</sup> Wis. Stat. § 238. 308(4)(a)4; Wis. Stat. § 71.07(3y)(b)4; Wis. Stat. § 71.28(3y)(b)4; Wis. Stat. § 71.47(3y)(b)4.

The amount of Tax Credits awarded for new capital investment may equal up to 3% of the business's personal property investment and up to 5% of its new real property investment. To qualify for Capital Investment tax credits, the project must involve a total capital investment of at least \$250,000 or, for projects that involve a total capital investment of less than \$250,000, the total investment must be equal to at least \$10,000 per Eligible Employee employed on the project.<sup>15</sup>

#### Capital Investment in Workforce Housing

The amount of Tax Credits awarded for a Certified Business's investment in workforce housing, as defined in Wis. Stat. §234.66(1)(i), for employees may equal up to 15% of eligible expenditures.<sup>16</sup> Such investments may include only capital expenditures made by the Certified Business,<sup>17</sup> and no Workforce Housing Tax Credits may be allowed for any amount of personal property investment or real property investment used to claim Capital Investment Tax Credits.<sup>18</sup>

#### Capital Investment in Employee Child Care

The amount of Tax Credits awarded for a Certified Business's investment in establishing an employee child care program for employees may equal up to 15% of eligible expenditures.<sup>19</sup> Such investments may include only capital expenditures made by the Certified Business,<sup>20</sup> and no Employee Child Care Tax Credits may be allowed for any amount of personal property investment or real property investment used to claim Capital Investment Tax Credits.<sup>21</sup>

#### Corporate Headquarters

The amount of Tax Credits awarded for the location or retention of a Corporate Headquarters may equal up to 10% of the annual wages of positions created or retained for Eligible Employees if the position in which the Eligible Employee was employed was created or retained in connection with the location or retention of the Corporate Headquarters in Wisconsin, and the job duties associated with the Eligible Employee's position involve the performance of Corporate Headquarters functions.<sup>22</sup> Tax Credits may not be earned for wages over \$100,000 per year. Generally, a business will be initially certified for amounts for Corporate Headquarters job creation based on projected Full-Time Jobs to be created over three years.

Certified Businesses may then earn these Corporate Headquarters job creation credits over a period of three years based on the increase in wages at the project location(s) for which the award is made, year-over-year, subject to annual verification.

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<sup>15</sup> Wis. Stat. § 238.308(4)(a)4.

<sup>16</sup> Wis. Stat. Sec. 238.308(4)(a)6, Wis. Stat. § 71.07(3y)(b)6; Wis. Stat. § 71.28(3y)(b)6; Wis. Stat. § 71.47(3y)(b)6.

<sup>17</sup> Wis. Stat. Sec. 238.308(4)(a)6.

<sup>18</sup> Wis. Stat. § 71.07(3y)(c)3; Wis. Stat. § 71.28(3y)(c)3; Wis. Stat. § 71.47(3y)(c)3.

<sup>19</sup> Wis. Stat. Sec. 238.308(4)(a)6, Wis. Stat. § 71.07(3y)(b)6; Wis. Stat. § 71.28(3y)(b)6; Wis. Stat. § 71.47(3y)(b)6.

<sup>20</sup> Wis. Stat. Sec. 238.308(4)(a)6.

<sup>21</sup> Wis. Stat. § 71.07(3y)(c)3; Wis. Stat. § 71.28(3y)(c)3; Wis. Stat. § 71.47(3y)(c)3.

<sup>22</sup> Wis. Stat. § 238.308(4)(a)5; Wis. Stat. § 71.07(3y)(b)5; Wis. Stat. § 71.28(3y)(b)5; Wis. Stat. § 71.47(3y)(b)5.



Corporate Headquarters retention credits will be calculated based on the Baseline wages earned on an equal basis over three years.

Full-Time Jobs filled by Eligible Employees for which Tax Credits have been verified must be maintained for a period of either five years from the Certification Date or a period of two years after the final earning period for job creation and retention, whichever is longer, measured as of the last day of the maintenance period. Tax Credits will be earned annually based on the wages of Full-Time Jobs filled by Eligible Employees during the Recipient's taxable year.

### **Eligibility to Claim:**

In order to be eligible to claim Tax Credits in any year for which the business is certified, the Certified Business must both:

- Make a capital investment in the business and either create new Full-Time Jobs or retain existing Full-Time Jobs,<sup>23</sup> and
- Not have decreased their net employment in Wisconsin below their net employment in Wisconsin in the Base Year.<sup>24</sup>

WEDC will annually calculate the amount of Tax Credits earned<sup>25</sup> and able to be claimed by the Certified Business based on eligible activities, and may request additional information from the Certified Business. WEDC will notify the Certified Business and the Department of Revenue of the amount eligible to be claimed against the Certified Business's taxes each year with a written verification of the Tax Credits earned. A Certified Business must attach appropriate forms to its Wisconsin tax return submitted to the Department of Revenue to obtain the tax benefits.<sup>26</sup> No person may file with the Department of Revenue for Tax Credits without the written certification of WEDC.<sup>27</sup>

Tax Credits are refundable. If the amount of Tax Credits approved for a taxable year exceeds the amount of tax due for the taxable year, the excess credit amount will be refunded to the Certified Business.<sup>28</sup> The Tax Credits are non-transferable and must be claimed in accordance with the statutory requirements.

WEDC may require a business to repay tax benefits the business claims for a year in which the business failed to comply with a BTC agreement.<sup>29</sup>

### **Available Incentives**

**CY25:** \$22,000,000<sup>30</sup>

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<sup>23</sup> Wis. Stat. Sec. 238.308(b)1.

<sup>24</sup> Wis. Stat. Sec. 238.308(b)2.

<sup>25</sup> Wis. Stat. § 238.308(5)(b).

<sup>26</sup> Wis. Stat. § 71.07(3y)(c)2; Wis. Stat. § 71.28(3y)(c)2; Wis. Stat. § 71.47(3y)(c)2.

<sup>27</sup> Wis. Stat. § 71.07(3y)(c)2; Wis. Stat. § 71.28(3y)(c)2; Wis. Stat. § 71.47(3y)(c)2.

<sup>28</sup> Wis. Stat. § 71.07(3y)(d)2; Wis. Stat. § 71.28(3y)(d)2; Wis. Stat. § 71.47(3y)(d)2.

<sup>29</sup> Wis. Stat. Sec. 238.308(5)(a).

<sup>30</sup> Wis. Stat. §238.308(4)(b).



The calendar year limit of \$22,000,000 in Tax Credits may be supplemented by the reallocation of additional funds up to \$10,000,000,<sup>31</sup> and/or the carry-forward of unused credits.

### **Activities and Expected Outcomes**

Assist 27 businesses to support the creation of 2,500 jobs and retention of 6,800 jobs; achieve at least 30:1 leverage of other investments.

**Impact:** The BTC Program was created to allow and encourage businesses to make investments that enhance their operations and communities and that have “multiplier” effects like job creation, training, corporate headquarters retention, and most recently, workforce housing and employee child care assistance. The impacts of these business expansions or attractions should lead to near-term growth in the state’s economy through job creation and/or increased productivity from capital investment, and should also lead to sustainable longer-term development in local economies from the increased economic activity and overall sector growth.

### **Metrics:**

Metrics for the BTC Program include but are not limited to:

- Leverage – Total
- Job Retention
- Job Creation
- Capital Investment, if applicable by earnings basis
- Workforce Training Expenditures, if applicable

### **Application Guideline**

**Timeline:** The Business Development Tax Credit has a continuous application process.

**Review Considerations:** WEDC may take the following into account when evaluating applicants:

- The extent to which the proposed project contributes to the overall economic improvement and enhancement of the community

**How to Apply:** An interested applicant should contact a WEDC Account Manager to determine if their project is right for the program. Upon review of the project and alignment with eligibility criteria, an applicant will be invited to submit their application through Network Wisconsin.

**Award Process:** The completed application will be assigned to an underwriter and go through the award review process. WEDC will approve or deny the certification within 90 days after receiving a completed application.<sup>32</sup>

### **Performance Reporting:**

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<sup>31</sup> Wis. Stat. §238.308(4)(c).

<sup>32</sup> Wis. Stat. Sec. 238.308(2)(c).



Recipients will be required to annually submit a performance report documenting capital investment, job creation, and job retention, as well as any other contract deliverables.

WEDC annually selects awards on a sample basis for an audit. All backup documentation to the performance report is required to be maintained for the life of the award.

WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

### **Helpful Information**

#### **Definitions:**

The following definitions supplement those in Wis. Stat. §238.308, §71.07(3y), §71.28 (3y), and §71.47(3y).

“Baseline” means Recipient’s number of Full-Time Jobs during the 12 months immediately preceding the Certification Date. Projects will have a Statewide Baseline as well as a Project Baseline.

“Certified Business” means a business certified by WEDC as eligible to earn Tax Credits based on the parameters of this guideline and based on the business’s total number of Eligible Employees in the state of Wisconsin, as determined by the Federal Employment Identification Number (“FEIN”) under which the business files its taxes.

“Certification Date” means the date, designated by WEDC, on which the eligibility to earn Tax Credits begins. No activities occurring prior to the Certification Date will be considered in allocating Tax Credits.

“Corporate Headquarters” means the office location where staff members or employees are physically employed and where the majority of the company’s financial, personnel, legal, planning, or other related functions are organized at a divisional, regional, national, or global basis. In considering an office as a Corporate Headquarters, WEDC will consider the business’s existing locations as of the Certification Date.

“Economically Distressed” means a county or municipality so designated by WEDC by considering the most current area and state data available for the following indicators:

- Unemployment rate
- Percentage of families with incomes below the poverty line
- Median family income
- Median per capita income
- Average annual wage
- Manufacturing assessment values by county
- Other significant or irregular indicators of economic distress, such as a natural disaster or plant closings and layoffs

“Eligible Employee” means a person employed in a Full-Time Job by a Certified Business.<sup>33</sup>

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<sup>33</sup> Wis. Stat. § 238.308(1)(a); Wis. Stat. § 71.07(3y)(a)2; Wis. Stat. § 71.28(3y)(a)2; Wis. Stat. § 71.47(3y)(a)2.

“Eligible Training Cost” means (1) the cost of the trainer; (2) the cost of the training materials; (3) the wages of the trainee while in a classroom setting; or (4) the costs of the trainer and the wages of the trainee while in an on-the-job or job shadowing setting. Eligible training costs do not include travel expenses, food, or lodging.

“Financial Institution” means a bank, as defined in Wis. Stat. §214.01(1)(c); a savings bank, as defined in Wis. Stat. §214.01(1)(t); a savings and loan association; a trust company; a credit union, as defined in Wis. Stat. §186.01(2); a mortgage banker, as defined in Wis. Stat. §224.71(3); or a mortgage broker, as defined in Wis. Stat. §224.71(4), whether chartered under the laws of this state, another state or territory, or under the laws of the United States; a company that controls, is controlled by, or is under common control with a bank, a savings bank, a savings and loan association, a trust company, a credit union, a mortgage banker, or a mortgage broker; or a person licensed under Wis. Stat. §138.09, other than a person who agrees for a fee to hold a check for a period of time before negotiating or presenting the check for payment and other than a pawnbroker, as defined in Wis. Stat. §138.10(1)(a).

A “Full-Time Job” means a non-seasonal job for which the annual pay is more than the amount determined by multiplying 2,080 by 150% of the federal minimum wage, and an individual in the position is offered retirement, health, and other benefits. “Full-Time Job” does not include initial training before an employment position begins.<sup>34</sup> Employees that do not meet this definition will not be counted toward headcount or wages.

“Ineligible Business” means businesses ineligible for tax credits unless extraordinary circumstances exist, including but not limited to a serious threat of a business leaving the state, significant job creation or retention, or significant capital investment, and such extraordinary circumstances are approved by the Board of Directors’ Awards Administration Committee. Such Ineligible Businesses include:

- Payday loan and title loan companies
- Telemarketing other than inbound call centers
- Pawn shops
- Media outlets
- Retail
- Farms
- Primary care medical facilities
- Financial Institutions
- The hospitality industry

“Opportunity Zone” means a designated qualified opportunity zone in the state of Wisconsin under Internal Revenue Code §1400Z-1.

“Tax Credits” means the BTCs authorized pursuant to Wis. Stat. §238.308, §71.07(3y), §71.28(3y), and §71.47(3y).

“Taxable Year” means the taxable period upon the basis of which the taxable income of the taxpayer is computed for federal income tax purposes. The taxable year of a taxpayer who keeps their accounting records on the basis of a 52-53 week period ends on the last day of the month closest to the end of the 52-53 week period.<sup>35</sup>

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<sup>34</sup> Wis. Stat. § 238.308(1b).

<sup>35</sup> Wis. Stat. § 71.01(12).





**Revision History**

**Program Inception – 2015 Wisconsin Act 55 – Fiscal Year 2015**

- 07.01.2017: Standardized expected outcomes language and added metric for leverage.
- 07.07.2017: Eliminated unnecessary maintenance period for tax credits awarded for training.
- 09.23.2017: Pursuant to 2017 Act 59, WEDC may annually request from the Joint Committee on Finance additional allocation authority
- 07.01.2018: Added statutory citations.
- 07.01.2018: Clarified criteria for awarding additional tax credits.
- 07.01.2018: Clarified maintenance requirements for job creation and retention.
- 07.01.2019: Expanded criteria for awarding additional tax credits to include Opportunity zones; standardized application process and performance reporting sections for consistency; clarified duration of maintenance period and performance reporting requirements.
- 04.20.2021: Aligned program guidelines with the annual calendar year credit allocation.
- 01.01.2024: Aligned program guidelines with statutory changes.

**PROGRAM REVIEW:**

This document has been reviewed by the following parties:

- Chief Operating Officer
- Chief Legal Officer
- Chief Financial Officer
- Senior Vice President of Strategic Investment & Evaluation
- Senior Director of Policy - VACANT

**Division Vice President:** Michael Ward

**Date:** 12/5/2024

**CEO or Designee:** 

**Date:** 12/5/2024