



1995 ASSEMBLY BILL 1033

March 14, 1996 - Introduced by Representatives BRANDEMUEHL, FREESE, JOHNSRUD, GOETSCH, GREEN, KLUSMAN, GARD, LORGE, ZIEGELBAUER, MUSSER, OURADA, HAHN, PLOMBON and KREIBICH, cosponsored by Senators SCHULTZ, DRZEWIECKI, ROSENZWEIG, BUETTNER, ZIEN, WEEDEN and PETAK, by request of Governor Tommy G. Thompson. Referred to Joint committee on Finance.

1 **AN ACT to repeal** 71.07 (2dj) (d), 71.07 (2ds) (c), 71.28 (1dj) (d), 71.28 (1ds) (c),
2 71.47 (1dj) (d), 71.47 (1ds) (c), 560.71 (1) (cm), 560.72 (4), 560.723, 560.725 (1)
3 (a) to (h), 560.73 (1) (c) 6., 560.735 (3), 560.75 (3), 560.763 (1) (a), 560.763 (2),
4 560.763 (3) and 560.79; **to renumber and amend** 560.725 (1) (intro.); **to**
5 **amend** 20.835 (2) (cm), 20.835 (2) (cn), 71.07 (2dd) (a) 1., 71.07 (2dj) (am) 1.,
6 71.07 (2dj) (am) 3., 71.07 (2dj) (am) 8m., 71.07 (2dj) (h), 71.07 (2dL) (ar), 71.07
7 (2ds) (h), 71.10 (4) (gd), 71.10 (4) (ge), 71.10 (4) (i), 71.28 (1dd) (a) 1., 71.28 (1dj)
8 (am) 1., 71.28 (1dj) (am) 3., 71.28 (1dj) (am) 8m., 71.28 (1dj) (h), 71.28 (1dL) (ar),
9 71.28 (1ds) (h), 71.30 (3) (eb), 71.30 (3) (ec), 71.30 (3) (f), 71.47 (1dd) (a) 1., 71.47
10 (1dj) (am) 1., 71.47 (1dj) (am) 3., 71.47 (1dj) (am) 8m., 71.47 (1dj) (h), 71.47 (1dL)
11 (ar), 71.47 (1ds) (h), 71.49 (1) (eb), 71.49 (1) (ec), 71.49 (1) (f), 560.70 (4), 560.70
12 (6), 560.71 (3) (a), 560.72 (2) (c), 560.72 (3), 560.725 (2), 560.725 (3), 560.73 (1)
13 (f), 560.73 (1) (g), 560.73 (3), 560.735 (1) (a), 560.735 (1) (b), 560.735 (1) (c),
14 560.735 (6) (a) (intro.), 560.735 (6) (a) 2., 560.735 (6) (a) 3., 560.735 (6) (b),
15 560.74 (2), 560.745 (1) (a), 560.745 (1) (b), 560.745 (2) (a), 560.763 (title) and
16 560.797 (1) (c); **to repeal and recreate** 560.71 (1) (e); and **to create** 71.07 (2dd)
17 (f), 71.28 (1dd) (f), 71.47 (1dd) (f), 560.71 (1m) and 560.735 (6) (c) of the statutes;

1 **relating to:** the development zone program, development zones tax credits and
2 making an appropriation.

Analysis by the Legislative Reference Bureau

Development zone program changes

The department of development (DOD) administers the development zone program. Under the program, DOD certifies for a tax credit a person conducting economic activity in an area of the state that DOD has designated as a development zone. In order to be designated as a development zone, an area must be nominated by a local governing body, defined as the governing body of one or more cities, villages or towns or the elected governing body of a federally recognized American Indian tribe or band in this state. Two or more local governing bodies, or a local governing body and the governing body of a county, may also nominate an area as a development zone. The area must fulfill at least 2 of a number of such criteria as having a high unemployment rate, low household incomes, falling property values and permanent layoffs in its workforce. The area must also fulfill other criteria related to its population size and the valuation of the property in the area in relation to the valuation of the property of the larger community of which it is a part. DOD must notify the joint committee on finance of every area that is nominated, and may not designate an area without the committee's approval if the committee schedules a meeting for review of the boundary of the area. DOD may designate up to 14 development zones in the state.

Two separate areas may be designated as one development zone, but each of the 2 areas must fulfill all of the criteria that a single area must fulfill. In a 1st class city, however, up to 4 separate areas may be designated as one development zone. Development zone designations are effective for 84 months, but the nominating governing body may request up to 3 12-month extensions. Whenever DOD designates a development zone, it places a limit on the total tax credits that may be claimed by persons within the zone. The total tax credits that may be claimed by all persons in all of the designated zones is \$21,155,000. The governing body nominating an area that is designated as a development zone must assist DOD in administering the program, with respect to the development zone that it nominated, and must appoint a 5-member advisory board to assist it in doing so and in implementing the development zone plan that the governing body included with its nomination application.

This bill makes a number of changes to the development zone program. The definition of a local governing body is expanded to include the governing body of one or more counties. The number of development zones that DOD may designate in the state is increased to 20 over the life of the program, and the total tax credits that may be claimed in all zones is increased to \$33,155,000. The criteria that an area must fulfill to be designated as a development zone are changed somewhat, although they still relate to such factors as the unemployment rate, low household incomes, falling property values and permanent layoffs in its workforce. An area must fulfill 3

instead of 2 of those criteria. DOD is no longer required to notify the joint committee on finance of an area's nomination. Up to 8 separate areas in a 1st class city may be designated as one development zone. The governing body of a county may nominate up to 4 separate areas as one development zone. An area that is located in a metropolitan statistical area must contain less than 10%, instead of 5%, of the valuation of the property of the city, village or town in which it is located. If such an area is located in a 1st class city, it may not have more than 10%, instead of 5%, of the city's population. If such an area is located in a village, town or city that is not a 1st class city, its population may not be less than 1,000, instead of 4,000, or more than 10,000. An area that is not located in a metropolitan statistical area has no such limitations under the bill. Under current law, such an area must have a population that is at least 1,000 but not more than 5,000. The duration of a development zone is changed from 84 months to 10 years, and a nominating governing body may request one 5-year extension. A governing body is not required to appoint an advisory board to assist it in administering the program or implementing its development zone plan. DOD is no longer required to prepare an annual report on the effectiveness of the development zone program.

Development zones tax credits

Under current law, the development zones jobs credit applies only to the first year of an eligible employee's wages and is subject to a \$600 maximum per employee. This bill extends the credit to the 2nd year and increases the maximum to \$1,200.

Under current law, employees must be certified within 30 days after they begin employment if their employer is to be eligible for the development zones jobs credit. This bill extends that deadline to 90 days.

Under current law, claimants who are located on an Indian reservation and are American Indians, Indian businesses or tribal enterprises may receive a check from this state if their development zones jobs credit or development zones sales tax credit is more than the income tax or franchise tax that they otherwise owe and if the credit is based on activity in an enterprise development zone. This bill discontinues the requirement that the activity be in an enterprise development zone. The bill also allows other claimants to carry forward these 2 credits.

The bill also makes technical and minor substantive changes to the development zones tax credit.

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.** 20.835 (2) (cm) of the statutes is amended to read:
- 2 20.835 (2) (cm) *Development zones jobs credit.* A sum sufficient to make the
- 3 payments under ss. 71.07 (2dj) (~~d~~) (h), 71.28 (1dj) (~~d~~) (h) and 71.47 (1dj) (~~d~~) (h).

1 **SECTION 2.** 20.835 (2) (cn) of the statutes is amended to read:

2 20.835 (2) (cn) *Development zones sales tax credit.* A sum sufficient to make
3 the payments under ss. 71.07 (2ds) (e) (h), 71.28 (1ds) (e) (h) and 71.47 (1ds) (e) (h).

4 **SECTION 3.** 71.07 (2dd) (a) 1. of the statutes, as created by 1995 Wisconsin Act
5 27, is amended to read:

6 71.07 (2dd) (a) 1. “Day care center benefits” means benefits provided at a day
7 care facility that is licensed under s. 48.65 or 48.69 and that for compensation
8 provides care for at least 6 children or benefits provided at a facility for persons who
9 are physically or mentally incapable of caring for themselves.

10 **SECTION 4.** 71.07 (2dd) (f) of the statutes is created to read:

11 71.07 (2dd) (f) No credit may be allowed under this subsection unless it is
12 claimed within 2 years of the unextended date under s. 71.75 on which the tax return
13 was due.

14 **SECTION 5.** 71.07 (2dj) (am) 1. of the statutes is amended to read:

15 71.07 (2dj) (am) 1. Modify “member of a targeted group”, as defined in section
16 51 (d) of the internal revenue code as amended to December 31, 1995, to include
17 persons unemployed as a result of a business action subject to s. 109.07 (1m) and
18 persons specified under 29 USC 1651 (a) and to require a member of a targeted group
19 to be a resident of this state.

20 **SECTION 6.** 71.07 (2dj) (am) 3. of the statutes is amended to read:

21 71.07 (2dj) (am) 3. Modify the rule for certification under section 51 (d) (16) (A)
22 of the internal revenue code to allow certification within the ~~30-day~~ 90-day period
23 beginning with the first day of employment of the employe by the claimant.

24 **SECTION 7.** 71.07 (2dj) (am) 8m. of the statutes is amended to read:

1 71.07 (2dj) (am) 8m. For each person, whether or not he or she is a member of
2 a targeted group, who is determined by the department of development to be a
3 resident of the development zone in which he or she is employed, calculate a credit
4 equal to 10% of the wages earned by such person during the ~~first year~~ 1st and 2nd
5 years of the person's employment in the development zone, up to a maximum credit
6 of ~~\$600~~ \$1,200.

7 **SECTION 8.** 71.07 (2dj) (d) of the statutes, as affected by 1995 Wisconsin Act 27,
8 is repealed.

9 **SECTION 9.** 71.07 (2dj) (h) of the statutes, as created by 1995 Wisconsin Act 27,
10 is amended to read:

11 71.07 (2dj) (h) ~~For claims based on activity in a zone under s. 560.797, the~~ The
12 rules under sub. (2di) (b) and (c) as they apply to the credit under that subsection
13 apply to the credit under this subsection.

14 **SECTION 10.** 71.07 (2dL) (ar) of the statutes is amended to read:

15 71.07 (2dL) (ar) If the credit under par. (a) is claimed for an amount expended
16 to acquire property, the property must have been acquired by the claimant after the
17 place where the property is located was designated a development zone under s.
18 560.71 and the completed project must be placed in service after the claimant is
19 certified for tax benefits under s. 560.765 (3) and the property must not have been
20 previously owned by the claimant or a related person during the period the
21 development zone is in existence or during the 2 years prior to the designation of the
22 development zone under s. 560.71. No credit is allowed for an amount expended to
23 acquire property until the property, either in its original state as acquired by the
24 claimant or as subsequently constructed, rehabilitated, remodeled or repaired, is
25 placed in service.

1 **SECTION 11.** 71.07 (2ds) (c) of the statutes, as affected by 1995 Wisconsin Act
2 27, is repealed.

3 **SECTION 12.** 71.07 (2ds) (h) of the statutes, as created by 1995 Wisconsin Act
4 27, is amended to read:

5 71.07 **(2ds)** (h) ~~For claims based on activity in a zone under s. 560.797, the~~ The
6 rules under sub. (2di) (b) and (c) as they apply to the credit under that subsection
7 apply to the credit under this subsection.

8 **SECTION 13.** 71.10 (4) (gd) of the statutes, as created by 1995 Wisconsin Act 27,
9 is amended to read:

10 71.10 **(4)** (gd) Development zones jobs credit under s. 71.07 (2dj) ~~if the credit~~
11 ~~is based on activity in a zone under s. 560.797.~~

12 **SECTION 14.** 71.10 (4) (ge) of the statutes, as created by 1995 Wisconsin Act 27,
13 is amended to read:

14 71.10 **(4)** (ge) Development zones sales tax credit under s. 71.07 (2ds) ~~if the~~
15 ~~credit is based on activity in a zone under s. 560.797.~~

16 **SECTION 15.** 71.10 (4) (i) of the statutes, as affected by 1995 Wisconsin Act 27,
17 is amended to read:

18 71.10 **(4)** (i) The total of claim of right credit under s. 71.07 (1), farmland
19 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
20 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
21 71.07 (2fd), ~~development zones sales tax credit under s. 71.07 (2ds) unless the credit~~
22 ~~is based on activity in a zone under s. 560.797, development zones jobs credit under~~
23 ~~s. 71.07 (2dj) unless the credit is based on activity in a zone under s. 560.797, earned~~
24 income tax credit under s. 71.07 (9e), estimated tax payments under s. 71.09, and
25 taxes withheld under subch. X.

1 **SECTION 16.** 71.28 (1dd) (a) 1. of the statutes, as created by 1995 Wisconsin Act
2 27, is amended to read:

3 71.28 (1dd) (a) 1. “Day care center benefits” means benefits provided at a day
4 care facility that is licensed under s. 48.65 or 48.69 and that for compensation
5 provides care for at least 6 children or benefits provided at a facility for persons who
6 are physically or mentally incapable of caring for themselves.

7 **SECTION 17.** 71.28 (1dd) (f) of the statutes is created to read:

8 71.28 (1dd) (f) No credit may be allowed under this subsection unless it is
9 claimed within 2 years of the unextended date under s. 71.75 on which the tax return
10 was due.

11 **SECTION 18.** 71.28 (1dj) (am) 1. of the statutes is amended to read:

12 71.28 (1dj) (am) 1. Modify “member of a targeted group”, as defined in section
13 51 (d) of the internal revenue code as amended to December 31, 1995, to include
14 persons unemployed as a result of a business action subject to s. 109.07 (1m) and
15 persons specified under 29 USC 1651 (a) and to require a member of a targeted group
16 to be a resident of this state.

17 **SECTION 19.** 71.28 (1dj) (am) 3. of the statutes is amended to read:

18 71.28 (1dj) (am) 3. Modify the rule for certification under section 51 (d) (16) (A)
19 of the internal revenue code to allow certification within the ~~30-day~~ 90-day period
20 beginning with the first day of employment of the employe by the claimant.

21 **SECTION 20.** 71.28 (1dj) (am) 8m. of the statutes is amended to read:

22 71.28 (1dj) (am) 8m. For each person, whether or not he or she is a member of
23 a targeted group, who is determined by the department of development to be a
24 resident of the development zone in which he or she is employed, calculate a credit
25 equal to 10% of the wages earned by such person during the first year 1st and 2nd

1 years of the person's employment in the development zone, up to a maximum credit
2 of \$600 \$1,200.

3 **SECTION 21.** 71.28 (1dj) (d) of the statutes, as affected by 1995 Wisconsin Act
4 27, is repealed.

5 **SECTION 22.** 71.28 (1dj) (h) of the statutes, as created by 1995 Wisconsin Act
6 27, is amended to read:

7 71.28 **(1dj)** (h) ~~For claims based on activity in a zone under s. 560.797, the~~ The
8 rules under sub. (1di) (b) and (c) as they apply to the credit under that subsection
9 apply to the credit under this subsection.

10 **SECTION 23.** 71.28 (1dL) (ar) of the statutes is amended to read:

11 71.28 **(1dL)** (ar) If the credit under par. (a) is claimed for an amount expended
12 to acquire property, the property must have been acquired by the claimant after the
13 place where the property is located was designated a development zone under s.
14 560.71 and the completed project must be placed in service after the claimant is
15 certified for tax benefits under s. 560.765 (3) and the property must not have been
16 previously owned by the claimant or a related person during the period the
17 development zone is in existence or during the 2 years prior to the designation of the
18 development zone under s. 560.71. No credit is allowed for an amount expended to
19 acquire property until the property, either in its original state as acquired by the
20 claimant or as subsequently constructed, rehabilitated, remodeled or repaired, is
21 placed in service.

22 **SECTION 24.** 71.28 (1ds) (c) of the statutes, as affected by 1995 Wisconsin Act
23 27, is repealed.

24 **SECTION 25.** 71.28 (1ds) (h) of the statutes, as created by 1995 Wisconsin Act
25 27, is amended to read:

1 71.28 (1ds) (h) ~~For claims based on activity in a zone under s. 560.797, the~~ The
2 rules under sub. (1di) (b) and (c) as they apply to the credit under that subsection
3 apply to the credit under this subsection.

4 **SECTION 26.** 71.30 (3) (eb) of the statutes, as created by 1995 Wisconsin Act 27,
5 is amended to read:

6 71.30 (3) (eb) Development zones jobs credit under s. 71.28 (1dj) ~~if the credit~~
7 ~~is based on activity in a zone under s. 560.797.~~

8 **SECTION 27.** 71.30 (3) (ec) of the statutes, as created by 1995 Wisconsin Act 27,
9 is amended to read:

10 71.30 (3) (ec) Development zones sales tax credit under s. 71.28 (1ds) ~~if the~~
11 ~~credit is based on activity in a zone under s. 560.797.~~

12 **SECTION 28.** 71.30 (3) (f) of the statutes, as affected by 1995 Wisconsin Act 27,
13 is amended to read:

14 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28
15 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
16 s. 71.28 (2m), ~~the development zones sales tax credit under s. 71.28 (1ds) unless the~~
17 ~~credit is based on activity in a zone under s. 560.797, the development zones job credit~~
18 ~~under s. 71.28 (1dj) unless the credit is based on activity in a zone under s. 560.797~~
19 and estimated tax payments under s. 71.29.

20 **SECTION 29.** 71.47 (1dd) (a) 1. of the statutes, as created by 1995 Wisconsin Act
21 27, is amended to read:

22 71.47 (1dd) (a) 1. "Day care center benefits" means benefits provided at a day
23 care facility that is licensed under s. 48.65 or 48.69 and that for compensation
24 provides care for at least 6 children or benefits provided at a facility for persons who
25 are physically incapable of caring for themselves.

1 **SECTION 30.** 71.47 (1dd) (f) of the statutes is created to read:

2 71.47 **(1dd)** (f) No credit may be allowed under this subsection unless it is
3 claimed within 2 years of the unextended date under s. 71.75 on which the tax return
4 was due.

5 **SECTION 31.** 71.47 (1dj) (am) 1. of the statutes is amended to read:

6 71.47 **(1dj)** (am) 1. Modify “member of a targeted group”, as defined in section
7 51 (d) of the internal revenue code as amended to December 31, 1995, to include
8 persons unemployed as a result of a business action subject to s. 109.07 (1m) and
9 persons specified under 29 USC 1651 (a) and to require a member of a targeted group
10 to be a resident of this state.

11 **SECTION 32.** 71.47 (1dj) (am) 3. of the statutes is amended to read:

12 71.47 **(1dj)** (am) 3. Modify the rule for certification under section 51 (d) (16) (A)
13 of the internal revenue code to allow certification within the ~~30-day~~ 90-day period
14 beginning with the first day of employment of the employe by the claimant.

15 **SECTION 33.** 71.47 (1dj) (am) 8m. of the statutes is amended to read:

16 71.47 **(1dj)** (am) 8m. For each person, whether or not he or she is a member of
17 a targeted group, who is determined by the department of development to be a
18 resident of the development zone in which he or she is employed, calculate a credit
19 equal to 10% of the wages earned by such person during the ~~first year~~ 1st and 2nd
20 years of the person’s employment in the development zone, up to a maximum credit
21 of ~~\$600~~ \$1,200.

22 **SECTION 34.** 71.47 (1dj) (d) of the statutes, as affected by 1995 Wisconsin Act
23 27, is repealed.

24 **SECTION 35.** 71.47 (1dj) (h) of the statutes, as created by 1995 Wisconsin Act
25 27, is amended to read:

1 71.47 (1dj) (h) ~~For claims based on activity in a zone under s. 560.797, the~~ The
2 rules under sub. (1di) (b) and (c) as they apply to the credit under that subsection
3 apply to the credit under this subsection.

4 **SECTION 36.** 71.47 (1dL) (ar) of the statutes is amended to read:

5 71.47 (1dL) (ar) If the credit under par. (a) is claimed for an amount expended
6 to acquire property, the property must have been acquired by the claimant after the
7 place where the property is located was designated a development zone under s.
8 560.71 and the completed project must be placed in service after the claimant is
9 certified for tax benefits under s. 560.765 (3) and the property must not have been
10 previously owned by the claimant or a related person during the period the
11 development zone is in existence or during the 2 years prior to the designation of the
12 development zone under s. 560.71. No credit is allowed for an amount expended to
13 acquire property until the property, either in its original state as acquired by the
14 claimant or as subsequently constructed, rehabilitated, remodeled or repaired, is
15 placed in service.

16 **SECTION 37.** 71.47 (1ds) (c) of the statutes, as affected by 1995 Wisconsin Act
17 27, is repealed.

18 **SECTION 38.** 71.47 (1ds) (h) of the statutes, as created by 1995 Wisconsin Act
19 27, is amended to read:

20 71.47 (1ds) (h) ~~For claims based on activity in a zone under s. 560.797, the~~ The
21 rules under sub. (1di) (b) and (c) as they apply to the credit under that subsection
22 apply to the credit under this subsection.

23 **SECTION 39.** 71.49 (1) (eb) of the statutes, as created by 1995 Wisconsin Act 27,
24 is amended to read:

1 71.49 (1) (eb) Development zones jobs credit under s. 71.47 (1dj) ~~if the credit~~
2 ~~is based on activity in a zone under s. 560.797.~~

3 **SECTION 40.** 71.49 (1) (ec) of the statutes, as created by 1995 Wisconsin Act 27,
4 is amended to read:

5 71.49 (1) (ec) Development zones sales tax credit under s. ~~72.47~~ 71.47 (1ds) if
6 ~~the credit is based on activity in a zone under s. 560.797.~~

7 **SECTION 41.** 71.49 (1) (f) of the statutes, as affected by 1995 Wisconsin Act 27,
8 is amended to read:

9 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
10 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
11 s. 71.47 (2m), ~~development zones sales tax credit under s. 71.47 (1ds) unless the~~
12 ~~credit is based on activity in a zone under s. 560.797, development zones jobs credit~~
13 ~~under s. 71.47 (1dj) unless the credit is based on activity in a zone under s. 560.797~~
14 and estimated tax payments under s. 71.48.

15 **SECTION 42.** 560.70 (4) of the statutes is amended to read:

16 560.70 (4) "Local governing body" means the governing body of one or more
17 cities, villages ~~or~~, towns or counties or the elected governing body of a federally
18 recognized American Indian tribe or band in this state.

19 **SECTION 43.** 560.70 (6) of the statutes is amended to read:

20 560.70 (6) "Target population" means ~~the residents of a development zone and~~
21 persons who are members of targeted groups for the purposes of the credit under ss.
22 71.07 (2dj), 71.28 (1dj) and 71.47 (1dj).

23 **SECTION 44.** 560.71 (1) (cm) of the statutes is repealed.

24 **SECTION 45.** 560.71 (1) (e) of the statutes is repealed and recreated to read:

25 560.71 (1) (e) The department determines all of the following:

1 1. That designation of the area as a development zone will serve a public
2 purpose.

3 2. That designation of the area as a development zone will likely retain or
4 increase employment in the area.

5 3. That economic development in the area is not likely to occur or continue
6 without the department's designation of the area as a development zone.

7 4. That the area meets at least 3 of the following criteria:

8 a. The unemployment rate in the area is higher than the state average for the
9 18 months immediately preceding the date on which the application under s. 560.72
10 (2) or (3) was submitted to the department.

11 b. The percentage of persons residing in the area who are members of
12 households with household income levels at or below 80% of the statewide median
13 household income is higher than the state average.

14 c. The percentage of households in the area receiving unemployment
15 compensation under ch. 108, relief funded by a relief block grant under ch. 49 or aid
16 to families with dependent children under s. 49.19 is higher than the state average.

17 d. In the 36 months immediately preceding the date on which the application
18 under s. 560.72 (2) or (3) was submitted to the department, a number of workers in
19 the area were permanently laid off by their employer or became unemployed as a
20 result of a business action subject to s. 109.07 (1m).

21 e. An employer in the vicinity of the area has given public notice under s. 109.07
22 (1m) of either a business closing or a mass layoff of at least 25 employes, or 25% of
23 the employes, of a business, whichever is greater, that will result in a number of
24 workers in the area being laid off permanently.

25 f. Property values in the area have been declining.

1 g. There has been a decline in the population in the area.

2 **SECTION 46.** 560.71 (1m) of the statutes is created to read:

3 560.71 **(1m)** In making a determination under sub. (1) (e), the department shall
4 consider all of the following:

5 (a) The extent of poverty, unemployment or other factors contributing to
6 general economic hardship in the area.

7 (b) The prospects for new investment and economic development in the area.

8 (c) The amount of investment that is likely to result from the designation of the
9 area as a development zone.

10 (d) The number of jobs that are likely to be created or retained in the area as
11 a result of its designation as a development zone.

12 (e) The number of jobs that are likely to be available to the target population
13 as a result of the designation of the area as a development zone.

14 (f) The competitive effect of designating the area as a development zone on
15 other businesses in the vicinity of the area.

16 (g) The needs of other areas of the state.

17 (h) Any other factors that the department considers relevant.

18 **SECTION 47.** 560.71 (3) (a) of the statutes is amended to read:

19 560.71 **(3)** (a) Determine the number of development zones designated under
20 sub. (1) but may not designate more than 14 20 development zones over the life of the
21 program.

22 **SECTION 48.** 560.72 (2) (c) of the statutes is amended to read:

23 560.72 **(2)** (c) Evidence that the area meets at least 2 3 of the criteria under s.
24 560.71 (1) (e), ~~including data on the requirements the area does not meet~~ 4.

25 **SECTION 49.** 560.72 (3) of the statutes is amended to read:

1 560.72 (3) Two or more local governing bodies may submit a joint application
2 nominating a single an area as a development zone, subject to s. 560.735 (2), if each
3 local governing body complies with subs. (1) and (2).

4 **SECTION 50.** 560.72 (4) of the statutes is repealed.

5 **SECTION 51.** 560.723 of the statutes is repealed.

6 **SECTION 52.** 560.725 (1) (intro.) of the statutes is renumbered 560.725 (1) and
7 amended to read:

8 560.725 (1) The department shall evaluate applications received under s.
9 560.72 (2) ~~to (4)~~ and (3) and development zone plans received under s. 560.73 (1) and
10 (2) according to the following criteria:

11 **SECTION 53.** 560.725 (1) (a) to (h) of the statutes are repealed.

12 **SECTION 54.** 560.725 (2) of the statutes is amended to read:

13 560.725 (2) Subject to s. 560.735 (5), the department may reduce the size of an
14 area nominated as a development zone, if the department determines the boundaries
15 as proposed by the local governing body in an application under s. 560.72 (2) ~~to (4)~~
16 or (3) are inconsistent with the purpose of the development zone program. Any
17 nominated area which is reduced under this subsection need not comply with s.
18 560.735 (1), ~~(3)~~ and (4).

19 **SECTION 55.** 560.725 (3) of the statutes is amended to read:

20 560.725 (3) After evaluating an application submitted under s. 560.72 (2) ~~to (4)~~
21 or (3), the department may approve the application, subject to any reduction in the
22 size of the nominated area under sub. (2). If the department approves the
23 application, the department shall notify the local governing body and request the
24 local governing body to submit a development zone plan under s. 560.73 (1) or (2),
25 whichever is applicable.

1 **SECTION 56.** 560.73 (1) (c) 6. of the statutes is repealed.

2 **SECTION 57.** 560.73 (1) (f) of the statutes is amended to read:

3 560.73 (1) (f) Any changes in ordinances, or expenditures of the city, village,
4 town, county or American Indian tribe or band to facilitate economic development.

5 **SECTION 58.** 560.73 (1) (g) of the statutes is amended to read:

6 560.73 (1) (g) How the local governing body intends to assess the effectiveness
7 of its development zone plan submitted under this subsection or sub. (2).

8 **SECTION 59.** 560.73 (3) of the statutes is amended to read:

9 560.73 (3) After review ~~based on the relevant criteria~~ under s. 560.725 (1), the
10 department may approve a development zone plan. If the department approves a
11 development zone plan, the department shall designate the area nominated by the
12 local governing body as a development zone, subject to s. 560.71, and notify the local
13 governing body.

14 **SECTION 60.** 560.735 (1) (a) of the statutes is amended to read:

15 560.735 (1) (a) The area contains less than ~~5%~~ 10% of the valuation of the
16 property of the city, village or town, as determined under s. 70.57, in which the area
17 is located.

18 **SECTION 61.** 560.735 (1) (b) of the statutes is amended to read:

19 560.735 (1) (b) If the area is located within a 1st class city, the population of the
20 area as estimated under s. 16.96 is not less than 4,000 and not more than ~~5%~~ 10%
21 of the city's population, as estimated under s. 16.96.

22 **SECTION 62.** 560.735 (1) (c) of the statutes is amended to read:

23 560.735 (1) (c) If the area is located within a village, town or city other than a
24 1st class city, the population of the area is not less than 4,000 1,000 nor more than
25 10,000, as estimated under s. 16.96.

1 **SECTION 63.** 560.735 (3) of the statutes is repealed.

2 **SECTION 64.** 560.735 (6) (a) (intro.) of the statutes is amended to read:

3 560.735 (6) (a) (intro.) ~~Except in a 1st class city~~ as provided in pars. (b) and (c),
4 2 separate areas may be nominated or designated as one development zone, if all of
5 the following apply:

6 **SECTION 65.** 560.735 (6) (a) 2. of the statutes is amended to read:

7 560.735 (6) (a) 2. Each area meets at least ~~2~~ 3 of the criteria listed in s. 560.71
8 (1) (e) ~~1. to 6~~ 4.

9 **SECTION 66.** 560.735 (6) (a) 3. of the statutes is amended to read:

10 560.735 (6) (a) 3. Considered together, the areas meet the requirements of ~~subs.~~
11 ~~sub. (1) and (3)~~ sub. (1).

12 **SECTION 67.** 560.735 (6) (b) of the statutes is amended to read:

13 560.735 (6) (b) ~~In~~ Except as provided in par. (c), in a 1st class city, not more than
14 ~~4~~ up to 8 separate areas may be nominated or designated as one development zone,
15 if par. (a) 1. to 3. applies.

16 **SECTION 68.** 560.735 (6) (c) of the statutes is created to read:

17 560.735 (6) (c) If an application is submitted by the governing body of a county
18 under s. 560.72 (2) or (3), up to 4 separate areas may be nominated or designated as
19 one development zone, if par. (a) 1. to 3. applies.

20 **SECTION 69.** 560.74 (2) of the statutes is amended to read:

21 560.74 (2) The department may approve an application for a boundary change
22 if the development zone, as affected by the boundary changes, meets the applicable
23 requirements of s. 560.735 and ~~2~~ 3 of the criteria under s. 560.71 (1) (e) ~~1. to 6~~ 4.

24 **SECTION 70.** 560.745 (1) (a) of the statutes is amended to read:

1 560.745 (1) (a) The designation of an area as a development zone shall be
2 effective for ~~84 months~~ 10 years, beginning on the day the department notifies the
3 local governing body under s. 560.73 (3) of the designation.

4 **SECTION 71.** 560.745 (1) (b) of the statutes is amended to read:

5 560.745 (1) (b) The local governing body may apply to the department for ~~up~~
6 ~~to 3 12-month extensions~~ one 5-year extension of the designation. The department
7 shall promulgate rules establishing criteria for approving an extension of a
8 designation of an area as a development zone under this subsection.

9 **SECTION 72.** 560.745 (2) (a) of the statutes is amended to read:

10 560.745 (2) (a) When the department designates a development zone under s.
11 560.71, it shall establish a limit for tax benefits for the development zone determined
12 by allocating to the development zone, ~~under rules promulgated by the department,~~
13 a portion of ~~\$21,155,000~~ \$33,155,000.

14 **SECTION 73.** 560.75 (3) of the statutes is repealed.

15 **SECTION 74.** 560.763 (title) of the statutes is amended to read:

16 **560.763 (title) Duties of local governing bodies; advisory boards.**

17 **SECTION 75.** 560.763 (1) (a) of the statutes is repealed.

18 **SECTION 76.** 560.763 (2) of the statutes is repealed.

19 **SECTION 77.** 560.763 (3) of the statutes is repealed.

20 **SECTION 78.** 560.79 of the statutes is repealed.

21 **SECTION 79.** 560.797 (1) (c) of the statutes, as created by 1995 Wisconsin Act
22 27, is amended to read:

23 560.797 (1) (c) "Target population" means ~~persons who are members of targeted~~
24 ~~groups for the purpose of the credit under ss. 71.07 (2dj), 71.28 (1dj) and 71.47 (1dj)~~
25 has the meaning given in s. 560.70 (6).

