



State of Wisconsin
2011 - 2012 LEGISLATURE



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2011 SENATE BILL 477

February 14, 2012 - Introduced by Senator LEIBHAM, cosponsored by Representative WILLIAMS. Referred to Committee on Economic Development and Veterans and Military Affairs.

1 **AN ACT to repeal** 238.399 (5) (c) 2. a.; **to renumber and amend** 238.16 (1) (c);
2 **to amend** 71.07 (2dx) (a) 4., 71.28 (1dx) (a) 4., 71.47 (1dx) (a) 4., 76.636 (1) (d),
3 238.07 (1), 238.16 (3) (intro.), 238.16 (3) (am), 238.16 (4) (b) 1. (intro.), 238.30
4 (intro.), 238.30 (2m) (b), 238.399 (1) (am) 2., 238.399 (5) (c) 2. (intro.) and
5 238.399 (5) (d) 1.; and **to create** 238.16 (1) (c) 2. of the statutes; **relating to:**
6 tax credit programs administered by the Wisconsin Economic Development
7 Corporation.

Analysis by the Legislative Reference Bureau

Under current law, the Wisconsin Economic Development Corporation (WEDC) administers the jobs tax credit, the economic development tax credit, the development opportunity zone tax credit, and the enterprise zone tax credit (tax credit programs). This bill makes various changes to these tax credit programs.

Definition of “full-time job”

Under current law, each of the tax credit programs defines a “full-time job” as a job in which an individual must work 2,080 hours per year as a condition of his or her employment. However, for purposes of the enterprise zone tax credit program and the economic development tax credit program, WEDC is currently authorized to make an exception to the 2,080 hour requirement for individuals who work at a job not less than 37.5 hours per week. Under this bill, the definition of “full-time job”

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in each of the tax credit programs provides that WEDC may make an exception to the 2,080 hours per year requirement as long as the employed individual receives benefits that are acceptable to the corporation.

Jobs Tax Credit

Under current law, WEDC may certify a person to claim the jobs tax credit if the person operates or intends to operate a business in Wisconsin, will increase its net employment in Wisconsin, and will pay annual wages to a full-time employee for whom the person claims tax benefits of at least \$20,000 in Tier I counties or municipalities and at least \$30,000 in Tier II counties or municipalities. A person certified under the program may receive per-employee tax benefits in the amount of 10 percent of the wages paid to a full-time employee who meets the wage requirement for the county or municipality. A person certified under the program may also receive tax benefits for providing job training to its employees.

Under this bill, a person certified for the jobs tax credit program may receive per-employee tax benefits up to 10 percent of the wages paid to a full-time employee who meets the wage requirements for the county or municipality. This bill also authorizes WEDC to certify a person to claim the jobs tax credit if the person maintains increased net employment in the person's business.

Enterprise Zone Tax Credit.

Under current law, WEDC is authorized to designate up to 20 areas in the state as enterprise zones. Currently, WEDC may certify businesses to claim the enterprise zone tax credit, including:

1. A business that expands its operations in an enterprise zone and that makes a capital investment in property located in the enterprise zone if: (a) the value of the capital investment is equal to at least 10 percent of the business's gross revenues from business in the state in the preceding tax year; (b) the business enters into an agreement with WEDC to claim tax benefits only for years during which the business maintains the capital investment; and (c) the business offers compensation and benefits for the same type of work to its employees working in the zone that are at least as favorable as those offered to its employees working in Wisconsin, but outside the zone.

2. A business that retains jobs in an enterprise zone, but only if the business makes a significant capital investment in property located in the zone, and either (a) the business is an original equipment manufacturer with a significant supply chain in Wisconsin or (b) more than 500 full-time employees are employed by the business in the enterprise zone.

This bill makes the following changes to the requirements for certification to claim the enterprise zone tax credit:

1. For a business that expands its operations in an enterprise zone, this bill eliminates the requirement that the value of a qualifying capital investment in an enterprise zone must be at least 10 percent of the business's gross revenues. Under this bill, a business that expands operations in an enterprise zone may qualify for the enterprise zone tax credit by making a significant capital investment, as determined by WEDC.

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2. For a business that retains jobs in the enterprise zone, the bill eliminates the requirement that the business must be an original equipment manufacturer with a significant supply chain in Wisconsin and allows certification for a business that is any type of manufacturer with a significant supply chain in Wisconsin.

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.** 71.07 (2dx) (a) 4. of the statutes is amended to read:

2 71.07 (**2dx**) (a) 4. “Full-time job” means ~~a regular, nonseasonal full-time~~
3 ~~position in which an individual, as a condition of employment, is required to work at~~
4 ~~least 2,080 hours per year, including paid leave and holidays, and for which the~~
5 ~~individual receives pay that is equal to at least 150% of the federal minimum wage~~
6 ~~and receives benefits that are not required by federal or state law. “Full-time job”~~
7 ~~does not include initial training before an employment position begins~~ has the
8 meaning given in s. 238.30 (2m).

9 **SECTION 2.** 71.28 (1dx) (a) 4. of the statutes is amended to read:

10 71.28 (**1dx**) (a) 4. “Full-time job” means ~~a regular, nonseasonal full-time~~
11 ~~position in which an individual, as a condition of employment, is required to work at~~
12 ~~least 2,080 hours per year, including paid leave and holidays, and for which the~~
13 ~~individual receives pay that is equal to at least 150% of the federal minimum wage~~
14 ~~and receives benefits that are not required by federal or state law. “Full-time job”~~
15 ~~does not include initial training before an employment position begins~~ has the
16 meaning given in s. 238.30 (2m).

17 **SECTION 3.** 71.47 (1dx) (a) 4. of the statutes is amended to read:

18 71.47 (**1dx**) (a) 4. “Full-time job” means ~~a regular, nonseasonal full-time~~
19 ~~position in which an individual, as a condition of employment, is required to work at~~

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1 ~~least 2,080 hours per year, including paid leave and holidays, and for which the~~
2 ~~individual receives pay that is equal to at least 150% of the federal minimum wage~~
3 ~~and receives benefits that are not required by federal or state law. “Full-time job”~~
4 ~~does not include initial training before an employment position begins has the~~
5 ~~meaning given in s. 238.30 (2m).~~

6 **SECTION 4.** 76.636 (1) (d) of the statutes is amended to read:

7 76.636 (1) (d) “Full-time job” means a regular, nonseasonal, full-time position
8 in which an individual, as a condition of employment, is required to work at least
9 2,080 hours per year, including paid leave and holidays, and for which the individual
10 receives pay that is equal to at least 150 percent of the federal minimum wage and
11 receives benefits that are not required by federal or state law. “Full-time job” does
12 not include initial training before an employment position begins has the meaning
13 given in s. 238.30 (2m).

14 **SECTION 5.** 238.07 (1) of the statutes, as created by 2011 Wisconsin Act 7, is
15 amended to read:

16 238.07 (1) Annually, ~~by January~~ before July 1, the board shall submit to the
17 chief clerk of each house of the legislature, for distribution to the legislature under
18 s. 13.172 (2), a report identifying the economic development projects that the board
19 intends to develop and implement during the ~~current calendar~~ following fiscal year.

20 **SECTION 6.** 238.16 (1) (c) of the statutes, as affected by 2011 Wisconsin Act 32,
21 is renumbered 238.16 (1) (c) 1. and amended to read:

22 238.16 (1) (c) 1. ~~“Full-time~~ Except as provided in subd. 2., “full-time job” means
23 a regular, nonseasonal full-time position in which an individual, as a condition of
24 employment, is required to work at least 2,080 hours per year, including paid leave
25 and holidays, and for which the individual receives pay that is equal to at least 150

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1 percent of the federal minimum wage earns at least \$20,000 in wages and receives
2 benefits that are not required by federal or state law. "Full-time job" does not include
3 initial training before an employment position begins.

4 **SECTION 7.** 238.16 (1) (c) 2. of the statutes is created to read:

5 238.16 (1) (c) 2. The corporation may specify circumstances under which the
6 corporation may grant exceptions to the requirement under subd. 1. that a full-time
7 job means a position in which an individual, as a condition of employment, is
8 required to work at least 2,080 hours per year, but under no circumstances may a
9 full-time job mean a position in which a individual does not receive benefits
10 acceptable to the corporation.

11 **SECTION 8.** 238.16 (3) (intro.) of the statutes, as affected by 2011 Wisconsin Act
12 32, is amended to read:

13 238.16 (3) ELIGIBILITY FOR TAX BENEFITS. (intro.) A person certified under sub.
14 (2) may receive tax benefits under this section if, in each year for which the person
15 claims tax benefits under this section, the person increases net employment or
16 maintains increased net employment in the person's business, and one of the
17 following applies:

18 **SECTION 9.** 238.16 (3) (am) of the statutes, as created by 2011 Wisconsin Act 32,
19 is amended to read:

20 238.16 (3) (am) The person increases net employment or maintains increased
21 net employment in the person's business.

22 **SECTION 10.** 238.16 (4) (b) 1. (intro.) of the statutes, as affected by 2011
23 Wisconsin Act 32, is amended to read:

24 238.16 (4) (b) 1. (intro.) The corporation may award to a person certified under
25 sub. (2) tax benefits for each eligible employee in an amount equal to that does not

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1 exceed 10 percent of the wages paid by the person to that employee or \$10,000,
2 whichever is less, if that employee earned wages in the year for which the tax benefit
3 is claimed equal to one of the following:

4 **SECTION 11.** 238.30 (intro.) of the statutes, as affected by 2011 Wisconsin Act
5 32, is amended to read:

6 **238.30 Definitions.** (intro.) In this section and ss. ~~238.31~~ 238.301 to 238.395:

7 **SECTION 12.** 238.30 (2m) (b) of the statutes, as affected by 2011 Wisconsin Act
8 32, is amended to read:

9 238.30 **(2m)** (b) The corporation may ~~adopt a rule specifying~~ specify
10 circumstances under which the corporation may grant exceptions to the requirement
11 under par. (a) that a full-time job means a job in which an individual, as a condition
12 of employment, is required to work at least 2,080 hours per year, but under no
13 circumstances may a full-time job mean a job in which an individual, ~~as a condition~~
14 ~~of employment, is required to work less than 37.5 hours per week~~ does not receive
15 benefits acceptable to the corporation.

16 **SECTION 13.** 238.399 (1) (am) 2. of the statutes, as affected by 2011 Wisconsin
17 Act 32, is amended to read:

18 238.399 **(1)** (am) 2. The corporation may ~~by rule~~ specify circumstances under
19 which the corporation may grant exceptions to the requirement under subd. 1. that
20 a full-time employee means an individual who, as a condition of employment, is
21 required to work at least 2,080 hours per year, but under no circumstances may a
22 full-time employee mean an individual who, ~~as a condition of employment, is~~
23 ~~required to work less than 37.5 hours per week~~ does not receive benefits acceptable
24 to the corporation.

