



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

RESEARCH APPENDIX - PLEASE DO NOT REMOVE FROM DRAFTING FILE

Date Transfer Requested: 05/04/2009 (Per: CMH)

☞ Compile Draft – Appendix I ... Part 01 of 02

I ☞ The 2009 drafting file for
LRB-2749 (as an insert)
(added when “/4” was created)

J ☞ The 2009 drafting file for
LRB-2791 (as an insert)
(added when “/4” was created)

2009 LRB-2749 has been copied/added to the drafting file for

2009 LRB-2697

2009 DRAFTING REQUEST

Bill

Received: **04/22/2009**

Received By: **tkuczens**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **weidner**

This file may be shown to any legislator: **NO**

Drafter: **tkuczens**

May Contact:

Addl. Drafters:

Subject: **Econ. Development - bus. dev.**

Extra Copies:

Submit via email: **NO**

Pre Topic:

DOA:.....Weidner -

Topic:

Changes to commerce enterprise zone program

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>
/?	tkuczens 04/23/2009 jkreye 04/23/2009 tkuczens 04/23/2009	kfollett 04/23/2009		_____			State
/P1	tkuczens 04/24/2009 jkreye 04/24/2009	kfollett 04/24/2009	mduchek 04/23/2009	_____	lparisi 04/23/2009		State
/P2			phenry 04/24/2009	_____	sbasford 04/24/2009		State

LRB-2749

04/28/2009 10:05:38 AM

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<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P3	jkreye 04/28/2009	kfollett 04/28/2009	mduchek 04/28/2009	_____	cduerst 04/28/2009		

FE Sent For:

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2009 DRAFTING REQUEST

Bill

Received: 04/22/2009

Received By: tkuczens

Wanted: As time permits

Identical to LRB:

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By/Representing: weidner

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Extra Copies:

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	jkreye 04/23/2009						
	tkuczens 04/23/2009						
/P1	tkuczens 04/24/2009	kfollett 04/24/2009	mduchek 04/23/2009		lparisi 04/23/2009		State
	jkreye 04/24/2009						
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FE Sent For:

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2009 DRAFTING REQUEST

Bill

Received: 04/22/2009

Received By: tkuczens

Wanted: As time permits

Identical to LRB:

For: Administration-Budget

By/Representing: weidner

This file may be shown to any legislator: NO

Drafter: tkuczens

May Contact:

Addl. Drafters:

Subject: Econ. Development - bus. dev.

Extra Copies:

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Pre Topic:

DOA:.....Weidner -

Topic:

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Instructions:

See attached

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	jkreye 04/23/2009			_____			
	tkuczens 04/23/2009			_____			
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				ph/	lparisi 04/23/2009		

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1P2kf
4/24

mduchek
04/23/2009

4/ by

ph

2009 DRAFTING REQUEST

Bill

Received: 04/22/2009

Received By: tkuczens

Wanted: As time permits

Identical to LRB:

For: Administration-Budget

By/Representing: weidner

This file may be shown to any legislator: NO

Drafter: tkuczens

May Contact:

Addl. Drafters:

Subject: Econ. Development - bus. dev.

Extra Copies:

Submit via email: NO

Pre Topic:

DOA:.....weidner, changes to comme

Topic:

changes to commerce enterprise zone program

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>
/?	tkuczens	IPKf 4/23	ND 4/23				

FE Sent For:

<END>

Kuczenski, Tracy

From: Hanaman, Cathlene
Sent: Tuesday, April 21, 2009 5:50 PM
To: Sundberg, Christopher; Kuczenski, Tracy; Kreye, Joseph
Subject: FW: Eterprise Zone Changes
Importance: High
Attachments: EZ changes 04 21 09 revised.doc

I need to look at drafts before sending them around. I think this draft belongs to you three. This is for ARRA and is somewhat high priority since this draft will be tossed into that compile.

From: Weidner, Jenna M - DOA [mailto:Jenna.Weidner@wisconsin.gov]
Sent: Tuesday, April 21, 2009 5:33 PM
To: Hanaman, Cathlene
Cc: Pawasarat, Jane - DOA; Kraus, Jennifer - DOA
Subject: Eterprise Zone Changes
Importance: High

Hi Cathlene,

As promised, I've attached a document that roughly outlines the expansion of the current enterprise zone program. The document includes an attempt at amending ss. 560.799. Changes will also be required in related language under ss. 71.07.

Please call me or Jane Pawasarat with any questions. We'd be happy to help interpret this document. :)

Thanks,
Jenna

Jenna Weidner
Executive Policy and Budget Analyst
Wisconsin State Budget Office, DOA-DEBF
101 East Wilson Street
Madison, WI 53702
(608)266-7329
jenna.weidner@wisconsin.gov

April 25, 2009

- per jenna:
1. modify definition of FT employee to reflect commercial ability to change minimum hours worked per year.
 2. change reference to "supply chain of at least 100,000,000" to "significant supply chain as determined by the dept. by rule."

Wisconsin Department of Commerce

Enterprise Zone Program Changes

Retention of Jobs

- ◆ Expand EZ to include retention of jobs as an eligible activity for which credits may be claimed.
- ◆ Allocate retention credits to be claimed over 6 years, as compared to 12 years for job creation credits.
- ◆ Calculate the credit as up to 7% of payroll for jobs paying between \$30,000 and \$100,000.
- ◆ Businesses may be eligible for both retention and expansion credits, as certified by Commerce.
- ◆ Require a significant capital investment for businesses claiming retention credits.

Program-wide Changes

- ◆ Strike the 50 acre size limit.
- ◆ Add Tier 1 and Tier 2 language similar to that in 2009 AB 75 [560.2055 (3)].
- ◆ Give Commerce flexibility in allocating credits -- allow Commerce to *allocate up to 7%* of payroll, *up to 100%* of training. Current language says "*equal to*" 7%, etc. This flexibility is typical of Commerce's other tax credit programs.
- ◆ To be eligible a company must meet ONE (1) of the following criteria:
 - be an OEM (Original Equipment Manufacturer) with a Wisconsin supply chain of at least \$100 million
 - have over 500 employees in the zone

560.799 Enterprise zone. (1) DEFINITIONS. In this section:
(bm) "Personnel" means all of the following:

1. A business' employees in an enterprise zone.
2. Individuals who provide services to a business as independent contractors in this state.

(c) "Tax benefits" means the income and franchise tax credits under ss. 71.07 (3w), 71.28 (3w), and 71.47 (3w).

(3) DESIGNATION OF ENTERPRISE ZONES; CRITERIA. (a) The department may designate not more than 10 enterprise zones.

(b) In determining whether to designate an area under par. (a), the department shall consider all of the following: Indicators of the area's economic need, which may include data regarding household income, average wages, the condition of property, housing values, population decline, job losses, infrastructure and energy support, the rate of business development, the existing resources available to the area; the effect of designation on other initiatives and programs to promote economic and community development in the area, including job retention, job training and creating high-paying jobs.

(c) The department shall, to the extent possible, give preference to the greatest economic need.

(4) TIME LIMITS; REPORTING. A designation under sub. (3) may remain in effect for no more than 12 years. (insert 6 yr language here)

(5) CERTIFICATION. The department may certify for tax benefits any of the following:

(a) A business that begins operations in an enterprise zone.

(b) A business that relocates to an enterprise zone from outside this state, if the business offers compensation and benefits to its employees working in the zone for the same type of work that are at least as favorable as those offered to its employees working outside the zone, as determined by the department.

(c) A business that expands operations in an enterprise zone, but only if any of the following apply:

1. The business will increase its personnel and all of the following apply:

a. The business enters into an agreement with the department to claim tax benefits only for years during which the business maintains the increased level of personnel.

b. The business offers compensation and benefits for the same type of work to its employees working in the enterprise zone that are at least as favorable as those offered to its employees working in this state but outside the zone, as determined by the department.

2. The business makes a significant capital investment in property located in the enterprise zone and all of the following apply:

a. The business enters into an agreement with the department to claim tax benefits only for years during which the business maintains the capital investment.

b. The business offers compensation and benefits for the same type of work to its employees working in the zone that are at least as favorable as those offered to its employees working in this state but outside the zone, as determined by the department.

(6) OTHER DUTIES. (a) The department of commerce shall notify the department of revenue when the department of commerce certifies a business to receive tax benefits.

(b) The department shall revoke a certification under sub. (5) if the business does any of the following:

1. Supplies false or misleading information to obtain tax benefits.

2. Leaves the enterprise zone to conduct substantially the same business outside of the enterprise zone.

3. Ceases operations in the enterprise zone and does not renew operation of the business or a similar business in the enterprise zone within 12 months.

(c) The department of commerce shall notify the department of revenue within 30 days of a revocation under par. (b).

(d) The department may require a business to repay any tax benefits the business claims for a year in which the business failed to maintain employment or capital investment levels required by an agreement under sub. (5) (c).

(e) The department shall determine the maximum amount of the tax credits under ss. 71.07 (3w), 71.28 (3w), and 71.47 (3w) that a certified business may claim and shall notify the department of revenue of this amount.

(f) The department shall annually verify the information submitted to the department under ss. 71.07 (3w), 71.28 (3w), or 71.47 (3w).



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-2749/1
TKK&JK:1/2

Change request sheet

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DOA:.....weidner - Changes to commerce enterprise zone program

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

1 **AN ACT ...; relating to:** the enterprise zone jobs credits.

Analysis by the Legislative Reference Bureau

Under current law, the Department of Commerce (commerce) may designate an area as an enterprise zone. The area designated as an enterprise zone must not exceed 50 acres, and commerce may designate no more than ten enterprise zones. Commerce must consider a number of factors related to the area prior to designating the area as an enterprise zone. These factors include the housing values and average wages in the area, whether the area has experienced job losses or a population decline, and whether designation as an enterprise zone would promote the creation of jobs and economic and community development in the area.

This bill eliminates the requirement that the area to be designated as an enterprise zone not exceed 50 acres. The bill requires commerce to specify whether the enterprise zone is located in a tier I or tier II county or municipality. Commerce is directed to define "tier I county and municipality" and "tier II county and municipality" by administrative rule. The bill also authorizes commerce to consider whether designation as an enterprise zone would promote the retention of jobs in the area.

Under current law, a taxpayer who creates jobs in an enterprise zone may claim an income and franchise tax credit equal to seven percent of the taxpayer's payroll in the enterprise zone that is paid to new full-time employees who earn more than \$30,000, but less than \$100,000, in annual wages. In addition, the taxpayer may claim a credit equal to the amount the taxpayer paid in the taxable year to provide

X
X

X

or

certain job-related training to the taxpayer's full-time employees in the enterprise zone.

Under this bill, a taxpayer who creates jobs in an enterprise zone located in a Tier I county or municipality may claim an income and franchise tax credit equal to no more than seven percent of the taxpayer's payroll in the enterprise zone that is paid to new full-time employees who earn more than \$20,000, but less than \$100,000, in annual wages. A taxpayer who creates jobs in an enterprise zone located in a Tier II county or municipality may claim an income and franchise tax credit equal to no more than seven percent of the taxpayer's payroll in the enterprise zone that is paid to new full-time employees who earn more than \$30,000, but less than \$100,000, in annual wages.

In addition, if the taxpayer is able to retain jobs in an enterprise zone, the taxpayer may claim a credit equal to no more than seven percent of the taxpayer's enterprise zone payroll in a Tier I county or municipality that is paid to full-time employees who earn more than \$20,000, but less than \$100,000, in annual wages, less the amount paid to new full-time employees, or no more than seven percent of the taxpayer's enterprise zone payroll in a Tier II county or municipality that is paid to full-time employees who earn more than \$30,000, but less than \$100,000, in annual wages, less the amount paid to new full-time employees. A taxpayer seeking to claim job retention credits must satisfy the following conditions:

1. The taxpayer must make a significant capital investment in property in the enterprise zone.
2. The taxpayer must either be an original equipment manufacturer with a supply chain in the state of at least \$1,000,000 or must employ more than 500 full-time employees in the enterprise zone.

Commerce is directed to define original equipment manufacturer by rule. A taxpayer may claim the credit for retaining jobs for no more than six consecutive taxable years.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- 1 **SECTION 1.** 71.07 (3w) (a) 5d. of the statutes is created to read:
- 2 71.07 (3w) (a) 5d. "Tier I county or municipality" means a tier I county or
- 3 municipality, as determined by the department of commerce under s. 560.799.
- 4 **SECTION 2.** 71.07 (3w) (a) 5e. of the statutes is created to read:
- 5 71.07 (3w) (a) 5e. "Tier II county or municipality" means a tier II county or
- 6 municipality, as determined by the department of commerce under s. 560.799.

1 **SECTION 3.** 71.07 (3w) (b) 1. a. of the statutes is amended to read:

2 71.07 (3w) (b) 1. a. The number of full-time employees whose annual wages
3 are greater than \$20,000 in a tier I county or municipality or greater than \$30,000
4 in a tier II county or municipality and who the claimant employed in the enterprise
5 zone in the taxable year, minus the number of full-time employees whose annual
6 wages were greater than \$20,000 in a tier I county or municipality or greater than
7 \$30,000 in a tier II county or municipality and who the claimant employed in the area
8 that comprises the enterprise zone in the base year.

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27
ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135,
183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487; 2007 a. 11, 20, 96, 97, 100; 2009 a. 2; s. 13.92 (2) (i).

9 **SECTION 4.** 71.07 (3w) (b) 1. b. of the statutes is amended to read:

10 71.07 (3w) (b) 1. b. The number of full-time employees whose annual wages
11 are greater than \$20,000 in a tier I county or municipality or greater than \$30,000
12 in a tier II county or municipality and who the claimant employed in the state in the
13 taxable year, minus the number of full-time employees whose annual wages were
14 greater than \$20,000 in a tier I county or municipality or greater than \$30,000 in a
15 tier II county or municipality and who the claimant employed in the state in the base
16 year.

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27
ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135,
183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487; 2007 a. 11, 20, 96, 97, 100; 2009 a. 2; s. 13.92 (2) (i).

17 **SECTION 5.** 71.07 (3w) (b) 2. of the statutes is amended to read:

18 71.07 (3w) (b) 2. Determine the claimant's average zone payroll by dividing
19 total wages for full-time employees whose annual wages are greater than \$20,000
20 in a tier I county or municipality or greater than \$30,000 in a tier II county or
21 municipality and who the claimant employed in the enterprise zone in the taxable
22 year by the number of full-time employees whose annual wages are greater than
23 \$20,000 in a tier I county or municipality or greater than \$30,000 in a tier II county

1 or municipality and who the claimant employed in the enterprise zone in the taxable
2 year.

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135, 183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487; 2007 a. 11, 20, 96, 97, 100; 2009 a. 2; s. 13.92 (2) (i).

3 **SECTION 6. 71.07 (3w) (b) 3. of the statutes is amended to read:**

4 71.07 (3w) (b) 3. Subtract For employees in a tier I county or municipality,
5 subtract \$20,000 from the amount determined under subd. 2. and for employees in
6 a tier II county or municipality, subtract \$30,000 from the amount determined under
7 subd. 2.

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135, 183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487; 2007 a. 11, 20, 96, 97, 100; 2009 a. 2; s. 13.92 (2) (i).

8 **SECTION 7. 71.07 (3w) (b) 5. of the statutes is amended to read:**

9 71.07 (3w) (b) 5. Multiply the amount determined under subd. 4. by the
10 percentage determined by the department of commerce under s. 560.799, not to
11 exceed 7 percent.

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135, 183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487; 2007 a. 11, 20, 96, 97, 100; 2009 a. 2; s. 13.92 (2) (i).

12 **SECTION 8. 71.07 (3w) (bm) of the statutes is renumbered 71.07 (3w) (bm) 1. and**
13 **amended to read:**

14 71.07 (3w) (bm) Filing supplemental claims. 1. In addition to the credit credits
15 under par. (b) and subd. 2., and subject to the limitations provided in this subsection
16 and s. 560.799, a claimant may claim as a credit against the tax imposed under s.
17 71.02 or 71.08 an amount equal to the amount the claimant paid in the taxable year
18 to upgrade or improve the job-related skills of any of the claimant's full-time
19 employees, to train any of the claimant's full-time employees on the use of
20 job-related new technologies, or to provide job-related training to any full-time
21 employee whose employment with the claimant represents the employee's first

1 full-time job. This subdivision does not apply to employees who do not work in an
2 enterprise zone.

NOTE: NOTE: Par (bm) is shown as affected by 2 acts of the 2007 Wisconsin legislature and as merged by the legislative reference bureau under s. 13.92 (2) (i). NOTE:

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27
ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135,
183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487; 2007 a. 11, 20, 96, 97, 100; 2009 a. 2; s. 13.92 (2) (i).

3 **SECTION 9.** 71.07 (3w) (bm) 2. of the statutes is created to read:

4 71.07 (3w) (bm) 2. In addition to the credits under par. (b) and subd. 1., and
5 subject to the limitations provided in this subsection and s. 560.799, a claimant may
6 claim as a credit against the tax imposed under s. 71.02 or 71.08 an amount equal
7 to the to a percentage, as determined by the department of commerce under s.
8 560.799, not to exceed 7 percent, of the claimant's zone payroll paid in the taxable
9 year to all of the claimant's full-time employees whose annual wages are greater
10 than \$20,000 in a tier I county or municipality, not including the wages paid to the
11 employees determined under par. (b) 1., or greater than \$30,000 in a tier II county
12 or municipality, not including the wages paid to the employees determined under
13 par. (b) 1., and who the claimant employed in the enterprise zone in the taxable year,
14 if the total number of such employees is equal to or greater than the total number
15 of such employees in the base year. A claimant may claim a credit under this
16 subdivision for no more than 6 consecutive taxable years.

17 **SECTION 10.** 71.28 (3w) (a) 5d. of the statutes is created to read:

18 71.28 (3w) (a) 5d. "Tier I county or municipality" means a tier I county or
19 municipality, as determined by the department of commerce under s. 560.799.

20 **SECTION 11.** 71.28 (3w) (a) 5e. of the statutes is created to read:

21 71.28 (3w) (a) 5e. "Tier II county or municipality" means a tier II county or
22 municipality, as determined by the department of commerce under s. 560.799.

23 **SECTION 12.** 71.28 (3w) (b) 1. a. of the statutes is amended to read:

1 71.28 (3w) (b) 1. a. The number of full-time employees whose annual wages
2 are greater than \$20,000 in a tier I county or municipality or greater than \$30,000
3 in a tier II county or municipality and who the claimant employed in the enterprise
4 zone in the taxable year, minus the number of full-time employees whose annual
5 wages were greater than \$20,000 in a tier I county or municipality or greater than
6 \$30,000 in a tier II county or municipality and who the claimant employed in the area
7 that comprises the enterprise zone in the base year.

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2; s. 13.92 (2) (i).

8 **SECTION 13.** 71.28 (3w) (b) 1. b. of the statutes is amended to read:

9 71.28 (3w) (b) 1. b. The number of full-time employees whose annual wages
10 are greater than \$20,000 in a tier I county or municipality or greater than \$30,000
11 in a tier II county or municipality and who the claimant employed in the state in the
12 taxable year, minus the number of full-time employees whose annual wages were
13 greater than \$20,000 in a tier I county or municipality or greater than \$30,000 in a
14 tier II county or municipality and who the claimant employed in the state in the base
15 year.

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2; s. 13.92 (2) (i).

16 **SECTION 14.** 71.28 (3w) (b) 2. of the statutes is amended to read:

17 71.28 (3w) (b) 2. Determine the claimant's average zone payroll by dividing
18 total wages for full-time employees whose annual wages are greater than \$20,000
19 in a tier I county or municipality or greater than \$30,000 in a tier II county or
20 municipality and who the claimant employed in the enterprise zone in the taxable
21 year by the number of full-time employees whose annual wages are greater than
22 \$20,000 in a tier I county or municipality or greater than \$30,000 in a tier II county

1 or municipality and who the claimant employed in the enterprise zone in the taxable
2 year.

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2; s. 13.92 (2) (i).

3 **SECTION 15.** 71.28 (3w) (b) 3. of the statutes is amended to read:

4 71.28 (3w) (b) 3. ~~Subtract~~ For employees in a tier I county or municipality,
5 subtract \$20,000 from the amount determined under subd. 2. and for employees in
6 a tier II county or municipality, subtract \$30,000 from the amount determined under
7 subd. 2.

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2; s. 13.92 (2) (i).

8 **SECTION 16.** 71.28 (3w) (b) 5. of the statutes is amended to read:

9 71.28 (3w) (b) 5. Multiply the amount determined under subd. 4. by the
10 percentage determined by the department of commerce under s. 560.799, not to
11 exceed 7 percent.

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2; s. 13.92 (2) (i).

12 **SECTION 17.** 71.28 (3w) (bm) of the statutes is renumbered 71.28 (3w) (bm) 1.
13 and amended to read:

14 71.28 (3w) (bm) *Filing supplemental claims.* 1. In addition to the credit credits
15 under par. (b) and subd. 2., and subject to the limitations provided in this subsection
16 and s. 560.799, a claimant may claim as a credit against the tax imposed under s.
17 71.23 an amount equal to the amount the claimant paid in the taxable year to
18 upgrade or improve the job-related skills of any of the claimant's full-time
19 employees, to train any of the claimant's full-time employees on the use of
20 job-related new technologies, or to provide job-related training to any full-time
21 employee whose employment with the claimant represents the employee's first

1 full-time job. This subdivision does not apply to employees who do not work in an
2 enterprise zone.

NOTE: NOTE: Par. (bm) is shown as affected by 2 acts of the 2007 Wisconsin legislature and as merged by the legislative reference bureau under s. 13.92 (2) (i). NOTE:

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 339r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2; s. 13.92 (2) (i).

3 **SECTION 18.** 71.28 (3w) (bm) 2. of the statutes is created to read:

4 71.28 (3w) (bm) 2. In addition to the credits under par. (b) and subd. 1., and
5 subject to the limitations provided in this subsection and s. 560.799, a claimant may
6 claim as a credit against the tax imposed under s. 71.23 an amount equal to the
7 a percentage, as determined by the department of commerce under s. 560.799, not
8 to exceed 7 percent, of the claimant's zone payroll paid in the taxable year to all of
9 the claimant's full-time employees whose annual wages are greater than \$20,000 in
10 a tier I county or municipality, not including the wages paid to the employees
11 determined under par. (b) 1., or greater than \$30,000 in a tier II county or
12 municipality, not including the wages paid to the employees determined under par.
13 (b) 1., and who the claimant employed in the enterprise zone in the taxable year, if
14 the total number of such employees is equal to or greater than the total number of
15 such employees in the base year. A claimant may claim a credit under this
16 subdivision for no more than 6 consecutive taxable years.

17 **SECTION 19.** 71.47 (3w) (a) 5d. of the statutes is created to read:

18 71.47 (3w) (a) 5d. "Tier I county or municipality" means a tier I county or
19 municipality, as determined by the department of commerce under s. 560.799.

20 **SECTION 20.** 71.47 (3w) (a) 5e. of the statutes is created to read:

21 71.47 (3w) (a) 5e. "Tier II county or municipality" means a tier II county or
22 municipality, as determined by the department of commerce under s. 560.799.

23 **SECTION 21.** 71.47 (3w) (b) 1. a. of the statutes is amended to read:

1 71.47 (3w) (b) 1. a. The number of full-time employees whose annual wages
2 are greater than \$20,000 in a tier I county or municipality or greater than \$30,000
3 in a tier II county or municipality and who the claimant employed in the enterprise
4 zone in the taxable year, minus the number of full-time employees whose annual
5 wages were greater than \$20,000 in a tier I county or municipality or greater than
6 \$30,000 in a tier II county or municipality and who the claimant employed in the area
7 that comprises the enterprise zone in the base year.

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2; s. 13.92 (2) (i).

8 **SECTION 22.** 71.47 (3w) (b) 1. b. of the statutes is amended to read:

9 71.47 (3w) (b) 1. b. The number of full-time employees whose annual wages
10 are greater than \$20,000 in a tier I county or municipality or greater than \$30,000
11 in a tier II county or municipality and who the claimant employed in the state in the
12 taxable year, minus the number of full-time employees whose annual wages were
13 greater than \$20,000 in a tier I county or municipality or greater than \$30,000 in a
14 tier II county or municipality and who the claimant employed in the state in the base
15 year.

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2; s. 13.92 (2) (i).

16 **SECTION 23.** 71.47 (3w) (b) 2. of the statutes is amended to read:

17 71.47 (3w) (b) 2. Determine the claimant's average zone payroll by dividing
18 total wages for full-time employees whose annual wages are greater than \$20,000
19 in a tier I county or municipality or greater than \$30,000 in a tier II county or
20 municipality and who the claimant employed in the enterprise zone in the taxable
21 year by the number of full-time employees whose annual wages are greater than
22 \$20,000 in a tier I county or municipality or greater than \$30,000 in a tier II county

1 or municipality and who the claimant employed in the enterprise zone in the taxable
2 year.

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2, s. 13.92 (2) (i).

3 **SECTION 24.** 71.47 (3w) (b) 3. of the statutes is amended to read:

4 71.47 (3w) (b) 3. Subtract For employees in a tier I county or municipality,
5 subtract \$20,000 from the amount determined under subd. 2. and for employees in
6 a tier II county or municipality, subtract \$30,000 from the amount determined under
7 subd. 2.

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2, s. 13.92 (2) (i).

8 **SECTION 25.** 71.47 (3w) (b) 5. of the statutes is amended to read:

9 71.47 (3w) (b) 5. Multiply the amount determined under subd. 4. by the
10 percentage determined by the department of commerce under s. 560.799, not to
11 exceed 7 percent.

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2, s. 13.92 (2) (i).

12 **SECTION 26.** 71.47 (3w) (bm) of the statutes is renumbered 71.47 (3w) (bm) 1.
13 and amended to read:

14 71.47 (3w) (bm) 1. *Filing supplemental claims.* In addition to the credit credits
15 under par. (b) and subd. 2., and subject to the limitations provided in this subsection
16 and s. 560.799, a claimant may claim as a credit against the tax imposed under s.
17 71.43 an amount equal to the amount the claimant paid in the taxable year to
18 upgrade or improve the job-related skills of any of the claimant's full-time
19 employees, to train any of the claimant's full-time employees on the use of
20 job-related new technologies, or to provide job-related training to any full-time
21 employee whose employment with the claimant represents the employee's first

1 full-time job. This subdivision does not apply to employees who do not work in an
2 enterprise zone.

~~NOTE: NOTE: Par. (bm) is shown as affected by 2 acts of the 2007 Wisconsin legislature and as merged by the legislative reference bureau under s. 13.92 (2) (i).NOTE:~~

~~History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2; s. 13.92 (2) (i).~~

3 **SECTION 27. 71.47 (3w) (bm) 2.** of the statutes is created to read:

4 71.47 (3w) (bm) 2. In addition to the credits under par. (b) and subd. 1., and
5 subject to the limitations provided in this subsection and s. 560.799, a claimant may
6 claim as a credit against the tax imposed under s. 71.43 an amount equal to the (to
7 a) percentage, as determined by the department of commerce under s. 560.799, not
8 to exceed 7 percent, of the claimant's zone payroll paid in the taxable year to all of
9 the claimant's full-time employees whose annual wages are greater than \$20,000 in
10 a tier I county or municipality, not including the wages paid to the employees
11 determined under par. (b) 1., or greater than \$30,000 in a tier II county or
12 municipality, not including the wages paid to the employees determined under par.
13 (b) 1., and who the claimant employed in the enterprise zone in the taxable year, if
14 the total number of such employees is equal to or greater than the total number of
15 such employees in the base year. A claimant may claim a credit under this
16 subdivision for no more than 6 consecutive taxable years.

17 **SECTION 28. 560.799 (1) (am)** of the statutes is created to read:

18 560.799 (1) (am) "Full-time employee" means an individual who is employed
19 in a regular, nonseasonal job and who, as a condition of employment, is required to
20 work at least 2,080 hours per year, including paid leave and holidays.

21 **SECTION 29. 560.799 (3) (a)** of the statutes is amended to read:

1 560.799 (3) (a) The department may designate not more than 10 enterprise
2 zones. ~~The department may designate an area as an enterprise zone if the area does~~
3 ~~not exceed 50 acres.~~

4 History: 2005 a. 361; 2007 a. 20, 97, 100.

4 ~~SECTION 30.~~ 560.799 (3) (b) of the statutes is renumbered 560.799 (3) (b) (intro.)
5 and amended to read:

6 560.799 (3) (b) (intro.) In determining whether to designate an area under par.
7 (a), the department shall consider all of the following:

8 1. Indicators of the area's economic need, which may include data regarding
9 household income, average wages, the condition of property, housing values,
10 population decline, job losses, infrastructure and energy support, the rate of business
11 development, and the existing resources available to the area; ~~the.~~

12 2. The effect of designation on other initiatives and programs to promote
13 economic and community development in the area, including job retention, job
14 creation ~~and~~, job training, and creating high-paying jobs.

15 History: 2005 a. 361; 2007 a. 20, 97, 100.

15 ~~SECTION 31.~~ 560.799 (3) (bm) of the statutes is created to read:

16 560.799 (3) (bm) The department shall specify whether an enterprise zone
17 designated under par. (a) is located in a tier I county or municipality or a tier II
18 county or municipality.

19 ~~SECTION 32.~~ 560.799 (5) (d) of the statutes is created to read:

20 560.799 (5) (d) A business that retains jobs in an enterprise zone, but only if
21 the business makes a significant capital investment in property located in the
22 enterprise zone and at least one of the following applies:

23 1. The business is an original equipment manufacturer with a supply chain in
24 the state of no less than \$1,000,000.

1 2. More than 500 full-time employees are employed by the business in the
2 enterprise zone.

3 **SECTION 33.** 560.799 (6) (g) of the statutes is created to read:

4 560.799 (6) (g) The department shall promulgate the following by rule:

5 1. The definitions of a tier I county or municipality and a tier II county or
6 municipality. The department may consider all of the following information when
7 establishing the definitions required under this subdivision:

8 a. Unemployment rate.

9 b. Percentage of families with incomes below the poverty line established under
10 42 USC 9902 (2).

11 c. Median family income.

12 d. Median per capita income.

13 e. Other significant or irregular indicators of economic distress, such as a
14 natural disaster or mass layoff.

15 2. The definition of an original equipment manufacturer with a supply chain
16 in the state of no less than \$1,000,000.

17 **SECTION 9110. Nonstatutory provisions; Commerce.**

18 (1) ENTERPRISE ZONE JOBS CREDIT; EMERGENCY RULES. The department of
19 commerce may use the procedure under section 227.24 of the statutes to promulgate
20 rules under section 560.799 (6) (g) of the statutes, as created by this act.
21 Notwithstanding section 227.24 (1) (c) and (2) of the statutes, emergency rules
22 promulgated under this subsection remain in effect until July 1, 2010, or the date on
23 which permanent rules take effect, whichever is sooner. Notwithstanding section
24 227.24 (1) (a) and (3) of the statutes, the department is not required to provide
25 evidence that promulgating a rule under this subsection as an emergency rule is

1 necessary for the preservation of the public peace, health, safety, or welfare and is
2 not required to provide a finding of emergency for a rule promulgated under this
3 subsection.

4 (2) ENTERPRISE ZONE JOBS CREDIT; ECONOMIC IMPACT REPORT. Notwithstanding
5 sections 227.137 (2) and 227.138 (2) of the statutes, if the secretary of administration
6 requires the department of commerce to prepare an economic impact report for the
7 rules required under section 560.799 (6) (g) of the statutes, as created by this act, the
8 department may submit the proposed rules to the legislature for review under
9 section 227.19 (2) of the statutes before the department completes the economic
10 impact report and before the department receives a copy of the report and approval
11 under section 227.138 (2) of the statutes.

12 **SECTION 9343. Initial applicability; Revenue.**

13 (1) ENTERPRISE ZONE JOBS CREDIT. The treatment of sections 71.07 (3w) (a) 5d.
14 and 5e. (b) 1. a. and b., 2., 3., and 5., and (bm) 1. and 2., 71.28 (3w) (a) 5d. and 5e. and
15 (b) 1. a. and b., 2., 3., and 5., and (bm) 1. and 2., 71.47 (3w) (a) 5d. and 5e. (b) 1. a.
16 and b., 2., 3., and 5., and (bm) 1. and 2., of the statutes, first applies to taxable years
17 beginning on January 1, 2009.

18 (END)

, the renumbering and amendment of
sections 71.07 (3w) (bm), 71.28 (3w) (bm),
and 71.47 (3w) (bm) of the statutes,
and the creation of sections 71.07 (3w)
(bm) 2., 71.28 (3w) (bm) 2., and
71.47 (3w) (bm) 2. of the statutes



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-2749/P1

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DOA:.....Weidner - Changes to commerce enterprise zone program

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

in 4-29-09

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Now

CS ECONOMIC DEVELOPMENT

1 **AN ACT ...; relating to:** the enterprise zone jobs credits.

Analysis by the Legislative Reference Bureau

Under current law, the Department of Commerce (commerce) may designate an area as an enterprise zone. The area designated as an enterprise zone must not exceed 50 acres, and commerce may designate no more than ten enterprise zones. Commerce must consider a number of factors related to the area prior to designating the area as an enterprise zone. These factors include the housing values and average wages in the area, whether the area has experienced job losses or a population decline, and whether designation as an enterprise zone would promote the creation of jobs and economic and community development in the area.

This bill eliminates the requirement that the area to be designated as an enterprise zone not exceed 50 acres. The bill requires commerce to specify whether the enterprise zone is located in a Tier I or Tier II county or municipality. Commerce is directed to define "Tier I county or municipality" and "Tier II county or municipality" by administrative rule. The bill also authorizes commerce to consider whether designation as an enterprise zone would promote the retention of jobs in the area.

Under current law, a taxpayer who creates jobs in an enterprise zone may claim an income and franchise tax credit equal to 7 percent of the taxpayer's payroll in the enterprise zone that is paid to new full-time employees who earn more than \$30,000, but less than \$100,000, in annual wages. In addition, the taxpayer may claim a credit equal to the amount the taxpayer paid in the taxable year to provide certain job-related training to the taxpayer's full-time employees in the enterprise zone.

Under this bill, a taxpayer who creates jobs in an enterprise zone located in a Tier I county or municipality may claim an income and franchise tax credit equal to no more than 7 percent of the taxpayer's payroll in the enterprise zone that is paid to new full-time employees who earn more than \$20,000, but less than \$100,000, in annual wages. A taxpayer who creates jobs in an enterprise zone located in a Tier II county or municipality may claim an income and franchise tax credit equal to no more than 7 percent of the taxpayer's payroll in the enterprise zone that is paid to new full-time employees who earn more than \$30,000, but less than \$100,000, in annual wages.

In addition, if the taxpayer is able to retain jobs in an enterprise zone, the taxpayer may claim a credit equal to no more than 7 percent of the taxpayer's enterprise zone payroll in a Tier I county or municipality that is paid to full-time employees who earn more than \$20,000, but less than \$100,000, in annual wages, less the amount paid to new full-time employees, or no more than 7 percent of the taxpayer's enterprise zone payroll in a Tier II county or municipality that is paid to full-time employees who earn more than \$30,000, but less than \$100,000, in annual wages, less the amount paid to new full-time employees. A taxpayer seeking to claim job retention credits must satisfy the following conditions:

1. The taxpayer must make a significant capital investment in property in the enterprise zone.

2. The taxpayer must either be an original equipment manufacturer with a supply chain in the state of at least \$1,000,000 or must employ more than 500 full-time employees in the enterprise zone.

Commerce is directed to define original equipment manufacturer by rule. A taxpayer may claim the credit for retaining jobs for no more than six consecutive taxable years.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 71.07 (3w) (a) 5d. of the statutes is created to read:

2 71.07 (3w) (a) 5d. "Tier I county or municipality" means a tier I county or
3 municipality, as determined by the department of commerce under s. 560.799.

4 SECTION 2. 71.07 (3w) (a) 5e. of the statutes is created to read:

5 71.07 (3w) (a) 5e. "Tier II county or municipality" means a tier II county or
6 municipality, as determined by the department of commerce under s. 560.799.

7 SECTION 3. 71.07 (3w) (b) 1. a. of the statutes is amended to read:

INJECT
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significant

1 71.07 (3w) (b) 1. a. The number of full-time employees whose annual wages
2 are greater than \$20,000 in a tier I county or municipality or greater than \$30,000
3 in a tier II county or municipality and who the claimant employed in the enterprise
4 zone in the taxable year, minus the number of full-time employees whose annual
5 wages were greater than \$20,000 in a tier I county or municipality or greater than
6 \$30,000 in a tier II county or municipality and who the claimant employed in the area
7 that comprises the enterprise zone in the base year.

8 **SECTION 4.** 71.07 (3w) (b) 1. b. of the statutes is amended to read:

9 71.07 (3w) (b) 1. b. The number of full-time employees whose annual wages
10 are greater than \$20,000 in a tier I county or municipality or greater than \$30,000
11 in a tier II county or municipality and who the claimant employed in the state in the
12 taxable year, minus the number of full-time employees whose annual wages were
13 greater than \$20,000 in a tier I county or municipality or greater than \$30,000 in a
14 tier II county or municipality and who the claimant employed in the state in the base
15 year.

16 **SECTION 5.** 71.07 (3w) (b) 2. of the statutes is amended to read:

17 71.07 (3w) (b) 2. Determine the claimant's average zone payroll by dividing
18 total wages for full-time employees whose annual wages are greater than \$20,000
19 in a tier I county or municipality or greater than \$30,000 in a tier II county or
20 municipality and who the claimant employed in the enterprise zone in the taxable
21 year by the number of full-time employees whose annual wages are greater than
22 \$20,000 in a tier I county or municipality or greater than \$30,000 in a tier II county
23 or municipality and who the claimant employed in the enterprise zone in the taxable
24 year.

25 **SECTION 6.** 71.07 (3w) (b) 3. of the statutes is amended to read:

1 71.07 (3w) (b) 3. ~~Subtract~~ For employees in a tier I county or municipality,
2 subtract \$20,000 from the amount determined under subd. 2. and for employees in
3 a tier II county or municipality, subtract \$30,000 from the amount determined under
4 subd. 2.

5 SECTION 7. 71.07 (3w) (b) 5. of the statutes is amended to read:

6 71.07 (3w) (b) 5. Multiply the amount determined under subd. 4. by the
7 percentage determined by the department of commerce under s. 560.799, not to
8 exceed 7 percent.

9 SECTION 8. 71.07 (3w) (bm) of the statutes is renumbered 71.07 (3w) (bm) 1. and
10 amended to read:

11 71.07 (3w) (bm) ~~Filing supplemental claims~~ 1. In addition to the credit credits
12 under par. (b) and subd. 2., and subject to the limitations provided in this subsection
13 and s. 560.799, a claimant may claim as a credit against the tax imposed under s.
14 71.02 or 71.08 an amount equal to the amount the claimant paid in the taxable year
15 to upgrade or improve the job-related skills of any of the claimant's full-time
16 employees, to train any of the claimant's full-time employees on the use of
17 job-related new technologies, or to provide job-related training to any full-time
18 employee whose employment with the claimant represents the employee's first
19 full-time job. This subdivision does not apply to employees who do not work in an
20 enterprise zone.

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21 SECTION 9. 71.07 (3w) (bm) 2. of the statutes is created to read:

22 71.07 (3w) (bm) 2. In addition to the credits under par. (b) and subd. 1., and
23 subject to the limitations provided in this subsection and s. 560.799, a claimant may
24 claim as a credit against the tax imposed under s. 71.02 or 71.08 an amount equal
25 to the percentage, as determined by the department of commerce under s. 560.799,

1 not to exceed 7 percent, of the claimant's zone payroll paid in the taxable year to all
2 of the claimant's full-time employees whose annual wages are greater than \$20,000
3 in a tier I county or municipality, not including the wages paid to the employees
4 determined under par. (b) 1., or greater than \$30,000 in a tier II county or
5 municipality, not including the wages paid to the employees determined under par.
6 (b) 1., and who the claimant employed in the enterprise zone in the taxable year, if
7 the total number of such employees is equal to or greater than the total number of
8 such employees in the base year. A claimant may claim a credit under this
9 subdivision for no more than 6 consecutive taxable years.

10 **SECTION 10.** 71.28 (3w) (a) 5d. of the statutes is created to read:

11 71.28 (3w) (a) 5d. "Tier I county or municipality" means a tier I county or
12 municipality, as determined by the department of commerce under s. 560.799.

13 **SECTION 11.** 71.28 (3w) (a) 5e. of the statutes is created to read:

14 71.28 (3w) (a) 5e. "Tier II county or municipality" means a tier II county or
15 municipality, as determined by the department of commerce under s. 560.799.

16 **SECTION 12.** 71.28 (3w) (b) 1. a. of the statutes is amended to read:

17 71.28 (3w) (b) 1. a. The number of full-time employees whose annual wages
18 are greater than \$20,000 in a tier I county or municipality or greater than \$30,000
19 in a tier II county or municipality and who the claimant employed in the enterprise
20 zone in the taxable year, minus the number of full-time employees whose annual
21 wages were greater than \$20,000 in a tier I county or municipality or greater than
22 \$30,000 in a tier II county or municipality and who the claimant employed in the area
23 that comprises the enterprise zone in the base year.

24 **SECTION 13.** 71.28 (3w) (b) 1. b. of the statutes is amended to read:

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5-9

1 71.28 (3w) (b) 1. b. The number of full-time employees whose annual wages
2 are greater than \$20,000 in a tier I county or municipality or greater than \$30,000
3 in a tier II county or municipality and who the claimant employed in the state in the
4 taxable year, minus the number of full-time employees whose annual wages were
5 greater than \$20,000 in a tier I county or municipality or greater than \$30,000 in a
6 tier II county or municipality and who the claimant employed in the state in the base
7 year.

8 **SECTION 14.** 71.28 (3w) (b) 2. of the statutes is amended to read:

9 71.28 (3w) (b) 2. Determine the claimant's average zone payroll by dividing
10 total wages for full-time employees whose annual wages are greater than \$20,000
11 in a tier I county or municipality or greater than \$30,000 in a tier II county or
12 municipality and who the claimant employed in the enterprise zone in the taxable
13 year by the number of full-time employees whose annual wages are greater than
14 \$20,000 in a tier I county or municipality or greater than \$30,000 in a tier II county
15 or municipality and who the claimant employed in the enterprise zone in the taxable
16 year.

17 **SECTION 15.** 71.28 (3w) (b) 3. of the statutes is amended to read:

18 71.28 (3w) (b) 3. ~~Subtract~~ For employees in a tier I county or municipality,
19 subtract \$20,000 from the amount determined under subd. 2. and for employees in
20 a tier II county or municipality, subtract \$30,000 from the amount determined under
21 subd. 2.

22 **SECTION 16.** 71.28 (3w) (b) 5. of the statutes is amended to read:

23 71.28 (3w) (b) 5. Multiply the amount determined under subd. 4. by the
24 percentage determined by the department of commerce under s. 560.799, not to
25 exceed 7 percent.

1 SECTION 17. 71.28 (3w) (bm) of the statutes is renumbered 71.28 (3w) (bm) 1.

2 and amended to read:

3 71.28 (3w) (bm) *Filing supplemental claims* 1. In addition to the credit credits

4 under par. (b) and subd. 2., and subject to the limitations provided in this subsection

5 and s. 560.799, a claimant may claim as a credit against the tax imposed under s.

6 71.23 an amount equal to the amount the claimant paid in the taxable year to

7 upgrade or improve the job-related skills of any of the claimant's full-time

8 employees, to train any of the claimant's full-time employees on the use of

9 job-related new technologies, or to provide job-related training to any full-time

10 employee whose employment with the claimant represents the employee's first

11 full-time job. This subdivision does not apply to employees who do not work in an

12 enterprise zone.

13 SECTION 18. 71.28 (3w) (bm) 2. of the statutes is created to read:

14 71.28 (3w) (bm) 2. In addition to the credits under par. (b) and subd. 1., and

15 subject to the limitations provided in this subsection and s. 560.799, a claimant may

16 claim as a credit against the tax imposed under s. 71.23 an amount equal to the

17 percentage, as determined by the department of commerce under s. 560.799, not to

18 exceed 7 percent, of the claimant's zone payroll paid in the taxable year to all of the

19 claimant's full-time employees whose annual wages are greater than \$20,000 in a

20 tier I county or municipality, not including the wages paid to the employees

21 determined under par. (b) 1., or greater than \$30,000 in a tier II county or

22 municipality, not including the wages paid to the employees determined under par.

23 (b) 1., and who the claimant employed in the enterprise zone in the taxable year, if

24 the total number of such employees is equal to or greater than the total number of

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1 such employees in the base year. A claimant may claim a credit under this
2 subdivision for no more than 6 consecutive taxable years.

3 **SECTION 19.** 71.47 (3w) (a) 5d. of the statutes is created to read:

4 71.47 (3w) (a) 5d. "Tier I county or municipality" means a tier I county or
5 municipality, as determined by the department of commerce under s. 560.799.

6 **SECTION 20.** 71.47 (3w) (a) 5e. of the statutes is created to read:

7 71.47 (3w) (a) 5e. "Tier II county or municipality" means a tier II county or
8 municipality, as determined by the department of commerce under s. 560.799.

9 **SECTION 21.** 71.47 (3w) (b) 1. a. of the statutes is amended to read:

10 71.47 (3w) (b) 1. a. The number of full-time employees whose annual wages
11 are greater than \$20,000 in a tier I county or municipality or greater than \$30,000
12 in a tier II county or municipality and who the claimant employed in the enterprise
13 zone in the taxable year, minus the number of full-time employees whose annual
14 wages were greater than \$20,000 in a tier I county or municipality or greater than
15 \$30,000 in a tier II county or municipality and who the claimant employed in the area
16 that comprises the enterprise zone in the base year.

17 **SECTION 22.** 71.47 (3w) (b) 1. b. of the statutes is amended to read:

18 71.47 (3w) (b) 1. b. The number of full-time employees whose annual wages
19 are greater than \$20,000 in a tier I county or municipality or greater than \$30,000
20 in a tier II county or municipality and who the claimant employed in the state in the
21 taxable year, minus the number of full-time employees whose annual wages were
22 greater than \$20,000 in a tier I county or municipality or greater than \$30,000 in a
23 tier II county or municipality and who the claimant employed in the state in the base
24 year.

25 **SECTION 23.** 71.47 (3w) (b) 2. of the statutes is amended to read:

1 71.47 (3w) (b) 2. Determine the claimant's average zone payroll by dividing
2 total wages for full-time employees whose annual wages are greater than \$20,000
3 in a tier I county or municipality or greater than \$30,000 in a tier II county or
4 municipality and who the claimant employed in the enterprise zone in the taxable
5 year by the number of full-time employees whose annual wages are greater than
6 \$20,000 in a tier I county or municipality or greater than \$30,000 in a tier II county
7 or municipality and who the claimant employed in the enterprise zone in the taxable
8 year.

9 **SECTION 24.** 71.47 (3w) (b) 3. of the statutes is amended to read:

10 71.47 (3w) (b) 3. ~~Subtract~~ For employees in a tier I county or municipality,
11 subtract \$20,000 from the amount determined under subd. 2. and for employees in
12 a tier II county or municipality, subtract \$30,000 from the amount determined under
13 subd. 2.

14 **SECTION 25.** 71.47 (3w) (b) 5. of the statutes is amended to read:

15 71.47 (3w) (b) 5. Multiply the amount determined under subd. 4. by the
16 percentage determined by the department of commerce under s. 560.799, not to
17 exceed 7 percent.

18 **SECTION 26.** 71.47 (3w) (bm) of the statutes is renumbered 71.47 (3w) (bm) 1.
19 and amended to read:

20 71.47 (3w) (bm) 1. ~~Filing supplemental claims~~ In addition to the credit credits
21 under par. (b) and subd. 2., and subject to the limitations provided in this subsection
22 and s. 560.799, a claimant may claim as a credit against the tax imposed under s.
23 71.43 an amount equal to ^ythe amount the claimant paid in the taxable year to
24 upgrade or improve the job-related skills of any of the claimant's full-time
25 employees, to train any of the claimant's full-time employees on the use of

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1 job-related new technologies, or to provide job-related training to any full-time
2 employee whose employment with the claimant represents the employee's first
3 full-time job. This subdivision does not apply to employees who do not work in an
4 enterprise zone.

5 **SECTION 27.** 71.47 (3w) (bm) 2. of the statutes is created to read:

6 71.47 (3w) (bm) 2. In addition to the credits under par. (b) and subd. 1., and
7 subject to the limitations provided in this subsection and s. 560.799, a claimant may
8 claim as a credit against the tax imposed under s. 71.43 an amount equal to the
9 percentage, as determined by the department of commerce under s. 560.799, not to
10 exceed 7 percent, of the claimant's zone payroll paid in the taxable year to all of the
11 claimant's full-time employees whose annual wages are greater than \$20,000 in a
12 tier I county or municipality, not including the wages paid to the employees
13 determined under par. (b) 1., or greater than \$30,000 in a tier II county or
14 municipality, not including the wages paid to the employees determined under par.
15 (b) 1., and who the claimant employed in the enterprise zone in the taxable year, if
16 the total number of such employees is equal to or greater than the total number of
17 such employees in the base year. A claimant may claim a credit under this
18 subdivision for no more than 6 consecutive taxable years.

19 **SECTION 28.** 560.799 (1) (am) of the statutes is created to read:

20 560.799 (1) (am) ^{↳ Except as provided in subd. 2 & ↑} "Full-time employee" means an individual who is employed
21 in a regular, nonseasonal job and who, as a condition of employment, is required to
22 work at least 2,080 hours per year, including paid leave and holidays.

23 **SECTION 29.** 560.799 (3) (a) of the statutes is amended to read:

Insert 10-22

1 560.799 (3) (a) The department may designate not more than 10 enterprise
2 zones. ~~The department may designate an area as an enterprise zone if the area does~~
3 ~~not exceed 50 acres.~~

4 **SECTION 30.** 560.799 (3) (b) of the statutes is renumbered 560.799 (3) (b) (intro.)
5 and amended to read:

6 560.799 (3) (b) (intro.) In determining whether to designate an area under par.
7 (a), the department shall consider all of the following:

8 1. Indicators of the area's economic need, which may include data regarding
9 household income, average wages, the condition of property, housing values,
10 population decline, job losses, infrastructure and energy support, the rate of business
11 development, and the existing resources available to the area; ~~the~~.

12 2. The effect of designation on other initiatives and programs to promote
13 economic and community development in the area, including job retention, job
14 creation and, job training, and creating high-paying jobs.

15 **SECTION 31.** 560.799 (3) (bm) of the statutes is created to read:

16 560.799 (3) (bm) The department shall specify whether an enterprise zone
17 designated under par. (a) is located in a tier I county or municipality or a tier II county
18 or municipality.

19 **SECTION 32.** 560.799 (5) (d) of the statutes is created to read:

20 560.799 (5) (d) A business that retains jobs in an enterprise zone, but only if
21 the business makes a significant capital investment in property located in the
22 enterprise zone and at least one of the following applies:

23 1. The business is an original equipment manufacturer with a ^{significant} supply chain in
24 the state of no less than \$1,000,000 ✓

as determined by the department by rule

1 2. More than 500 full-time employees are employed by the business in the
2 enterprise zone.

3 **SECTION 33.** 560.799 (6) (g) of the statutes is created to read:

4 560.799 (6) (g) The department shall promulgate the following by rule:

5 1. The definitions of a tier I county or municipality and a tier II county or
6 municipality. The department may consider all of the following information when
7 establishing the definitions required under this subdivision:

8 a. Unemployment rate.

9 b. Percentage of families with incomes below the poverty line established under
10 42 USC 9902 (2).

11 c. Median family income.

12 d. Median per capita income.

13 e. Other significant or irregular indicators of economic distress, such as a
14 natural disaster or mass layoff.

15 2. The definition of an original equipment manufacturer with a supply chain
16 in the state of no less than \$1,000,000.

significant

17 **SECTION 9110. Nonstatutory provisions; Commerce.**

18 (1) ENTERPRISE ZONE JOBS CREDIT; EMERGENCY RULES. The department of
19 commerce may use the procedure under section 227.24 of the statutes to promulgate
20 rules under section 560.799 (6) (g) of the statutes, as created by this act.
21 Notwithstanding section 227.24 (1) (c) and (2) of the statutes, emergency rules
22 promulgated under this subsection remain in effect until July 1, 2010, or the date on
23 which permanent rules take effect, whichever is sooner. Notwithstanding section
24 227.24 (1) (a) and (3) of the statutes, the department is not required to provide
25 evidence that promulgating a rule under this subsection as an emergency rule is

1 necessary for the preservation of the public peace, health, safety, or welfare and is
2 not required to provide a finding of emergency for a rule promulgated under this
3 subsection.

4 (2) ENTERPRISE ZONE JOBS CREDIT; ECONOMIC IMPACT REPORT. Notwithstanding
5 sections 227.137 (2) and 227.138 (2) of the statutes, if the secretary of administration
6 requires the department of commerce to prepare an economic impact report for the
7 rules required under section 560.799 (6) (g) of the statutes, as created by this act, the
8 department may submit the proposed rules to the legislature for review under
9 section 227.19 (2) of the statutes before the department completes the economic
10 impact report and before the department receives a copy of the report and approval
11 under section 227.138 (2) of the statutes.

12 **SECTION 9343. Initial applicability; Revenue.**

13 (1) ENTERPRISE ZONE JOBS CREDIT. The treatment of sections 71.07 (3w) (a) 5d,
14 and 5e. and (b) 1. a. and b., 2., 3., and 5., 71.28 (3w) (a) 5d., and 5e. and (b) 1. a. and
15 b., 2., 3., and 5., 71.47 (3w) (a) 5d., and 5e. and (b) 1. a. and b., 2., 3., and 5. of the
16 statutes, the renumbering and amendment of sections 71.07 (3w) (bm), 71.28 (3w)
17 (bm), and 71.47 (3w) (bm) of the statutes, and the creation of sections 71.07 (3w) (bm)
18 2., 71.28 (3w) (bm) 2., and 71.47 (3w) (bm) 2. of the statutes first apply to taxable
19 years beginning on January 1, 2009.

20 (END)

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Insert 2 - 1

1 SECTION 1. 71.07 (3w) (a) 3. of the statutes is amended to read:

2 71.07 (3w) (a) 3. "Full-time employee" means an individual who is employed
3 in a regular, nonseasonal job and who, as a condition of employment, is required to
4 work at least 2,080 hours per year, including paid leave and holidays a full-time
5 employee, as defined in s. 560.799 (1) (am).

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27
ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135,
183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487; 2007 a. 11, 20, 96, 97, 100; 2009 a. 2; s. 13.92 (2) (i).

Insert 4 - 14

6 no \$ a percentage, as determined by the department of commerce, not to exceed 100
7 percent, of

Insert 5 - 9

8 SECTION 2. 71.28 (3w) (a) 3. of the statutes is amended to read:

9 71.28 (3w) (a) 3. "Full-time employee" means an individual who is employed
10 in a regular, nonseasonal job and who, as a condition of employment, is required to
11 work at least 2,080 hours per year, including paid leave and holidays a full-time
12 employee, as defined in s. 560.799 (1) (am).

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r
to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487;
2007 a. 20, 96, 97, 100; 2009 a. 2; s. 13.92 (2) (i).

Insert 7 - 6

13 no \$ a percentage, as determined by the department of commerce, not to exceed 100
14 percent, of

Insert 8 - 2

15 SECTION 3. 71.47 (3w) (a) 3. of the statutes is amended to read:

16 71.47 (3w) (a) 3. "Full-time employee" means an individual who is employed
17 in a regular, nonseasonal job and who, as a condition of employment, is required to

- 1 ~~work at least 2,080 hours per year, including paid leave and holidays a full-time~~
2 ~~employee, as defined in s. 560.799 (1) (am).~~

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2; s. 13.92 (2) (i).

Insert 9 - 23

- 3 ~~no~~ a percentage, as determined by the department of commerce, not to exceed 100
4 percent, of

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2. The department may by rule specify circumstances under which the department may grant exceptions to the requirement under subd. 1. that a full-time employee means an individual who, as a condition of employment, is required to work at least 2,080 hours per year, but under no circumstances may a full-time employee mean an individual who, as a condition of employment, is required to work less than 37.5 hours per week.

STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

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