



## 2001 SENATE BILL 460

February 22, 2002 - Introduced by Senators HANSEN and M. MEYER, cosponsored by Representatives JOHNSRUD, BERCEAU, BLACK, RYBA, MILLER and J. LEHMAN. Referred to Committee on Economic Development and Corrections.

1     **AN ACT to amend** 66.1103 (4m) (title), 66.1103 (4m) (a), 66.1103 (4m) (b), 66.1103  
2           (10) (b), 234.65 (3) (am), 234.65 (3r), 560.034 (1), 560.034 (2) and 560.034 (3);  
3           and **to create** 13.94 (1) (dp), 66.1103 (4m) (a) 3., 66.1103 (4m) (bm), 560.033,  
4           560.034 (4), 560.145 (1) (cm), 560.147 (1) (bm) and 560.605 (1) (em) of the  
5           statutes; **relating to:** rules of conduct for a business receiving a grant or loan  
6           from the Wisconsin development fund or proceeds from the sale of an industrial  
7           development revenue bond and the employment impact estimates required to  
8           be submitted by such a business.

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### *Analysis by the Legislative Reference Bureau*

Under current law, the department of commerce (department) makes grants and loans from a general purpose revenue appropriation known as the Wisconsin development fund to businesses for various purposes including technology development, customized labor training, major economic development, capitalization of economic development revolving loan funds, and the renovation, purchase, or construction of buildings to foster economic development. Currently, cities, villages, and towns (municipalities) may enter into revenue agreements with businesses under which the municipality issues industrial development revenue (IDR) bonds to fund the construction by those businesses of industrial projects.

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This bill requires any business that receives \$25,000 or more in grants or loans from the Wisconsin development fund or that receives \$25,000 or more in proceeds from the sale of IDR bonds (business assistance) to comply with the following rules of conduct:

1. To pay every employee of the business employed in this state an hourly wage that is not less than the amount determined by dividing the federal poverty line for a family of four persons (currently \$17,050) by 2,080 (52 weeks in one year multiplied by 40 hours per week) and rounding the quotient to the nearest multiple of five cents, with that amount to be revised annually by the department within 30 days after the federal department of health and human services publishes its annual revision of the poverty line. Accordingly, at the current federal poverty line, a recipient of \$25,000 or more in business assistance must pay its employees in this state not less than \$8.20 per hour.

2. To provide health insurance for every employee of the business employed in this state and to cover the cost of premiums for that insurance, with the employer to be granted a credit for the cost of health care provided of up to \$1 per hour against the wage required to be paid to an employee.

3. Not to eliminate any employment positions in this state when the employer moves any part of its operations to another state and not to cease all operations in this state and move to another state.

Any business receiving \$25,000 or more in business assistance that fails to comply with those rules of conduct is subject to the following penalties:

1. Immediate rescission of all business assistance that was provided to the business, with the business to repay immediately any business assistance received, plus a 10% penalty and interest on the business assistance at 18%.

2. Ineligibility for any further business assistance for 10 years.

Under current law, a business that enters into a revenue agreement for the issuance of IDR bonds by a municipality must give notice to the department specifying the number of jobs that the business expects to be eliminated, created, or maintained on the project site and elsewhere in the state as a result of the project (employment impact estimate). The department then must make its own employment impact estimate and issue that estimate to the municipality before the municipality may issue the IDR bonds. The business then must submit to the department, within 12 months after the project is completed or two years after the IDR bonds are issued, whichever is sooner, an employment impact statement of the jobs actually eliminated, created, or maintained as a result of the project.

This bill requires employment impact estimates and statements to be prepared not only in connection with the issuance of IDR bonds, but also when the department provides a grant or loan from the Wisconsin development fund. The bill also requires an employment impact estimate or statement to include not only the number of jobs, but also the types of jobs, with wage rates and benefits, that are estimated to be or have been eliminated, created, or maintained as a result of any business assistance provided by the department or a municipality. Finally, the bill requires a business to submit employment impact statements to the department annually for the

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duration of a project financed with business assistance and for five years after the completion of the project.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 13.94 (1) (dp) of the statutes is created to read:

2           13.94 (1) (dp) Annually, perform a performance audit of the implementation of  
3 s. 560.033 by the department of commerce.

4           **SECTION 2.** 66.1103 (4m) (title) of the statutes is amended to read:

5           66.1103 (4m) (title) ~~JOB PROTECTION~~ EMPLOYMENT IMPACT ESTIMATES AND RULES  
6 OF CONDUCT COMPLIANCE.

7           **SECTION 3.** 66.1103 (4m) (a) of the statutes is amended to read:

8           66.1103 (4m) (a) A municipality may not enter into a revenue agreement with  
9 any person unless all of the following conditions are met:

10           1. The person, at least 30 days prior to entering into the revenue agreement,  
11 has given a notice of intent to enter into the revenue agreement, on a form prescribed  
12 under s. 560.034 (1), to the department of commerce and to any collective bargaining  
13 agent in this state with whom the person has a collective bargaining agreement; and,

14           2. The municipality has received an estimate issued under s. 560.034 (5) (a),  
15 and the department of commerce has estimated ~~whether~~ the number and types of  
16 jobs, with the wage rates and benefits for those jobs, that the project which that the  
17 municipality would finance under the revenue agreement is expected to eliminate,  
18 create, or maintain jobs on the project site and elsewhere in this state and the net  
19 number of jobs expected to be eliminated, created or maintained as a result of the  
20 project.

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1           **SECTION 4.** 66.1103 (4m) (a) 3. of the statutes is created to read:

2           66.1103 **(4m)** (a) 3. If the proceeds from the sale of revenue bonds that the  
3 person receives in connection with the revenue agreement equal \$25,000 or more, the  
4 person agrees to comply with the rules of conduct specified in s. 560.033 (2).

5           **SECTION 5.** 66.1103 (4m) (b) of the statutes is amended to read:

6           66.1103 **(4m)** (b) Any revenue agreement which an eligible participant enters  
7 into with a municipality to finance a project shall require the eligible participant to  
8 submit to the department of commerce ~~within 12 months after the project is~~  
9 ~~completed or 2 years after a revenue bond is issued to finance the project, whichever~~  
10 ~~is sooner~~ annually for the duration of the project and for 5 years after the completion  
11 of the project, on a form prescribed under s. 560.034 (1), the ~~net number~~ and type of  
12 ~~jobs, with the wage rates and benefits for those jobs,~~ eliminated, created, or  
13 maintained on the project site and elsewhere in this state as a result of the project.

14           **SECTION 6.** 66.1103 (4m) (bm) of the statutes is created to read:

15           66.1103 **(4m)** (bm) A municipality that enters into a revenue agreement with  
16 an eligible participant shall notify the department of commerce of the amount of  
17 proceeds from the sale of revenue bonds that will be provided to the eligible  
18 participant and shall provide to that department any other information that is  
19 necessary to implement s. 560.033.

20           **SECTION 7.** 66.1103 (10) (b) of the statutes is amended to read:

21           66.1103 **(10)** (b) Upon the adoption of an initial resolution under this section,  
22 public notice of the adoption shall be given to the electors of the municipality before  
23 the issuance of the bonds described in the resolution, by publication as a class 1  
24 notice, under ch. 985. The notice need not set forth the full contents of the resolution,  
25 but shall state the maximum amount of the bonds; the name of the eligible

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1 participant; the purpose of the bonds; the ~~net~~ number and types of jobs, with the wage  
2 rates and benefits for those jobs, which the project the municipality would finance  
3 with the bond issue is expected to eliminate, create, or maintain on the project site  
4 and elsewhere in this state which is required to be shown by the proposed eligible  
5 participant on the form submitted under sub. (4m) (a) 1.; and that the resolution was  
6 adopted under this section. A form of the public notice shall be attached to the initial  
7 resolution. Prior to adoption of the initial resolution, the open meeting notice given  
8 to members of the public under s. 19.84 shall indicate that information with respect  
9 to the job impact of the project will be available at the time of consideration of the  
10 initial resolution. No other public notice of the authorization, issuance or sale of  
11 bonds under this section is required.

12 **SECTION 8.** 234.65 (3) (am) of the statutes is amended to read:

13 234.65 (3) (am) The authority has received an estimate issued under s. 560.034  
14 (5) (b), and the department of commerce has estimated ~~whether~~ the number and  
15 types of jobs, with the wage rates and benefits for those jobs, ~~that~~ the project that the  
16 authority would finance under the loan is expected to eliminate, create, or maintain  
17 jobs on the project site and elsewhere in this state ~~and the net number of jobs~~  
18 ~~expected to be eliminated, created or maintained as a result of the project.~~

19 **SECTION 9.** 234.65 (3r) of the statutes is amended to read:

20 234.65 (3r) Any economic development loan which a business receives from the  
21 authority under this section to finance a project shall require the business to submit  
22 to the department of commerce within 12 months after the project is completed or 2  
23 years after a loan is issued to finance the project, whichever is sooner, on a form  
24 prescribed under s. 560.034 (1), the ~~net~~ number and types of jobs, with the wage rates  
25 and benefits for those jobs, eliminated, created, or maintained on the project site and

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1 elsewhere in this state as a result of the project. This subsection does not apply to  
2 an economic development loan to finance an economic development project described  
3 under s. 234.01 (4n) (c).

4 **SECTION 10.** 560.033 of the statutes is created to read:

5 **560.033 Business assistance recipient rules of conduct. (1) DEFINITIONS.**

6 In this section:

7 (a) "Business" means any person engaged in any activity or enterprise for profit  
8 employing one or more persons in this state.

9 (b) "Business assistance" means proceeds from the sale of revenue bonds, as  
10 defined in s. 66.1103 (2) (m), or a grant or loan from the appropriation account under  
11 s. 20.143 (1) (c) or (ie).

12 (c) "Poverty line" means the poverty guidelines for the continental United  
13 States, as revised annually by the federal department of health and human services  
14 under 42 USC 9902 (2).

15 **(2) RULES OF CONDUCT.** Any business that receives \$25,000 or more in business  
16 assistance shall agree, as a condition of receiving that business assistance, to comply  
17 with the following rules of conduct:

18 (a) To pay every employee of the business employed in this state an hourly wage  
19 that is not less than the amount determined by dividing the poverty line for a family  
20 of 4 persons by 2,080 and rounding the quotient to the nearest multiple of 5 cents.  
21 The department shall revise that hourly wage every year within 30 days after the  
22 federal department of health and human services publishes its annual revision of the  
23 poverty line. A revised hourly wage determined under this paragraph shall first  
24 apply to wages earned on the first day of the first month beginning after the date on  
25 which that hourly wage is revised.

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1 (b) To provide health insurance for every employee of the business employed  
2 in this state and to cover the cost of premiums for that insurance. The department  
3 shall grant a credit of up to \$1 per hour against the wage required to be paid under  
4 par. (a) for the cost of health insurance provided under this paragraph.

5 (c) 1. Not to eliminate any employment positions in this state when the  
6 employer moves any part of its operations to a site in another state.

7 2. Not to cease all operations in this state and move those operations to another  
8 state.

9 **(3) EMPLOYMENT IMPACT ESTIMATES.** (a) The department may provide business  
10 assistance to a business only if all of the following conditions are met:

11 1. The business, at least 30 days before entering into the agreement governing  
12 the receipt of the business assistance, has given a notice of intent to enter into the  
13 agreement, on a form prescribed under s. 560.034 (1), to the department and to any  
14 collective bargaining agent in this state with whom the business has a collective  
15 bargaining agreement.

16 2. The department has prepared an estimate under s. 560.034 (4). A business  
17 that receives business assistance is not required to satisfy an estimate made under  
18 this subdivision.

19 (b) An agreement that a business enters into with the department to finance  
20 a project with business assistance shall require that the business submit to the  
21 department annually for the duration of the project and for 5 years after the  
22 completion of the project, on a form prescribed under s. 560.034 (1), the number and  
23 types of jobs, with the wage rates and benefits for those jobs, eliminated, created, or  
24 maintained on the project site and elsewhere in this state as a result of the project.

**SENATE BILL 460****SECTION 10**

1           **(4) ENFORCEMENT AND ADMINISTRATION.** (a) The department shall monitor all  
2 businesses receiving business assistance for compliance with sub. (2), shall  
3 determine whether any business receiving business assistance is not in compliance  
4 with sub. (2), and shall assess and collect any penalties imposed under sub. (5)  
5 according to the following procedure:

6           1. The department shall notify the business and, if the business assistance was  
7 provided by a municipality under s. 66.1103, the municipality providing the business  
8 assistance that the business is in noncompliance with sub. (2) and of the penalty  
9 assessed under sub. (5).

10           2. The business may, within 30 days after the date of the notice, appeal in  
11 writing to the secretary, and the secretary shall enter a final decision within 30 days  
12 after receiving the appeal.

13           3. The business may, within 30 days after the secretary's decision, request a  
14 contested case hearing under s. 227.42 from the department.

15           (b) The department shall contract with the legislative audit bureau to conduct  
16 an annual performance audit of the implementation of this section. The legislative  
17 audit bureau shall file the audit in the manner described in s. 13.94 (1) (b).

18           **(5) PENALTIES.** Any business that is subject to the rules of conduct under sub.  
19 (2) and that fails to comply with any of those rules is subject to all of the following  
20 penalties:

21           (a) Immediate rescission of all business assistance that was provided to the  
22 business, with the business to repay immediately all business assistance that was  
23 received by the business, plus a penalty equal to 10% of that business assistance and  
24 interest on that business assistance at the rate of 18% per year from the date of  
25 receipt of the business assistance to the date of payment of the amount due.



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1 (b) Ineligibility for any further business assistance for 10 years after the date  
2 of noncompliance as determined by the department.

3 **SECTION 11.** 560.034 (1) of the statutes is amended to read:

4 560.034 (1) The department shall prescribe the notice forms to be used under  
5 ss. 66.1103 (4m) (a) 1. ~~and, 234.65 (3) (a), and 560.033 (3) (a).~~ The department shall  
6 include on the forms a requirement for information on the number and types of jobs,  
7 with the wage rates and benefits for those jobs, the person submitting the notice  
8 expects to be eliminated, created, or maintained on the project site and elsewhere in  
9 this state by the project which is the subject of the notice. The department shall  
10 prescribe the forms to be used under ss. 66.1103 (4m) (b) ~~and, 234.65 (3r), and~~  
11 560.033 (3) (b).

12 **SECTION 12.** 560.034 (2) of the statutes is amended to read:

13 560.034 (2) If the department receives a notice under s. 66.1103 (4m) (a), the  
14 department shall estimate, no later than 20 days after receipt of the notice, ~~whether~~  
15 the number and types of jobs, with the wage rates and benefits for those jobs, that  
16 ~~the project which~~ that is the subject of the notice is expected to eliminate, create, or  
17 maintain jobs on the project site and elsewhere in this state ~~and the net number of~~  
18 ~~jobs expected to be eliminated, created or maintained as a result of the project.~~

19 **SECTION 13.** 560.034 (3) of the statutes is amended to read:

20 560.034 (3) If the department receives a notice under s. 234.65 (3) (a), the  
21 department shall estimate, no later than 20 days after receipt of the notice, ~~whether~~  
22 the number and types of jobs, with the wage rates and benefits for those jobs, that  
23 ~~the project which~~ that is the subject of the notice is expected to eliminate, create, or  
24 maintain jobs on the project site and elsewhere in this state ~~and the net number of~~  
25 ~~jobs expected to be eliminated, created or maintained as a result of the project.~~

