



**JIM DOYLE**  
**GOVERNOR**  
**STATE OF WISCONSIN**

---

April 19, 2006

TO THE HONORABLE MEMBERS OF THE ASSEMBLY:

I have approved Assembly Bill 208 as 2005 Wisconsin Act 361 and have deposited it in the Office of the Secretary of State. I have exercised the partial veto in sections 1-3, 5-9, 12, 13, 16, 17, 19 and 20 (1).

Assembly Bill 208 creates a rural enterprise development zone program and refundable tax credits for businesses that are located in those zones, meet certain criteria and are certified by the Department of Commerce.

The bill provides several financial incentives for businesses to locate, invest and expand in this state and rewards businesses for creating family-supporting jobs and providing training that will make employees more productive. These types of actions by businesses improve their ability to compete with other businesses outside the state and by spurring additional development.

However, I have executed a number of partial vetoes to make the bill more equitable, more focused, and more fiscally responsible. Since all of the credits in the bill are refundable and are not capped, I believe they should be targeted to meet our goals without overburdening the taxpayers.

I am partially vetoing sections 1, 7 [as it relates to the term "rural enterprise development zone"], 9 [as it relates to the term "rural enterprise development zone"], 12 [as it relates to the term "rural enterprise development zone"], 13, 16 [as it relates to the term "rural enterprise development zone"], 17, and 19 [as it relates to the term "rural economic development zone" and s. 560.799 (3) (a) 2.] to change the name of the zones from "Rural Enterprise Development Zones" to "Enterprise Zones" and to eliminate the restriction that enterprise zones cannot contain any section of a first class city or a city with population over 200,000. As currently worded, the bill creates "rural" enterprise development zones, but it only prohibits the designation of zones that include any portion of the cities of Milwaukee and Madison. Many other urban and affluent communities are allowed to be included in designated zones, but extremely distressed areas of Milwaukee are not. This bill creates a program that the entire State of Wisconsin should be able to benefit from and, therefore, should include the entire state. My partial veto would allow the designation of zones anywhere in the state, including Milwaukee and Madison.

I am vetoing sections 2, 3, 5, 6 and 20 (1) and partially vetoing sections 8 and 9 [as it relates to the income and capital gains credits] to delete the income credit and capital gains credit. These are refundable credits that do not necessarily encourage business development but have potentially large fiscal impacts. My partial veto focuses the enterprise zone program more squarely on worker training and creating well-paying jobs around the state.

I am partially vetoing sections 7, 12 and 16 [as they relate to supplemental claims for personal property taxes and sales taxes] to eliminate some of the supplemental claims under the jobs credit – specifically, the credits for personal property taxes paid in a zone and for sales taxes paid on personal property in a zone. As with the income and capital gains credit, I have exercised this partial veto to keep the bill fiscally responsible while still achieving the program’s goals.

I am partially vetoing section 19 [as it relates to s. 560.799 (3) (a) 1.] to reduce the maximum size of an enterprise zone from 5,000 acres to 50 acres. This keeps the zones smaller and more manageable, with fiscal effects that will be more predictable in the future.

I am partially vetoing section 19 [as it relates to s. 560.799 (1) (a), (1) (b), (2), (3) (b), (3)(c) and (4) (b)] to eliminate the requirement that local governmental units submit an application and development plan to be considered for designation as a zone. This gives the Department of Commerce the authority to designate zones while considering factors such as economic need, job losses, and existing resources in the area.

I am partially vetoing section 19 [as it relates s. 560.799 (5) (c)] so that businesses cannot simply relocate from another part of the state into an enterprise zone to claim credits. This ensures that businesses will have the incentives to expand operations, create new jobs or relocate to Wisconsin from out of state.

With my vetoes, the bill will create an enterprise zone program that focuses on creating family-supporting jobs and improving the productivity of all of Wisconsin’s workers. At the same time, the bill is now more responsible to taxpayers and will help ensure that we can continue to afford to meet our other priorities of educating our children and providing health care for Wisconsin’s most vulnerable citizens.

Respectfully submitted,

JIM DOYLE  
Governor