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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2011-12

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on Rural Economic Development and Rural Affairs...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (December 2012)

Assembly

Record of Committee Proceedings

Committee on Rural Economic Development and Rural Affairs

Assembly Bill 2

Relating to: authorizing the designation of additional enterprise zones and requiring the designation of enterprise zones in rural areas.

By Representatives Rivard, Williams, Severson, Ballweg, Bies, Brooks, Krug, LeMahieu, Mursau, A. Ott, Petrowski, Ripp, Spanbauer, Steineke, Tranel and Kestell; cosponsored by Senators Galloway, Harsdorf, Holperin, Lasee and Moulton.

January 14, 2011 Referred to Committee on Rural Economic Development and Rural Affairs.

February 9, 2011 **PUBLIC HEARING HELD**

Present: (14) Representatives A. Ott, Steineke, Murtha, Tauchen, Ripp, Krug, T. Larson, Rivard, Danou, Vruwink, Jorgensen, Radcliffe, Roys and Ringhand.

Absent: (0) None.

Excused: (1) Representative Petrowski.

Appearances For

- Representative Roger Rivard — 75th Assembly District
- Senator Pam Galloway — 29th Senate District

Appearances Against

- None.

Appearances for Information Only

- David Volz — Wisconsin Department of Commerce
- Julie Keal — Wisconsin Department of Commerce

Registrations For

- Representative Mary Williams — 87th Assembly District
- Shawn Pfaff, Madison — Wisconsin Cheese Makers Association

Registrations Against

- None.

Registrations for Information Only

- None.

March 2, 2011

EXECUTIVE SESSION HELD

Present: (13) Representatives A. Ott, Petrowski, Murtha, Tauchen, Ripp, Krug, T. Larson, Rivard, Danou, Vruwink, Jorgensen, Radcliffe and Ringhand.
Absent: (2) Representatives Steineke and Roys.
Excused: (0) None.

Moved by Representative Rivard, seconded by Representative Ringhand that **Assembly Amendment 1** be recommended for introduction.

Ayes: (13) Representatives A. Ott, Petrowski, Murtha, Tauchen, Ripp, Krug, T. Larson, Rivard, Danou, Vruwink, Jorgensen, Radcliffe and Ringhand.
Noes: (0) None.
Absent: (2) Representatives Steineke and Roys.

**INTRODUCTION OF ASSEMBLY AMENDMENT 1
RECOMMENDED, Ayes 13, Noes 0**

Moved by Representative Petrowski, seconded by Representative Ringhand that **Assembly Amendment 1** be recommended for adoption.

Ayes: (13) Representatives A. Ott, Petrowski, Murtha, Tauchen, Ripp, Krug, T. Larson, Rivard, Danou, Vruwink, Jorgensen, Radcliffe and Ringhand.
Noes: (0) None.
Absent: (2) Representatives Steineke and Roys.

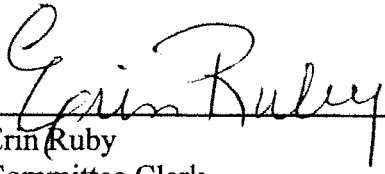
**ASSEMBLY AMENDMENT 1 ADOPTION RECOMMENDED,
Ayes 13, Noes 0**

Moved by Representative Tauchen, seconded by Representative Ringhand that **Assembly Bill 2** be recommended for passage as amended.

Ayes: (10) Representatives A. Ott, Petrowski, Murtha, Tauchen, Ripp, Krug, T. Larson, Rivard, Radcliffe, Ringhand.
Noes: (3) Representatives Danou, Vruwink and Jorgensen.

Absent: (2) Representatives Steineke and Roys.

PASSAGE AS AMENDED RECOMMENDED, Ayes 10, Noes 3


Erin Ruby
Committee Clerk

Vote Record

Committee on Rural Economic Development and Rural Affairs

Date: 3/2/11

Moved by: Tauchen

Seconded by: Ringhand

AB 2 SB _____ Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

A/S Amdt _____
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 A/S Sub Amdt _____
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Be recommended for:
 Passage Adoption Confirmation Concurrence Indefinite Postponement
 Introduction Rejection Tabling Nonconcurrence

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Representative Alvin Ott, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Jim Steineke	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Representative Jerry Petrowski	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative John Murtha	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Gary Tauchen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Keith Ripp	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Scott Krug	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Representative Roger Rivard	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Chris Danou	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Amy Sue Vruwink	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Andy Jorgensen	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Mark Radcliffe	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Kelda Helen Roys	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Representative Janis Ringhand	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	<u>10</u>	<u>3</u>	<u>2</u>	<u>1</u>

Motion Carried Motion Failed

Vote Record

Committee on Rural Economic Development and Rural Affairs

Date: 8/2/11

Moved by: Petrowski

Seconded by: Ringhand

AB 2 SB _____ Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

A/S Amdt 1 (LRB a 0546)
 A/S Amdt _____ to A/S Amdt _____
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Be recommended for:
 Passage Adoption Confirmation Concurrence Indefinite Postponement
 Introduction Rejection Tabling Nonconcurrency

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Representative Alvin Ott, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Jim Steineke	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Representative Jerry Petrowski	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative John Murtha	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Gary Tauchen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Keith Ripp	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Representative Amy Sue Vruwink	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Representative Mark Radcliffe	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Kelda Helen Roys	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Representative Janis Ringhand	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: 13 0 2 1

Motion Carried Motion Failed

Vote Record

Committee on Rural Economic Development and Rural Affairs

Date: 3/2/11

Moved by: Rivard

Seconded by: Ringhand

AB 2 SB _____ Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

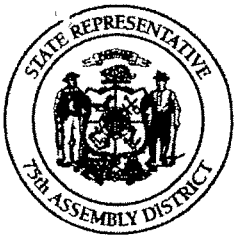
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Be recommended for:
 Passage Adoption Confirmation Concurrence Indefinite Postponement
 Introduction Rejection Tabling Nonconcurrence

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Representative Alvin Ott, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Jim Steineke	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Representative Jerry Petrowski	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative John Murtha	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Gary Tauchen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Representative Scott Krug	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Representative Roger Rivard	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Chris Danou	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Amy Sue Vruwink	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Representative Mark Radcliffe	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Kelda Helen Roys	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Representative Janis Ringhand	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	<u>13</u>	<u>0</u>	<u>2</u>	<u>1</u>

Motion Carried Motion Failed





ROGER RIVARD

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Testimony on Assembly Bill 2 – The Rural Jobs Act Assembly Committee on Rural Economic Development and Rural Affairs February 9, 2011

I would like to echo thanks to Chairman Ott and the members of this committee for holding a hearing on Assembly Bill 2, the Rural Jobs Act. Also, thank you to Senator Galloway for her testimony.

Rural Job creation must become the state's top priority if we are to restore good-paying jobs and a healthy economy in Wisconsin. As you all know, our rural areas have been hit the hardest during this terrible recession.

The unemployment situation in Senator Galloway's district paints a stark picture of just how frightening things are right now. As I talk with people across my district, I hear one thing: things are really difficult. In fact, the situation is downright scary for those who have lost jobs and are struggling to pay for life's necessities.

It's time to restore jobs in rural areas again. If we don't turn things around, our problems will only worsen. Declining enrollment in rural school districts will continue, brain drain from high school graduates will continue, and our small communities will shrink, making job creation even more difficult.

On the bright side, there will be tremendous benefits if we can help foster strong rural economies. Property taxes, living costs and housing costs tend to be lower in rural areas, so good-paying jobs can significantly increase the standard of living in rural areas. Employers are always seeking to do business in lower-cost,



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business-friendly jurisdictions, so rural areas are a great fit for entrepreneurs, manufacturers and other employers.

With these ideas in mind, I have been working with Senator Galloway and Representatives Mary Williams, Eric Severson and Scott Suder to introduce the Rural Jobs Act.

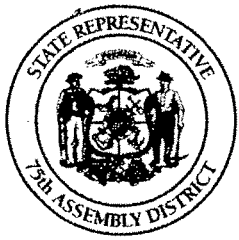
As Senator Galloway discussed, the original Rural Jobs Act was authored and introduced in 2005 by Representatives Scott Suder and Mary Williams. The intent of the bill was to promote rural job creation by creating enterprise zones for rural parts of the state.

These enterprise zones provide powerful tax credit incentives for businesses that begin operations within a zone, relocate to a zone, expand operations in a zone, make capital investments or pay for employee training costs.

Unfortunately, the bill was partially vetoed and all references to the word "rural" were removed. As a result, 9 of the 12 available zones have been allocated to urban areas.

As Senator Galloway discussed, the existing enterprise zone program has been extremely successful, even though it has been focused solely on urban areas. I strongly believe that our rural communities would be in a much better position today if we would have had these enterprise zones in rural areas, as was originally intended.

It's time to fix this and bring relief to our rural areas.



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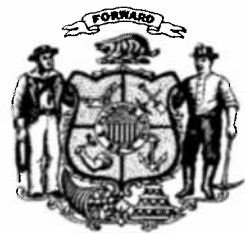
The Rural Jobs Act, AB 2, will be a powerful first step toward turning things around. As a life long resident of rural Wisconsin, I can testify that you won't find harder working, more dedicated people anywhere. Rural Wisconsin deserves all the help that we can afford to give them.

Please join me and Senator Galloway in taking this program back to its original intent – to get Rural Wisconsin working again!

Thank you for your time and consideration. We are happy to take questions.



WISCONSIN STATE LEGISLATURE





Pam Galloway
WISCONSIN STATE SENATOR
29th Senate District

Testimony on Assembly Bill 2
Assembly Committee on Rural Economic Development and Rural Affairs
February 9, 2011

Thank you, Chairman Ott, and members of the committee for holding this hearing on Assembly Bill 2 today.

Representative Williams is in the district today, so I want to give some background in her absence. In 2005, both Representative Suder and Williams introduced the Rural Jobs Act so that qualified businesses in zones could receive tax incentives. When Governor Doyle signed this bill, he vetoed a number of provisions—specifically he eliminated the requirement that the enterprise zones be located in rural areas. The net impact of that veto is that the Department of Commerce allocated the zones to urban areas instead of rural parts of the state.

Under current law, the Department of Commerce can designate 12 enterprise zones. This bill increases the number of enterprise zones to 16 and designates these four additional zones for rural areas. Two of these zones are defined as political subdivisions with populations of less than 5,000 and two additional zones with populations between 5,000 and less than 30,000.

Under current law, a business that retains jobs in an enterprise zone is eligible for tax credits if a business makes a significant capital investment in property located in the zone and at least one of the following applies: (1) the business is an original equipment manufacturer with a significant supply chain in the state; or (2) the business has more than 500 full-time employees in the enterprise zone. Under this bill, a business that retains jobs in the rural zones and makes significant capital investment in property located within these zones is eligible for tax credits.

On June 14, 2010, the Milwaukee Journal Sentinel reported that the state had already committed up to \$135.6 million in enterprise zone tax credits to four major employers, and is already on track to recoup \$164 million. The article also estimated that the program has helped to keep or create 7,400 jobs.

Clearly, this program has been a huge success in urban parts of the state. Although Representative Rivard will talk more about how this program was created, it is important to mention that the enterprise zone program was originally intended to only be used in rural communities throughout the state.

In a session that is being focused on jumpstarting Wisconsin's economy, Assembly Bill 2 goes a long way to making this possible in rural areas, which often suffer from high unemployment. Just think for a moment about how much better off rural Wisconsin would have been over the past five or six years if the program would have been used as intended. In my district, five of my seven counties have unemployment levels of 9.9 percent or higher. Rusk County has the second highest rate in the state at 11.8 percent. There is no question that rural job creation is critical to enhancing the state's economic growth.

I ask that you join me and Representative Rivard in taking a critical step to bring this program to rural Wisconsin and continue to make job creation a priority in supporting Assembly Bill 2. Thank you for your time and consideration. Representative Rivard and I are happy to answer any questions that you might have.





WISCONSIN LEGISLATIVE COUNCIL

Terry C. Anderson, Director
Laura D. Rose, Deputy Director

TO: SENATOR PAM GALLOWAY AND REPRESENTATIVE MARY WILLIAMS
FROM: Anna Henning^{AH} and Margit Kelley^{MSK}, Staff Attorneys
RE: 2011 Assembly Bill 2 and 2011 Senate Bill 4
DATE: February 15, 2011

This memorandum responds to your request for background information and a description of 2011 Assembly Bill 2 and its companion bill, 2011 Senate Bill 4 (together, "the bill"). In sum, the bill: (1) increases the number of enterprise zones that the Department of Commerce (Commerce) may designate; (2) requires Commerce to designate at least two enterprise zones in political subdivisions with populations of less than 5,000, and at least two such zones in political subdivisions with populations of 5,000 or more but less than 30,000; and (3) exempts businesses in those zones from specified requirements for tax benefit eligibility on the basis of having retained jobs in the zones.

Current Law

Enterprise zones are designated areas in which certified businesses may claim refundable tax credits for qualified expenses related to job creation, job retention, employee training, capital expenditures, and purchases from Wisconsin suppliers.

Legislative History

Enterprise zones were first established in 2006. 2005 Assembly Bill 208 authorized the designation of rural enterprise development zones, to be designated in areas that do not include any part of a first class city or a city with a population greater than 200,000. Under the bill, Commerce was required to give preference to areas with low population densities.

A partial gubernatorial veto changed the name of the zones to "enterprise zones" throughout the resulting Act, 2005 Wisconsin Act 361. The partial veto also removed references to "rural" and requirements that low-density areas be given preference.

Designation of Enterprise Zones

Under current law, Commerce may designate up to 12 enterprise zones, each of which may remain in effect for no more than 12 years. [s. 560.799, Stats.] No geographic or population limits apply to the zones.¹

Commerce must consider the following criteria when determining whether to designate an area as an enterprise zone:

- 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, and 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 creation, job training, and creating high-paying jobs.

In addition, Commerce is required to give preference, to the extent possible, to the greatest economic need. [s. 560.799 (3), Stats.]

Certification of Businesses Within Enterprise Zones

There is no statutory limit on the number of businesses within a designated enterprise zone that may be certified to receive enterprise zone tax benefits. Commerce may certify any of the following businesses for eligibility to receive enterprise zone income and franchise tax credits:

- A business that **begins operations** in an enterprise zone.
- 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 Commerce.
- A business that **expands operations** in an enterprise zone, if either of the following sets of criteria apply:
 - The business will increase its personnel by at least 10%; the business enters into an agreement with Commerce to claim tax benefits only for years during which the business maintains the increased level of personnel; and 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 Commerce; **or**

¹ As partially vetoed, 2005 Wisconsin Act 361 limited the size of an enterprise zone to 50 acres. However, 2009 Wisconsin Act 11 repealed the 50-acre limitation.

- The business makes a capital investment in property located in the enterprise zone, the value of which is equal to at least 10% of the business' gross revenues in the preceding tax year attributable to business activities in this state; the business enters into an agreement with Commerce to claim tax benefits only for years during which the business maintains the capital investment; and 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 Commerce.
- A business that **retains jobs** in an enterprise zone, but only if the business makes a significant capital investment in property located in the enterprise zone and at least one of the following applies:
 - The business is an original equipment manufacturer with a significant supply chain in the state, as determined by Commerce, by rule.
 - More than 500 full-time employees are employed by the business in the enterprise zone.
- A business located in an enterprise zone if the business **purchases** qualified tangible personal property, items, property, goods, or services **from Wisconsin vendors**, as determined by Commerce.
- A business certified under one of the above bases for certification that makes a **significant capital expenditure** in the enterprise zone.

[s. 560.799 (5) and (5m), Stats.]

Enterprise Zone Tax Credits

Several types of refundable tax credits are available to certified businesses within enterprise zones. These include:

- **New jobs.** A credit for a percentage, as determined by Commerce, not to exceed 7% of the average wages in excess of \$20,000 or \$30,000, depending on Commerce's classification of the county or municipality, for new employees hired to work within the enterprise zone.
- **Job retention.** A credit for a percentage, as determined by Commerce, not to exceed 7% of wages for full-time employees within the zone, who earned more than \$20,000 or \$30,000 (depending on the county or municipal classification), if the number of employees within the zone is equal to or greater than the number of people employed within the zone during the previous taxable year.
- **Training.** A credit for a percentage, as determined by Commerce, not to exceed 100% of expenses related to training employees within the zone.
- **Significant capital expenditures.** A credit for up to 10% of significant capital expenditures, as determined by Commerce.

- **Purchases from Wisconsin suppliers.** A credit for up to 1% of expenditures for qualified goods or services purchased from Wisconsin suppliers.

[ss. 71.07 (3w) (b) and (bm); 71.28 (3w) (b) and (bm); and 71.47 (3w) (b) and (bm), Stats.]

A business may be certified as eligible to receive more than one type of enterprise zone credit. However, a claimant cannot claim a job retention credit for the same wages used to claim a new jobs credit, and the same expenditures cannot be claimed for both the significant capital expenditures and the credit for purchases from Wisconsin suppliers.

A business may not submit a claim for an enterprise zone credit if the expenses providing the basis for the claim have served as the basis for a claim under another tax credit program. [ss. 71.07 (3w) (c) 3., 71.28 (3w) (c) 3., and 71.47 (3w) (c) 3., Stats.]

The Bill

The bill makes the following changes to current law:

Increases the Number of Enterprise Zones Authorized

The bill increases the number of enterprise zones that Commerce may designate by four zones, to a total of 16 enterprise zones.

Establishes Population Criteria for a Minimum of Four Zones

The bill establishes specific population criteria for a minimum of four designated enterprise zones. In particular, it requires Commerce to designate at least two enterprise zones in political subdivisions with populations of less than 5,000, and at least two such zones in political subdivisions with populations of 5,000 or more but less than 30,000.²

Exempts Businesses from Specified Requirements

For businesses located in enterprise zones that fulfill the population criteria described above, the bill allows certification under each of the bases provided under current law, but revises the requirements for certification on the basis of job retention.

As mentioned above, under current law, one basis for certifying a business as eligible to receive enterprise zone tax benefits is a determination that the business retains jobs in the zone. To be certified on that basis, a business must fulfill all of the following:

1. Retain jobs in the zone.
2. Make a significant capital expenditure in the zone.
3. Either: (a) be an original equipment manufacturer with significant supply chain in the state; or (b) employ more than 500 full-time employees within the zone.

² A political subdivision is typically defined as a town, village, city, or county.

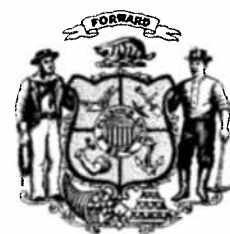
Under the bill, a business designated pursuant to the new population criteria established in the bill would be exempt from the third of those requirements. In other words, businesses in such zones could be certified on the basis of having retained jobs, even if they are neither original equipment manufacturers nor employers of 500 full-time employees, provided that they had retained jobs and were determined to have made a significant capital expenditure in the enterprise zone.

If you have any questions, please feel free to contact us directly at the Legislative Council staff offices.

AH:MSK:ty



WISCONSIN STATE LEGISLATURE





Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

April 6, 2011

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: 2011 Assembly Bill 2: Commerce -- Enterprise Zone Expansion

2011 Assembly Bill 2, which would increase the number of authorized enterprise zones, was introduced on January 14, 2011, and referred to the Assembly Committee on Rural Economic Development and Rural Affairs. On March 2, 2011, Assembly Amendment 1 to AB 2 was adopted by a vote of 13 to 0, and AB 2, as amended, was recommended for passage by a vote of 10 to 3.

CURRENT LAW

The enterprise zone program provides refundable tax credits that can be claimed, under the state individual income and corporate income and franchise taxes, for eligible expenses for increased employment, retaining employees, employee training, capital investment, and purchases from Wisconsin vendors. (Under current law, the Department of Commerce is responsible for designating enterprise zones, certifying taxpayers, allocating and verifying tax credits, and performing other general administrative functions related to the enterprise zone program. Those functions are described in this section. However, provisions included in 2011 Assembly Bill 40 would transfer most of Commerce's economic development functions, including administration of the enterprise zone program, to the Wisconsin Economic Development Corporation (WEDC), which was created under 2011 Wisconsin Act 7.)

Jobs Tax Credit. The enterprise zones jobs tax credit is provided to businesses that are certified by the Department of Commerce. The enterprise zones jobs tax credit is calculated as follows:

1. Determine the lesser of: (a) the number of full-time employees that are employed in an enterprise zone whose annual wages are greater than \$20,000 in a tier I county or municipality, or greater than \$30,000 in a tier II county or municipality in the tax year, minus the number of full-

greater than \$30,000 in a tier II county or municipality in the tax year, minus the number of full-time employees that were employed in the enterprise zone in the base year whose annual wages were greater than \$20,000 in a tier I county or municipality, or greater than \$30,000 in a tier II county or municipality; or (b) the number of full-time employees in the state whose annual wages are greater than \$20,000 in a tier I county or municipality, or greater than \$30,000 in a tier II county or municipality in the tax year, minus the number of full-time employees in the state in the base year whose annual wages were greater than \$20,000 in a tier I county or municipality, or greater than \$30,000 in a tier II county or municipality. ("Base year" is the year prior to the year in which the enterprise zone was created.)

2. Determine the claimant's average zone payroll ("zone payroll" excludes wage amounts that are over \$100,000) by dividing total wages for full-time employees in the zone whose annual wages are greater than \$20,000 in a tier I county or municipality, or greater than \$30,000 in a tier II county or municipality, and who the claimant employed in an enterprise zone for the tax year, by the number of employees whose annual wages are greater than \$20,000 in a tier I county or municipality, or greater than \$30,000 in a tier II county or municipality, and who the claimant employed in the enterprise zone in the tax year.

3. For employees in a tier I county or municipality subtract \$20,000 from the average wage determined under "2," and for employees in a tier II county or municipality subtract \$30,000 from the average wage determined under "2."

4. Multiply the amount determined under "3" (average wage in excess of \$20,000 a year in a tier I county or municipality, or in excess of \$30,000 a year in a tier II county or municipality) by the number determined under "1" (net number of new employees hired in the zone).

5. Multiply the amount determined under "4" by a percentage determined by Commerce, not to exceed 7%.

Payroll Tax Credit. An additional refundable tax credit can be claimed for an amount equal to the percentage, up to 7%, as determined by Commerce, of the claimant's zone payroll ("zone payroll" excludes wage amounts that are over \$100,000) paid in the tax year to full-time employees who were employed in the enterprise zone in the tax year and whose annual wages were greater than \$20,000 in a tier I county or municipality, or greater than \$30,000 in a tier II county or municipality, not including the wages paid to employees that are used to claim the enterprise zone jobs credit. The total number of employees has to equal or be greater than the number of employees in the base year. Credit claims are limited to five consecutive years.

Job Retention. A refundable tax credit can be claimed for job retention, if the business makes a significant capital investment, and is an original equipment manufacturer with a Wisconsin supply chain, or has more than 500 full-time employees in an enterprise zone.

Training Component. A supplemental, refundable credit may be claimed that is equal to the

amount paid in the tax year to upgrade or improve the job-related skills of any of the claimant's full-time employees, to train any of the claimant's full-time employees on the job-related use of new technologies, or to provide job-related training to any full-time employee whose employment with the claimant represents the employee's first full-time job. The training must be provided to employees who work in the enterprise zone

Significant Capital Expenditures. A refundable tax credit is provided equal to an amount determined by Commerce, but not exceeding 10% of the claimant's significant capital expenditures in the enterprise zone. Commerce must determine that the business investment is a significant capital expenditure, and allocate the tax benefits over the remaining life of the zone.

Purchases from Wisconsin Suppliers. A refundable credit may be claimed of up to 1% of the amount the claimant paid in the tax year to purchase goods or services from Wisconsin vendors, as determined by Commerce. A claimant cannot claim the credit for expenditures also used to claim the enterprise zone significant capital expenditures tax credit.

As noted, the credits are refundable. Therefore, if the amount of credit exceeds the claimant's income or franchise tax liability, the state issues a check to the claimant for the difference.

Commerce is required to determine the maximum amount of tax credits that a certified business can claim and notify the Department of Revenue (DOR) of the amount. Commerce is also required to verify information submitted to it that is related to enterprise zone expenses and tax credits. Claimants are required to include, with their tax returns, a copy of the certification for tax benefits and verification of expenses from Commerce. Businesses may not claim enterprise zone tax credits to the extent the basis for the credit is the basis for another tax credit claimed by the business. Commerce 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 the certification agreement.

Enterprise Zone Designation and Certification. Under the enterprise zone program, Commerce is authorized to designate up to 12 areas in the state as enterprise zones. A zone designation cannot last more than 12 years. Eligible businesses that conduct operations in an enterprise zone that are certified by Commerce can claim the refundable enterprise zone tax credits.

In determining whether to designate an area as an enterprise zone, Commerce is required to consider all of the following:

1. Indicators of the area's economic need, including 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, and the existing resources available to the area.
2. The effect of designation on other initiatives and programs to promote economic and

community development in the area, including job creation and job training, and creating high-paying jobs.

Commerce is required to specify whether an enterprise zone is in a tier I or tier II county or municipality, and to promulgate administrative rules defining "tier I county or municipality" and "tier II county or municipality." The Department has to consider all of the following information when establishing the definitions: (1) unemployment rate; (2) percentage of families with incomes below the poverty line; (3) median family income; (4) median per capita income; and (5) other significant or irregular indicators of economic distress, such as a natural disaster or mass layoff.

To the extent possible, Commerce must give preference in designating areas to those with the greatest economic need.

Commerce is required to certify a business as eligible for the enterprise zone tax credits. The Department may certify for tax benefits any of the following:

1. A business that begins operations in an enterprise zone.
2. A business that relocates to an enterprise zone from outside the 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 outside the zone (as determined by Commerce).
3. A business that expands its operations in an enterprise zone, and increases its personnel by at least 10%, and enters into an agreement with Commerce to claim tax benefits only for years during which the business maintains the increased level of personnel. The business must offer 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 Wisconsin, but outside the zone.
4. A business that expands its operations in an enterprise zone and that makes a capital investment in property located in the enterprise zone if the following apply: (a) the value of capital investment is equal to at least 10% of the business' gross revenues from business in the state in the preceding tax year; (b) the business enters into an agreement with Commerce to claim tax benefits only for years during which the business maintains the capital investment; and (c) the business offers compensation and benefits for the same type of work to its employees in the zone that are at least as favorable as those offered to employees working in Wisconsin, but outside the zone.
5. A business that retains jobs in an enterprise zone, but only if the business makes a significant capital investment in property located in the zone, and at least one of the following applies: (a) the business was an original equipment manufacturer with a significant supply chain in Wisconsin; or (b) more than 500 full-time employees were employed by the business in the enterprise zone.

property, items, property, goods, or services from Wisconsin vendors (as determined by Commerce).

Commerce must notify DOR when it certifies a business to receive tax benefits and when it revokes certification. Commerce is required to revoke a firm's certification 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 the zone; or (3) ceases operations in the zone, and does not renew operation of the business or a similar business in the zone within 12 months.

In general, "full-time employee" means an individual who is employed in a regular, non-seasonal job and who, as a condition of employment, is required to work at least 2,080 hours per year, including paid leave and holidays. Commerce can specify, by rule, circumstances under which it can grant exceptions to that requirement. However, under no circumstances, would a full-time employee mean an individual who, as a condition of employment, was required to work less than 37.5 hours per week. "Personnel" means: (1) a business' employees in an enterprise zone; and (2) individuals who provide services to businesses as independent contractors. "State payroll" means the amount of payroll apportioned to this state under the income and franchise tax apportionment rules for multi-state businesses that were in effect prior to the implementation of single sales apportionment in 2008. "Zone payroll" is defined as wages paid to full-time employees for services performed in the enterprise zone. "Zone payroll" does not include the amount of compensation paid to any individual that exceeds \$100,000. The definition of "wages" is referenced to the federal Internal Revenue Code to mean all remuneration for employment, including the cash value of all remuneration (including benefits paid in a medium other than cash, with specified exceptions, such as payments to certain trusts or annuitant plans).

Currently nine of the 12 enterprise zones have projects for which contracts have been signed. The attachment provides summary information related to each of the contracted projects. The attachment shows that a total \$264.8 million in tax credits will be allocated to the 12 projects. However, all expenditures for which credits are claimed must be verified by Commerce. Actual expenditures and the timing of such expenditures may differ from credit allocations for a given tax year. Under 2011 Assembly Bill 40 (the 2011-13 biennial budget bill), the sum-sufficient GPR appropriation used to fund enterprise zone tax credits is estimated to be \$13,800,000 for fiscal year 2011-12 and \$34,100,000 for 2012-13.

SUMMARY OF BILL

Assembly Bill 2 would increase the number of authorized enterprise zones by 4, from 12 to 16. Commerce would be required to designate as enterprise zones at least two areas in political subdivisions with populations of less than 5,000, and at least two areas in political subdivisions with populations of 5,000 or more, but less than 30,000. The bill would also specify that a business that was located in these zones could claim the enterprise zone credit for retaining jobs and making a significant capital investment in zone property, but a business that is retaining jobs in the zone

would not have to meet the current law requirements that the business be an original equipment manufacturer with a significant supply chain in the state, or have more than 500 employees at the business in the zone. Further, in designating the four areas under the bill, Commerce would not be required to consider indicators of the area's economic need, the effect of the designation on other economic and community development efforts in the area, and would not be required to give preference to an area with the greatest economic need.

ASSEMBLY AMENDMENT 1

Assembly Amendment 1 to AB 2 would clarify the provisions that require the designation of zones in political subdivisions with certain populations. The amendment would specify that Commerce designate as enterprise zones at least two areas "comprising" (rather than "in") political subdivisions whose populations total less than 5,000, and at least two areas comprising political subdivisions whose populations total 5,000 or more but less than 30,000.

FISCAL EFFECT

Assembly Bill 2. AB 2 would authorize Commerce to designate four additional enterprise zones. The Department would be required to designate four zones in political subdivisions with specified populations. In addition, businesses in these zones could claim the enterprise zone tax credit for retaining jobs and making a significant capital investment and not have to meet current law requirements that the business be an original equipment manufacturer with a Wisconsin supply chain, or have at least 500 employees in the zone. Eight of the nine contracted zones were designated in 2009 and 2010 (one zone was designated before 2009), and a total of \$264.8 million in enterprise zone tax credits have been allocated to all zone projects. Credit allocations through 2013 are shown in the attachment. Based on Commerce experience with enterprise zone projects, the fiscal effect of 2011 AB 2 would be an estimated increase in GPR expenditures of up to \$11,600,000 in 2012-13 and, annually thereafter during the life of the zones. Expenditures would increase because the enterprise zone tax credit is a refundable tax credit. To the extent that enterprise zones in smaller municipalities might be provided lower than average tax credit allocations, the fiscal effect would be reduced accordingly.

Assembly Amendment 1. The modifications included in AA 1 to AB 2 would have no fiscal effect.

Prepared by: Ron Shanovich
Attachment

ATTACHMENT

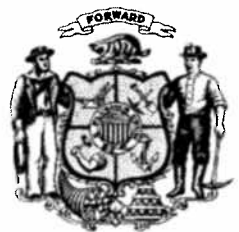
Contracted Enterprise Zone Projects

Business/Location	Project	Project Components	Total Credits	Annual Credit Allocations*	Zone Life
Uline Inc./Pleasant Prairie	Establish corporate campus, including corporate headquarters and distribution center.	Training expenditures Capital investment Jobs created	Payroll tax Training Total	2010 2011 2012 2013	9 years
Republic Airways/ Milwaukee	Consolidate operations and management functions at General Mitchell International Airport.	Training expenditures Capital investment Jobs created Jobs retained	Payroll tax Training Investment Total	2010 2011 2012 2013	12 years
Mercury Marine/Fond du Lac	Consolidate operations.	Capital investment Wisconsin supply chain purchases Jobs created Jobs retained	Payroll tax Training Investment Supply chain Total	2010 2011 2012 2013	12 years
Oshkosh Corporation/Oshkosh, Appleton, Kewaunee	Compete for federal contract to manufacture the Family of Medium Tactical Vehicle (FMTV)	Capital investment Wisconsin supply chain purchases (annually) Jobs created Jobs retained	Payroll tax Investment Supply chain Total	2009 2010 2011 2012 2013	10 years
Quad Graphics, Inc./Milwaukee, Franklin, Dousman, Kohler, West Allis, Sussex, Pewaukee, Menomonee Falls, Lormira, Hartford	Consolidate operations in connection with the acquisition of World Color Press, Inc. from other states in Wisconsin	Training expenditures Capital investment Wisconsin supply chain purchases (annually) Jobs created Wisconsin jobs retained	Payroll tax Investment Training Supply chain Total	2010 2011 2012 2013	11 years
Bucyrus International, Inc./Milwaukee and Surrounding Communities	Expand headquarters in connection with acquisition of Terex Corporation. Also expanded engineering, manufacturing and assembly functions.	Training expenditures Capital investment Jobs created	Payroll tax Investment Training Total	2010 2011 2012 2013	10 years
SHINE Medical Technologies Inc./Location Not Yet Determined	Establish production and processing facility.	Capital investment Jobs created	Jobs credit Investment Total	2011 2012 2013	10 years
Northstar Medical Radioisotopes, LLC/Location Not Yet Determined	Establish production facility.	Capital investment Jobs created	Jobs credit Investment Total	2011 2012 2013	5 years
W Solar Group, Inc./Location Not Yet Determined	Develop production and research and development facilities, and corporate headquarters.	Training expenditures Capital investment Wisconsin supply chain purchases (annually) Jobs created	Jobs credit Investment Supply chain Total	2010 2011 2012 2013	12 years

* Shows allocations through 2011-13 biennium.



WISCONSIN STATE LEGISLATURE





**WISCONSIN LEGISLATIVE COUNCIL
AMENDMENT MEMO**

2011 Assembly Bill 2	Assembly Amendment 1
<i>Memo published:</i> March 4, 2011	<i>Contact:</i> Anna Henning, Staff Attorney (266-0292)

2011 Assembly Bill 2

2011 Assembly Bill 2 increases the total number of enterprise zones that the Department of Commerce (Commerce) is authorized to designate from 12 to 16, and requires Commerce to designate two zones in political subdivisions with populations of less than 5,000, and two zones in political subdivisions with populations between 5,000 and 30,000. A political subdivision is defined generally in the statutes as a town, village, city, or county.

Assembly Amendment 1 clarifies that each designated lower-population enterprise zone includes the complete area of the political subdivision, rather than the more generalized "areas in" a political subdivision that meet the lower population requirement.

Companion Bill

2011 Assembly Bill 2 contains the same provisions as 2011 Senate Bill 4. On February 23, 2011, the Senate Committee on Financial Institutions and Rural Issues recommended passage of Senate Bill 4 on a vote of Ayes, 3; Noes, 0. On March 1, 2011, Senate Amendment 1, which contains the same provisions as Assembly Amendment 1, was offered by Senator Galloway. It was adopted by the Senate on March 2, 2011.

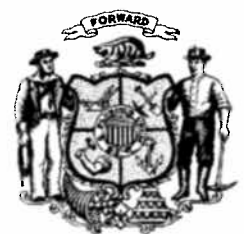
Legislative History

On March 2, 2011, Assembly Amendment 1 was introduced and recommended for adoption by the Assembly Committee on Rural Economic Development and Rural Affairs on a vote of Ayes, 13; Noes, 0. On the same day, the committee recommended passage of the bill, as amended, on a vote of Ayes, 10; Noes, 3.

AH:ty



WISCONSIN STATE LEGISLATURE



Wisconsin Department of Commerce

Enterprise Zone Program

The Enterprise Zone program was created by 2005 Wisconsin Act 361. It enables Commerce to allocate tax credits for job creation and retention, training, Wisconsin supply chain expenditures, and capital investment to promote economic and community development. Commerce may designate a total of 12 zones over the life of the program. Nine zones are currently either contracted or in final negotiations. Commerce uses these zones carefully, and reserves them for business relocations from out-of-state and large, in-state expansions that do not fit into other Commerce programs and will have a very significant economic impact. Other Commerce programs, such as the new Jobs Credit and the Wisconsin Economic Development Tax Credit, are more typically used for small and medium-sized projects.

Enterprise Zone projects are very large projects and, as such, tend to be individual in their details. The following summary is based on Commerce's experience with nine projects that are currently contracted or in negotiation, and on general economic development knowledge. The time to contract is typically less than one year.

Fiscal Effects of Different Components of the Enterprise Zones Credit

1. **Job Creation.** The EZ-10 program offers a tax credit equal to 7% of the taxpayer's payroll in the enterprise zone that is paid to new full-time employees who earn more than \$20,000 in a tier one county or municipality (\$30,000 in a tier 2 county or municipality), but less than \$100,000 annually. Counties and municipalities are assigned to a tier based on distress criteria.

The timing of the fiscal effect of job creation credits will vary according to the individual circumstances of the project.

- A business that is currently located in-state and expanding will typically phase in job creation. Since the credits are based on performance, the fiscal effect of the credits will follow the job creation schedule.
- A business that is moving to Wisconsin from out-of-state will create most of the jobs at the time of the move, and may phase some in later. The majority of the fiscal effect will typically be felt in the first year of the contract.

2. **Job Retention.** 2009 Wisconsin Act 11 extended the credit to job retention projects in which the business makes a significant capital investment and is either an original equipment manufacturer with a significant supply chain in Wisconsin or has more than 500 full-time employees in the enterprise zone. The credit is calculated in the same way as the credit for newly created jobs. The fiscal effect

of these credits will typically begin immediately, since the employees are already on staff.

3. **Capital Investment.** If a business makes a significant capital investment in the zone, the department may certify it to receive tax benefits not exceeding 10% of the capital investment. This capital investment would typically take place soon after designation, and the fiscal effect would thus begin immediately.
4. **Training.** Credits based on training will follow the training schedule.
5. **Wisconsin Supply Chain.** A business may earn up to 1% of the amount paid for goods and services purchased from a Wisconsin vendor.

Uline

Location	Pleasant Prairie, WI
Status	Under contract
Credits Allocated	
o Year 1	\$1,567,000
o Year 2	\$1,785,000
Life of Zone	9 years
Description	Uline, Inc. is investing approximately \$100 million to establish a corporate campus to include a 180,000-square-foot multi-level facility for the national corporate headquarters, as well as a distribution center, resulting in the move of approximately 1,000 positions from Illinois.
Project Summary	
o Jobs Created	1008
o Jobs Retained	0
o Training	\$1,500,000
o Investment	\$ 100,000,000
Credits Offered	
o Payroll Tax	\$17,100,000
o Training	\$1,500,000
o Investment	0
o Total	\$18,600,000

Tax Revenues Generated	
○ State Income Tax – Employees	\$21,058,652 *
○ State Income Tax – Company	Under Review
○ Local Property Tax – Employees	Under Review
○ Local Property Tax – Company	\$14,616,000 **
○ State Sales Tax – Employees	\$15,793,989 ***
○ State Sales Tax – Company	Under Review

* Based on 3.6% effective tax rate from 2004 DOR Tax Incidence Study.

** Based on 2008/09 local mill rate.

*** Based on 2.7% effective tax rate from 2004 DOR Tax Incidence Study

Republic Airways

Location	Milwaukee, WI
Status	Under contract
Credits Allocated	
○ Year 1	\$4,000,000
○ Year 2	\$2,565,000
Life of Zone	12 years
Description	Republic Airways Holdings Inc. is investing approximately \$20 million to consolidate operations and maintenance functions at General Mitchell International Airport in Milwaukee, resulting in the retention of nearly 570 existing positions and the move of approximately 770 positions from Colorado.
Project Summary	
○ Jobs Created	770
○ Jobs Retained	570
○ Training	\$5,000,000
○ Investment	\$20,000,000

Credits Offered	
○ Payroll Tax	\$20,008,659
○ Training	\$5,000,000
○ Investment	\$1,985,000
○ Total	\$27,000,000
Tax Revenues Generated	
○ State Income Tax – Employees	\$22,927,477 *
○ State Income Tax – Company	Under Review
○ Local Property Tax – Employees	Under Review
○ Local Property Tax – Company	\$5,440,800 **
○ State Sales Tax – Employees	\$17,195,608 ***
○ State Sales Tax – Company	Under Review

* Based on 3.6% effective tax rate from 2004 DOR Tax Incidence Study.

** Based on 2008/09 local mill rate.

*** Based on 2.7% effective tax rate from 2004 DOR Tax Incidence Study

Mercury Marine

Location	Fond du Lac, WI
Status	Under contract.
Credits Allocated	
○ Year 1	\$7,662,000
○ Year 2	\$10,741,000
Life of Zone	12 years
Description	Mercury Marine will consolidate operations in Fond du Lac, retaining approximately 1,526 existing positions and creating 1,311 new positions in Wisconsin. .
Project Summary	
○ Jobs Created	1,311
○ Jobs Retained	1,526
○ Training	Unknown
○ Investment	\$157,000,000
○ Supply Chain	\$500,000,000

Credits Offered	
○ Payroll Tax	\$31,612,000
○ Training	\$17,363,000
○ Investment	\$11,025,000
○ Supply Chain	\$5,000,000
○ Total	\$65,000,000
Tax Revenues Generated	
○ State Income Tax – Employees	\$49,901,493 *
○ State Income Tax – Company	Under Review
○ Local Property Tax – Employees	Under Review
○ Local Property Tax – Company	\$12,000,000 **
○ State Sales Tax – Employees	\$37,426,120 ***
○ State Sales Tax – Company	Under Review

* Based on 3.6% effective tax rate from 2004 DOR Tax Incidence Study.

** Information received from Mercury Marine.

*** Based on 2.7% effective tax rate from 2004 DOR Tax Incidence Study

Oshkosh Corporation

Location	Oshkosh, Appleton, Kewaunee WI
Status	Under contract
Credits Allocated	
○ Year 1	\$5,278,500
○ Year 2	\$5,688,500
Life of Zone	10 years
Description	The Oshkosh Corporation is investing approximately \$42 million to compete for the Family of Medium Tactical Vehicle (FMTV) contract, resulting in the creation of at least 1,000 new positions.
Project Summary	
○ Jobs Created	1,000
○ Jobs Retained	3535
○ Training	Unknown
○ Investment	\$87,500,000
○ Supply Chain	\$100,000,000 per year

Credits Offered	
o Payroll Tax	\$17,635,000
o Investment	\$8,365,000
o Supply Chain	\$9,000,000
o Total	\$35,000,000
Tax Revenues Generated	
o State Income Tax – Employees	\$83,168,093 *
o State Income Tax – Company	Under Review
o Local Property Tax – Employees	Under Review
o Local Property Tax – Company	Under Review
o State Sales Tax – Employees	\$62,376,070**
o State Sales Tax – Company	Under Review

* Based on 3.6% effective tax rate from 2004 DOR Tax Incidence Study.

** Based on 2.7% effective tax rate from 2004 DOR Tax Incidence Study

Quad/Graphics, Inc.

Location	Milwaukee, Franklin, Dousman, Kohler, West Allis, Sussex, Pewaukee, Menomonee Falls, Lomira, Hartford
Status	Under contract
Credits Allocated	
o Year 1	\$4,937,000
o Year 2	\$6,421,000
Life of Zone	11 years
Description	Quad/Graphics, Inc. recently acquired World Color Press, Inc. Quad/Graphics plans to consolidate some of its operations from other locations to Wisconsin, resulting in the addition of approximately 1,000 new positions. Approximately \$50 million worth of production equipment will be moved to the company's Wisconsin facilities.

Project Summary	
○ Jobs Created	1,000
○ Jobs Retained	5,500
○ Training	\$2,000,000
○ Investment	\$150,000,000
○ Supply Chain	\$50,000,000 annually
Credits Offered	
○ Payroll Tax	\$24,494,000
○ Investment	\$14,281,000
○ Training	\$2,000,000
○ Supply Chain	\$5,225,000
○ Total	\$46,000,000
Tax Revenues Generated	
○ State Income Tax – Employees *	\$115,805,290
○ State Income Tax – Company	Under Review
○ Local Property Tax – Employees	Under Review
○ Local Property Tax – Company	Under Review
○ State Sales Tax – Employees **	\$86,853,967
○ State Sales Tax – Company	Under Review

* Based on 3.6% effective tax rate from 2004 DOR Tax Incidence Study.

** Based on 2.7% effective tax rate from 2004 DOR Tax Incidence Study

Bucyrus International, Inc.

Location	Milwaukee and surrounding communities
Status	Under contract
Credits Allocated	
○ Year 1	\$2,333,000
○ Year 2	\$3,047,000
Life of Zone	10 years
Description	In connection with its acquisition of the mining business of Terex Corporation, Bucyrus International, Inc. will expand its operations in Milwaukee, purchasing the former headquarters of Midwest

	Express for use as offices. Bucyrus will also expand engineering, manufacturing and assembly capabilities at its South Milwaukee and Milwaukee facilities. The project is expected to result in the creation of approximately 500 new positions and the investment of \$39 million.
Project Summary	
○ Jobs Created	500
○ Jobs Retained	0
○ Training	\$5,000,000
○ Investment	\$39,000,000
○ Supply Chain	0
Credits Offered	
○ Payroll Tax	\$16,010,000
○ Investment	\$2,340,000
○ Training	\$1,650,000
○ Supply Chain	0
○ Total	\$20,000,000
Tax Revenues Generated	
○ State Income Tax – Employees *	\$13,852,800
○ State Income Tax – Company	Under Review
○ Local Property Tax – Employees	Under Review
○ Local Property Tax – Company	Under Review
○ State Sales Tax – Employees **	\$10,389,600
○ State Sales Tax – Company	Under Review

* Based on 3.6% effective tax rate from 2004 DOR Tax Incidence Study.

** Based on 2.7% effective tax rate from 2004 DOR Tax Incidence Study

Shine Medical

Location	Not yet determined
Status	Under contract.
Credits Allocated	

○ Year 1	\$ 81,000
○ Year 2	\$ 1,964,000
Life of Zone	10 years
Description	The company will establish a production facility for molybdenum-99 and a related processing facility.
Project Summary	
○ Jobs Created	545
○ Jobs Retained	0
○ Training	0
○ Investment	\$63,377,000
○ Supply Chain	0
Credits Offered	
○ Jobs Created	\$ 4,870,000
○ Jobs Retained	0
○ Training	0
○ Investment	\$ 6,330,000
○ Supply Chain	0
○ Total	\$ 11,200,000
Tax Revenues Generated	
○ State Income Tax – Employees *	\$5,115,153
○ State Income Tax – Company	Under Review
○ Local Property Tax – Employees	Under Review
○ Local Property Tax – Company	Under Review
○ State Sales Tax – Employees **	\$3,836,365
○ State Sales Tax – Company	Under Review

* Based on 3.6% effective tax rate from 2004 DOR Tax Incidence Study.

** Based on 2.7% effective tax rate from 2004 DOR Tax Incidence Study

Northstar Medical Radioisotopes, LLC

Location	Not yet determined.

Status	Under contract
Credits Allocated	
o Year 1	\$ 100,000
o Year 2	\$ 806,000
Life of Zone	5 years
Description	The company will establish a production facility for molybdenum-99.
Project Summary	
o Jobs Created	189
o Jobs Retained	0
o Training	0
o Investment	\$ 185,000,000
o Supply Chain	0
Credits Offered	
o Jobs Created	\$ 1,302,000
o Jobs Retained	0
o Training	0
o Investment	\$ 12,698,000
o Supply Chain	0
o Total	\$ 14,000,000
Tax Revenues Generated	
o State Income Tax – Employees *	\$5,353,550
o State Income Tax – Company	Under Review
o Local Property Tax – Employees	Under Review
o Local Property Tax – Company	Under Review
o State Sales Tax – Employees **	\$4,015,163
o State Sales Tax – Company	Under Review

* Based on 3.6% effective tax rate from 2004 DOR Tax Incidence Study.

** Based on 2.7% effective tax rate from 2004 DOR Tax Incidence Study

W Solar Group, Inc.

Location	Not yet determined
Status	Under contract
Credits Allocated	
o Year 1	\$ 320,000
o Year 2	\$ 635,000
Life of Zone	12 years
Description	W Solar will develop a production facility, a research and development facility, and a corporate headquarters.
Project Summary	
o Jobs Created	525
o Jobs Retained	0
o Training	\$ 13,000,000
o Investment	\$ 215,500,000
o Supply Chain	\$ 100,000,000 annually
Credits Offered	
o Jobs Created	\$ 5,000,000
o Jobs Retained	0
o Training	0
o Investment	\$ 13,600,000
o Supply Chain	\$ 9,400,000
o Total	\$ 28,000,0000
Tax Revenues Generated	
o State Income Tax – Employees *	\$10,477,480
o State Income Tax – Company	Under Review
o Local Property Tax – Employees	Under Review
o Local Property Tax – Company	Under Review
o State Sales Tax – Employees **	\$7,858,110
o State Sales Tax – Company	Under Review

* Based on 3.6% effective tax rate from 2004 DOR Tax Incidence Study.

*** Based on 2.7% effective tax rate from 2004 DOR Tax Incidence Study