



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2017 Wisconsin Act 58
[August 2017 Special Session
Assembly Bill 1]

**Creation of an Electronics and
Information Technology
Manufacturing Zone**

INTRODUCTION

2017 Wisconsin Act 58 makes various changes that implement an agreement negotiated between the Governor and the Foxconn company, and makes certain other changes that are unrelated to that agreement. This Act memo provides a general overview of the Act.

CREATION OF AN ELECTRONICS AND INFORMATION TECHNOLOGY MANUFACTURING ZONE

A key provision of the Act authorizes the Wisconsin Economic Development Corporation (WEDC) to designate a new type of zone called an electronics and information technology manufacturing (EITM) zone. The Act allows only one such zone to be designated.

A business within the zone may be certified to receive up to \$2.85 billion in refundable tax credits, over a 15-year period, for qualified wages paid and for certain capital expenditures. The Act also authorizes a sales tax exemption for certain purchases within the zone.

Under the Act, the Legislative Audit Bureau must evaluate the process used by WEDC to administer the EITM zone tax credits that a claimant may claim.

Provisions Affecting Local Government

The Act also makes various changes affecting local governmental units in which the new zone would be located. For example, the Act authorizes the Department of Administration (DOA) to award up to \$15 million in grants to affected local governments, provides a limited moral obligation pledge made by the Legislature with respect to local governmental debt, authorizes county sales tax revenue bonds, authorizes design-build contracting for certain

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.wisconsin.gov>.

projects, modifies provisions affecting town incorporation and annexation, and provides certain exceptions and modifications to the tax-increment financing law.

Provisions Affecting State Agencies

The Act also makes changes to utilities law and environmental permitting requirements, including creation of certain exemptions from Public Service Commission authorization for the construction of public utility projects and high-voltage transmission lines, and provision of limited exemptions from permit requirements relating to wetlands and activities in navigable waters. All of those changes apply only within the boundaries of the newly designated zone.

Additionally, the Act authorizes \$252.4 million in general obligation bonds for the I-94 north-south corridor project, directs the Department of Workforce Development to administer a grant program for worker training, and directs the Board of Regents of the University of Wisconsin System and the Technical College System Board to consult together and produce a report on long-term workforce development strategies.

The Act also creates new, temporary positions, one in DOA and the other in WEDC, to serve as an economic development liaison and electronics manufacturing small business development director, respectively.

Appeals of Decisions Relating to an EITM Zone

The Act creates expedited procedures for appeals of judicial decisions relating to an EITM zone, including an expedited timeline and special procedural requirements governing such appeals. The Act also provides that any judgment or order of a circuit court relating to an EITM zone is automatically stayed upon the filing of an appeal. Any party to the proceeding may apply to the relevant appellate court to request that the stay be modified or vacated.

PROVISIONS UNRELATED TO CREATION OF AN EITM ZONE

The Act makes certain modifications to current law that do not directly relate to the state's agreement with Foxconn, including changes relating to the existing enterprise zones tax credit program. These changes allow for the creation of future zones as existing zones expire and expand the circumstances under which a financial services technology business in an enterprise zone may obtain a tax credit for retaining employees. The Act also modifies laws relating to the tax treatment of single-owner business entities.

Effective date: Generally, 2017 Wisconsin Act 58 took effect on September 20, 2017.

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