

2001 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-SB55)

Received: 06/21/2001

Received By: kahlepj

Wanted: Soon

Identical to LRB:

For: Spencer Black (608) 266-7521

By/Representing: Susan McMurray

This file may be shown to any legislator: NO

Drafter: kahlepj

May Contact:

Addl. Drafters:

Subject: Econ. Development - misc.

Extra Copies: JK

Submit via email: YES

Requester's email: Rep.Black@legis.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

Number 85; designate technology zone in Stevens Point-Plover

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	kahlepj 06/21/2001	jdye 06/22/2001					
/1			rschluet 06/24/2001		lrb_docadmin 06/24/2001	lrb_docadmin 06/24/2001	

FE Sent For:

<END>

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FE Sent For:

6/27

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Assembly Democrat Budget Amendment Requests

Request Number: 85
(not LRB number)

Agency: Commerce - Tech Dev

Description: Designate Stevens Pt/Plover as a tech dev zone starting in 2001-02

Attachments: none

Cost (if known):

Contact person: Susan McMurray, 266-7521; Representative Black's Office

PJK

A business in the Milwaukee development opportunity zone would be eligible to claim a development zone investment credit, the development zone credit provided under current law and a newly created development zone capital investment credit.

Tax Credits Claimed Based on the Economic Activity of Another. Commerce would be authorized to certify a person that was conducting economic activity in the development opportunity zone as eligible for claiming the available tax credits based on the economic activity of another person. (This is intended to address cases where a person developed a business location for lease to another business and the lessee business created jobs but could not claim the jobs component of the development zones credit.) In order for Commerce to certify a person as eligible for credits based on the economic activity of another person, the following would have to apply:

- a. The person's (to be certified) economic activity was instrumental in enabling another person to conduct economic activity in the development opportunity zone.
- b. Commerce determines that the economic activity of the other person would not occur without the involvement of the person to be certified.
- c. The person to be certified for tax benefits would pass the tax benefits through to the other person conducting economic activity in the development opportunity zone.
- d. The other person conducting economic activity in the zone would not claim tax benefits.

A person that intended to claim tax benefits based on the economic activity of another would be required to submit an application to Commerce, in the form prescribed by the Department, with information required by Commerce and by DOR. Commerce would be required to verify information submitted for tax credits and to notify DOR of all persons that were certified to claim tax credits.

Commerce would be required to revoke the certification for tax credits under this provision if it determined that the person: (a) supplied false or misleading information; (b) ceased operations in the development opportunity zone; or (c) did not pass tax benefits through to the other person conducting economic activity in the zone, as determined by Commerce. The Department would be required to notify DOR of any revocation of certification within 30 days of the revocation. See "General Fund Taxes – Individual and Corporate Income Taxes" for additional information related to tax credits under these provisions.

21. TECHNOLOGY ZONES TAX CREDIT [LFB Paper 106]

Governor: Require Commerce to designate as technology zones up to seven areas in the state in fiscal year 2001-02, up to seven areas in 2002-03 and up to six areas in 2003-04. Designation of an area as a technology zone would be for 10 years. Commerce could change the boundaries of a technology zone at any time that its designation is in effect. A change in

boundaries would not affect the designation of the area as a technology zone or the maximum amount of tax credits that could be claimed in the technology zone.

A business that was located in a technology zone and that was certified by Commerce would be eligible to claim a technology zones credit that would be created under the bill.

Commerce could certify a business as eligible for technology zone tax credits if the business met the following requirements:

- a. The business was located in a technology zone.
- b. The business was a new or expanding business.
- c. The business was a high-technology business.

In determining whether to certify a business for tax credits Commerce would be required to consider:

- a. How many jobs the business was likely to create.
- b. The extent and nature of the high technology used by the business.
- c. The likelihood that the business would attract related enterprises.
- d. The amount of capital investment that the business would be likely to make in Wisconsin.
- e. The economic viability of the business.

When Commerce certified a business as eligible for tax credits, Commerce would establish a limit on the amount of tax credits the business could claim. Generally, unless certification was revoked and subject to the maximum limit on credits that could be claimed, a business could claim a tax credit for three years. However, if the business experienced growth, as determined by Commerce, it could claim a tax credit for up to five years.

Commerce would be required to enter into an agreement with a business that it certified. The agreement would specify the limit on the amount of tax credits that the business could claim, the extent and type of growth that that business would have to experience to extend eligibility for tax credits, the baseline against which growth would be measured, other conditions that would have to be met to extend eligibility for tax credits, and reporting requirements.

Commerce would be required to notify DOR of the following:

- a. Designation of a technology zone.

b. Certification of a business and the limit on the amount of tax credits the business could claim.

c. Extension or revocation of a business' certification.

The bill would require Commerce to promulgate administrative rules for administering the technology zones program including:

a. Criteria for designating an area as a technology zone.

b. A business' eligibility for certification for tax credits as well as definitions of "new or expanding business" and "high-technology business."

c. Certifying a business, including use of criteria for consideration specified in the bill.

d. Standards for establishing a limit on the amount of tax credits that a business may claim.

e. Standards for extending a business' certification, including what measures, in addition to job creation, Commerce would use to determine the growth of a specific business and how Commerce would establish baselines for measuring growth.

f. Reporting requirements for certified businesses.

g. The exchange of information between Commerce and DOR.

h. Reasons for revoking a business' certification.

i. Standards for changing the boundaries of a technology zone.

See "General Fund Taxes -- Individual and Corporate Income Taxes" for additional information related to the tax credits.

Joint Finance: Modify provisions as follows: (a) authorize the Department of Commerce to create up to nine technology zones but provide that the Department could not designate more than three zones without approval of the Joint Committee on Finance; and (b) limit the total amount of technology zones tax credits that could be claimed in a zone to \$3.0 million. Also, provide that partnerships, limited liability companies and S corporations could pass the technology zones credit on to partners and members.

Building and Environmental Regulation

1. PECFA -- REVENUE OBLIGATION AUTHORITY [LFB Paper 302]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
BR	\$100,000,000	-\$28,000,000	\$72,000,000

Governor: Provide \$100,000,000 in revenue obligation authority for the petroleum environmental cleanup fund award (PECFA) program, to increase revenue obligation authority under the program from \$270 million to \$370 million. The PECFA program reimburses owners for a portion of the cleanup costs of discharges from petroleum product storage systems and home heating oil systems. 1999 Act 9 authorized the Building Commission to issue revenue obligations of up to \$270 million in principal amount (typically long-term bonds or short-term notes), to be paid from petroleum inspection fees, to fund the payment of claims under the PECFA program.

Joint Finance: Approve \$72 million instead of \$100 million in additional revenue obligation authority for the PECFA program.

2. PECFA AWARDS [LFB Paper 302]

SEG	-\$45,263,400
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Joint Finance: Decrease the PECFA awards appropriation by \$19,131,700 SEG in 2001-02 to provide \$75,000,000 and by \$26,131,700 SEG in 2002-03 to provide \$68,000,000 to reflect the reduction in amounts available for awards due to allocation of petroleum inspection funds to revenue obligation bond debt service.

3. PECFA STAFF [LFB Paper 303]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$605,100	4.00	\$0	0.00	\$605,100	4.00
PR	<u>131,300</u>	<u>3.00</u>	-1,267,800	-12.00	-1,136,500	-9.00
Total	\$736,400	7.00	-\$1,267,800	-12.00	-\$531,400	-5.00

Governor: Provide \$276,500 SEG in 2001-02 with 3.0 SEG positions from the petroleum inspection fund and \$328,600 SEG and \$131,300 PR in 2002-03 with 4.0 SEG positions and 3.0 PR positions for staff changes in the Petroleum Environmental Cleanup Fund Award (PECFA) program.



State of Wisconsin
2001 - 2002 LEGISLATURE

LRBb1329

PJK:.....

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PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT,

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 1176, line 21: delete the material beginning with "The department"
3 and ending with "zones." on line 23 and substitute: "In fiscal year 2001-02, the
4 department shall designate as a technology zone an area that includes the city of
5 Stevens Point and the village of Plover. In that same fiscal year or in different fiscal
6 years, the department may designate up to 2 more areas in the state as technology
7 zones, for a total of 3, and may, with the approval of the joint committee on finance,
8 designate up to 6 more areas in the state as technology zones, for a total of 9".

9 (END)

technology zones