

Wisconsin's Technology Zone Tax Credit Program is Vital

The state's technology zone program has been an important tool to new and expanding high-tech companies in St. Croix County. The same can be said for the 6-county region that comprises the I-94 Corridor Technology Zone - St. Croix, Polk, Pierce, Dunn, Eau Claire, and Chippewa counties. Under this program, high-tech companies earn state tax credits by combining a capital investment activity with job creation.

The concept of a tax credit program for high-tech companies first appeared on St. Croix EDC's radar screen in 2000-2001. As the program became more defined, we learned that only eight technology zones and one agriculture zone would be created in the state. To maximize the benefits, counties and regions were forced to work together, often for the first time. St. Croix EDC took the lead in a 3-county application for St. Croix, Polk, and Pierce counties. It was merged with an application from Dunn, Eau Claire, and Chippewa to create the 6-county zone, as designated by the Wisconsin Department of Commerce. As growing evidence of regional cooperation, St. Croix, Polk, and Pierce now conduct an annual legislative days event in Madison. The three counties also published a business directory. In addition, a regional loan fund was launched last year, and a 10-county organization was established through the expansion of Momentum Chippewa Valley.

Our technology zone program came with \$5 million in state tax credits. The credits are used by the expanding high-tech companies to offset any liability with the Wisconsin Department of Revenue when corporate tax returns are filed. Since mid-2002, this program has assisted Sajan, Inc. (River Falls), Nor-Lake, Inc. (Hudson), Preco, Inc. (Somerset), Contour Plastics, Inc. (Baldwin), Interfacial Solutions, LLC (River Falls), and iMARK Molding, Inc. (Woodville).

Contour, Interfacial, and iMARK received their tax credit awards following extensive capital investments in 2007. A fourth company was recommended for tax credits in late 2007, and the EDC is confident an announcement will be forthcoming.

The February 21st Business of the Year banquet was used as a backdrop to surprise the recent tax credit winners with ceremonial checks. Contour Plastics will receive up to \$250,000 in credits as a result of investing several million dollars in a facility expansion and new equipment purchases. Interfacial Solutions earned up to \$207,600 in tax credits by constructing and equipping a new facility. iMARK Molding will receive up to \$250,000 in credits by doubling its facility and adding equipment. All three companies will create jobs, many of them high paying. This adds value to the growing median family income of county residents.

The 6-county zone is reaching the upper limits of its \$5 million allocation. One of United St. Croix Valley's legislative priorities was the support of consolidating the tax credits from the state's five development zones into a single fund. In Madison we learned that 'March Madness' is a term that is not unique to basketball. Both the senate and assembly were very busy. Final agreement on the exact details was not reached on the consolidation measure, but St. Croix EDC remains hopeful that it will be a reality.

Meanwhile, interim legislation was approved which allows Commerce to allocate unused airport zone credits to technology zones.

In St. Croix County alone, there has been substantial private investment and job creation as a result of the technology zone program. It is a worthwhile program.