



1995 ASSEMBLY BILL 72

January 30, 1995 - Introduced by Representatives BELL, PLACHE, BALDUS, R. YOUNG, BLACK, ROBSON, BALDWIN, BOCK, NOTESTEIN, CARPENTER, MORRIS-TATUM, BOYLE, R. POTTER, MUSSER and L. YOUNG, cosponsored by Senators PLEWA, BURKE, WINEKE and CHVALA. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 66.46 (6c); and **to create** 66.46 (6g) and 108.04 (8) (h) of the
2 statutes; **relating to:** job shifting requirements for tax incremental financing
3 districts and providing a penalty.

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing (TIF) program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50% of the area to be included in the TID is blighted, in need of rehabilitation or suitable for industrial sites. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board and creation by the city or village of a joint review board to review the proposal. The joint review board, which is made up of representatives of the overlying taxing jurisdictions of the proposed TID, must approve the project plan or the TID may not be created. If an existing TID project plan is amended by a planning commission, these steps are also required.

Also under current law, once a TID has been created, the department of revenue (DOR) calculates the "tax increment base value" of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may only be used to pay back the costs of the TID. The costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets and lighting; financing costs; site preparation costs and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or 23 years after the TID is created, whichever is sooner. TIDs are required to terminate, under current law and with one exception,

once these costs are paid back, 16 years after the last expenditure identified in the project plan is made or when the creating city or village dissolves the TID, whichever occurs first. Current law also provides that in general, unless the project plan is amended, no expenditure of tax increments may be made later than 7 years after the TID is created.

Under this bill, if any private employer that employs individuals in this state moves all or part of the employer's operation from one site in this state to a site that is located in a TID, the employer must certify to the department of development that no jobs at the old site will be lost and transferred to the new site in the TID or the employer must offer any new jobs at the new site first to persons who lost their jobs at the other location. The offer of employment must be on terms at least as favorable as those of the lost job. Any employer that fails to offer a new job at the new site in the TID to a person who lost a job at the old site must forfeit not less than \$1,000 nor more than \$5,000 for each employee who held a lost job and is not offered a new job.

For further information see the *state and local* 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.** 66.46 (6c) of the statutes is amended to read:

2 66.46 **(6c)** (a) Any person who operates for profit and is paid project costs under
3 sub. (2) (f) 1. a., d., j. and k. in connection with the project plan for a tax incremental
4 district shall notify the department of industry, labor and human relations and the
5 area private industry council under the job training partnership act, 29 USC 1501
6 to 1798, of any positions to be filled in the county in which the city which created the
7 tax incremental district is located during the period commencing with the date the
8 person first performs work on the project and ending one year after receipt of its final
9 payment of project costs. The person shall provide this notice at least 2 weeks prior
10 ~~to~~ before advertising the position. The notice required by this paragraph does not
11 affect the offer of employment requirements of sub. (6g).

12 (b) Any person who operates for profit and buys or leases property in a tax
13 incremental district from a city for which the city incurs real property assembly costs

1 under sub. (2) (f) 1. c. shall notify the department of industry, labor and human
2 relations and the area private industry council under the job training partnership
3 act, 29 USC 1501 to 1798, of any position to be filled in the county in which the city
4 creating the tax incremental district is located within one year after the sale or
5 commencement of the lease. The person shall provide this notice at least 2 weeks
6 ~~prior to~~ before advertising the position. The notice required by this paragraph does
7 not affect the offer of employment requirements of sub. (6g).

8 **SECTION 2.** 66.46 (6g) of the statutes is created to read:

9 **66.46 (6g) JOB SHIFTING REQUIREMENTS.** (a) In this subsection:

10 1. "Department" means the department of development.

11 2. "Employer" means any person having control or custody of any employment
12 or place of employment that is operated for profit.

13 3. "Lost job" means an employment position with an employer that is
14 eliminated at a site in this state when the employer moves any part of its operation
15 to a site located in a tax incremental district.

16 4. "New job" means an employment position with an employer that meets all
17 of the following requirements:

18 a. It is created at a site located in a tax incremental district when the employer
19 moves any part of its operation to such a site from another site in this state.

20 b. It is created within one year after the employer's operation commences
21 operations at the site located in a tax incremental district.

22 c. It is substantially similar in tasks performed and skills required as a lost job.

23 d. It is not a construction job or other nonpermanent job at the site located in
24 a tax incremental district that is required only during and because of the
25 construction of the employer's operation at such a site.

1 (b) If an employer that employs individuals in this state at a site other than a
2 site located in a tax incremental district moves all or part of its operation from a site
3 in this state to a site located in a tax incremental district the employer shall certify
4 to the department that the move is not expected to result in any lost jobs or the
5 employer shall do all of the following:

6 1. Notwithstanding sub. (6c), the employer shall offer employment at any new
7 job first to persons who were formerly employed at lost jobs.

8 2. The offer of employment for the new job shall have compensation and benefit
9 terms at least as favorable as those of the lost job.

10 3. The employer shall certify compliance with this subsection to the
11 department, to the governing body of each city, village or town within which a lost
12 job exists and to any collective bargaining agent in this state with which the
13 employer has a collective bargaining agreement at the new job site or at a site where
14 a lost job exists.

15 4. The employer shall submit a report to the department every 3 months during
16 the first year after the construction of the employer's operation is completed. The
17 reports shall provide information about new jobs, lost jobs and offers of employment
18 made to persons who were formerly employed at lost jobs. The 4th report shall be
19 the final report. The form and content of the reports shall be prescribed by the
20 department under par. (d).

21 (c) A determination of whether the job offer required under par. (b) is an offer
22 of suitable work under s. 108.04 (8) may not take into consideration the requirements
23 of this subsection. Whether the job offer is an offer of suitable work under ch. 108
24 may be determined only by the same standards and requirements that apply to any

1 other job offer under ch. 108, including any standards relating to the relative location
2 of the offered work and the location of the employe's domicile.

3 (d) The department shall administer this subsection and shall prescribe forms
4 for certification and reports under par. (b).

5 (e) Any employer that fails to comply with the requirements under par. (b) shall
6 forfeit not less than \$1,000 nor more than \$5,000 for each employe who held a lost
7 job and is not offered a new job.

8 **SECTION 3.** 108.04 (8) (h) of the statutes is created to read:

9 108.04 (8) (h) The department shall determine whether an offer of work
10 required under s. 66.46 (6g) is an offer of suitable work under this subsection by use
11 of the same standards and requirements that apply to any other offer of work under
12 this subsection, including any requirements relating to the relative location of the
13 offered work and the location of the employe's domicile.

14 **SECTION 4. Initial applicability.**

15 (1) This act first applies to a tax incremental district for which the initial
16 public hearing by a planning commission is held on the effective date of this
17 subsection.

18

(END)