

**2001 DRAFTING REQUEST**

**Assembly Amendment (AA-ASA1-SB55)**

Received: 06/23/2001

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: jkreya

Subject: Econ. Development - bus. dev.  
Tax - corp. inc. and fran.  
Tax Credits - miscellaneous

Extra Copies:

Submit via email: YES

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

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Number 138; designate development opportunity zone in Beloit

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**Instructions:**

See Attached

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**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 06/23/2001	wjackson 06/27/2001		_____			
	kahlepj 06/27/2001			_____			
/1			pgreensl 06/28/2001	_____	lrb docadmin 06/28/2001	lrb docadmin 06/28/2001	

FE Sent For:

<END>

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/?	kahlepj 06/23/2001	1 WLj 6/27	PS	Self			
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FE Sent For:

<END>

**Assembly Democrat Budget Amendment Requests..**

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**Request Number:**  
(not LRB number)

138

**Agency:**

Commerce

**Description:**

**Attachments:**

See LFB summ Gov/JFC

general fund taxes p. 3 item 7

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

please draft an amendment to  
lift the senate language relating  
to a Beloit opportunity  
development zone.

JK

## 6. TECHNOLOGY ZONES

*Brown, Lassa Schooff*

Delete provisions that would create a technology zone program administered by the Department of Commerce. Under the Joint Finance bill, Commerce would be authorized to establish nine technology zones, but the Department could not establish more than three zones without the approval of Joint Finance. Businesses that located in a zone and that were certified could claim up to \$3 million in technology zone tax credits. The technology zones tax credit would equal the sum of state and local real and personal property taxes, state income and franchise taxes, and state, county and special district sales taxes.

## 7. БЕЛОIT DEVELOPMENT OPPORTUNITY ZONE

Require the Department of Commerce to designate an area in the City of Beloit as a development opportunity zone that would exist for seven years. Any corporation that located and conducted economic activity in the zone would be eligible to claim the development zone tax credit and a development zone capital investment credit and the maximum amount of tax credits that could be claimed by businesses in the zone would be \$4,700,000.

In order to claim tax credits, a corporation that conducts or intends to conduct economic activity in the Beloit development opportunity zone would have to submit a project plan to the Department of Commerce, in conjunction with the Common Council. Commerce would be authorized to revoke the entitlement for tax credits of a corporation that: (a) supplied false or misleading information to obtain the tax benefits; (b) left the zone to conduct substantially the same business outside the development opportunity zone; or (c) ceased operations in the zone and did not renew the same or similar operations within 12 months. DOR would have to be notified within 30 days of a revocation.

Commerce would be required to estimate the amount of revenue that would be forgone due to tax credits claimed by businesses in the development opportunity zone. The zone would expire 90 days after the day on which the Department of Commerce determined that the amount of forgone revenue equaled or exceeded the tax credit limit. Commerce would notify the Common Council of any change in the expiration date and notify the Department of Revenue of corporations entitled to claim the tax credits and to verify information submitted by claimants.

Based on information provided by the City of Beloit concerning the timing of investments in the proposed development opportunity zone, it is estimated that there would be a minimal fiscal effect during the 2001-03 biennium. However, it is anticipated that the \$4.7 million in tax credits would likely be claimed in the 2003-05 biennium.

Under Joint Finance, Commerce would be required to designate an area in the City of Milwaukee as a development opportunity zone. The Milwaukee development opportunity zone would exist for seven years, beginning with the effective date of the bill. Any corporation that conducted economic activity in the zone and that, in conjunction with the Common Council

of the City of Milwaukee, submitted a project plan would be eligible to claim the development zone tax credit, the development zone investment credit and a development zone capital investment credit that would be created in the bill. The maximum amount of tax credits that could be claimed by businesses in the zone would be \$4.7 million.

#### 8. MILWAUKEE DEVELOPMENT OPPORTUNITY ZONE

Provide that the tax credits in the Milwaukee development opportunity zone provided in the bill that are claimed based on the partnership's company's or corporation's activities in proportion to their ownership interest may offset the tax attributable to their income.

#### 9. SALES TAX ON MOBILE TELECOMMUNICATIONS SERVICES

Chg. to JFC	
GPR-REV	\$500,000

Modify the treatment of mobile telecommunications services to bring Wisconsin sales tax statutes into conformance with the federal Mobile Telecommunications Sourcing Act.

Under current law, the sale of a mobile telecommunications service, such as the use of a cellular telephone, is subject to the sales tax if the service either originates or terminates in Wisconsin. For example, a call placed via cell phone by a Wisconsin resident from a neighboring state to a non-Wisconsin destination would not be taxable because the call did not originate or terminate in Wisconsin.

This provision would define "mobile telecommunications service" as a commercial mobile radio service as defined in federal regulations [47 CFR 20.3]. It provides that, for customer bills issued after August 1, 2002, mobile telecommunications services would be subject to the sales and use tax if the customer's place of primary use of the service is in Wisconsin, regardless of where the service originates or terminates. This change would bring Wisconsin's sales and use tax statutes into conformance with P.L. 106-252, the federal Mobile Telecommunications Sourcing Act, by incorporating the sourcing provisions of P.L. 106-252 into state law. Should P.L. 106-252 or its application be found unconstitutional, the sale of mobile telecommunications services would be subject to the sales and use tax under the current state provisions.

It is estimated that adoption of these provisions would result in increased general fund revenues of \$500,000 in fiscal year 2002-03.

#### 10. SALES TAX EXEMPTION FOR WATER-PARK WATER SLIDES

Chg. to JFC	
GPR-REV	-\$210,000

Create a sales and use tax exemption for water-park water slides, including their support structures, attachments and parts. This

*brings  
it into  
conform.  
w/ fed  
law*

*used:  
is it constitutional  
to change  
LFB - nor a  
big issue*

2001

Date (time) needed \_\_\_\_\_

LRB b 1622/1

**ADC CAUCUS BUDGET AMENDMENT  
[ONLY FOR CAUCUS]**

RJK+JK.wlj : \_\_\_\_\_

See form **AMENDMENTS — COMPONENTS & ITEMS.**

*Done*

**CAUCUS AMENDMENT  
TO ASSEMBLY SUBSTITUTE AMENDMENT 1  
TO 2001 SENATE BILL 55**

>>FOR CAUCUS SUPERAMENDMENT — NOT FOR INTRODUCTION<<

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

#. Page . . . . , line . . . . :

#. Page . . . . , line . . . . :

#. Page . . . . , line . . . . :

#. Page . . . . , line . . . . :

#. Page . . . . , line . . . . :

#. Page . . . . , line . . . . :





SDC:.....Keckhaver – CN8501, Designate Gateway Project in Beloit as a development opportunity zone

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS SENATE AMENDMENT

TO SENATE SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

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

2 1. Page 731, line 2: after “(e)” insert “and (f)”.

3 2. Page 794, line 5: after “(e)” insert “and (f)”.

4 3. Page 826, line 24: after “(e)” insert “and (f)”.

5 4. Page 1173, line 7: delete “zone” and substitute “zones”.

6 5. Page 1173, line 7: after “(e)” insert “and (f)”.

7 6. Page 1173, line 11: after that line insert:

8 “SECTION 3701m. 560.795 (1) (f) of the statutes is created to read:



1 560.795 (1) (f) For the Gateway Project, an area in the city of Beloit, the legal  
2 description of which is provided to the department by the local governing body of the  
3 city of Beloit.”.

4 **7.** Page 1173, line 18: delete “and (e)” and substitute “, (e), and (f)”.

5 **8.** Page 1173, line 20: delete “designation of the area under sub. (1) (e)” and  
6 substitute “designations of the areas under sub. (1) (e) and (f)”.

7 **9.** Page 1173, line 24: after that line insert:

8 “**SECTION 3703m.** 560.795 (2) (b) 6. of the statutes is created to read:

9 560.795 (2) (b) 6. The limit for the tax benefits for the development opportunity  
10 zone under sub. (1) (f) is \$4,700,000.”.

11 **10.** Page 1174, line 2: after “(e)” insert “or (f)”.

12 **11.** Page 1174, line 21: after “(e)” insert “or (f)”.

13 **12.** Page 1174, line 24: after “(e)” insert “or (f)”.

14 **13.** Page 1175, line 20: after “(e)” insert “or (f)”.

15 **14.** Page 1404, line 15: after “MILWAUKEE” insert “AND BELOIT”.

16 **15.** Page 1404, line 15: delete “ZONE” and substitute “ZONES”.

17 **16.** Page 1404, line 16: on lines 16 and 19, after “(e)” insert “and (f)”.

18 **17.** Page 1404, line 16: on lines 16 and 19, after “(b) 5.” insert “and 6.”.

19 (END)

*D note*

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRBb1622/1dn

PJK.....

WLJ

Susan:

Your instructions said to "lift" the Senate language relating to a Beloit development opportunity zone. I thought you meant to get rid of the language. In fact, you meant to use the Senate language to create the same development opportunity zone!

Pamela J. Kahler  
Senior Legislative Attorney  
Phone: (608) 266-2682  
E-mail: [pam.kahler@legis.state.wi.us](mailto:pam.kahler@legis.state.wi.us)

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRBb1622/1dn  
PJK:wlj:pg

June 28, 2001

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