

1999 DRAFTING REQUEST

Bill

Received: **02/18/2000**

Received By: **nilsepe**

Wanted: **As time permits**

Identical to LRB:

For: **John Gard (608) 266-2343**

By/Representing:

This file may be shown to any legislator: **NO**

Drafter: **nilsepe**

May Contact:

Alt. Drafters:

Subject: **Transportation - highways**

Extra Copies: **TNF**

Pre Topic:

No specific pre topic given

Topic:

Local roads for job retention

Instructions:

See Attached

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Reaured</u> |
|--------------|-----------------------|------------------------|------------------------|----------------|----------------------------|----------------------------|----------------|
| /? | nilsepe 02/28/2000 | wjackson 02/28/2000 | | _____ | | | |
| /P1 | nilsepe 02/29/2000 | wjackson 02/29/2000 | jfrantze 02/28/2000 | _____ | lrb-docadmin 02/28/2000 | | State |
| /1 | | | jfrantze 02/29/2000 | _____ | lrb-docadmin 02/29/2000 | lrb-docadmin 02/29/2000 | |

FE Sent For: *3/1/00*

<END>

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| FE Sent For: | | | 2/29 | 2/29 | | | |

Please
Jacket
/1 - PEW

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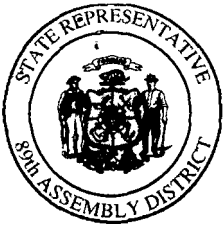
See Attached

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| I? | nilsepe | | <i>2/18</i> | <i>Self</i> <u>2/18</u> | | | |

FE Sent For:

<END>



John Gard

Assembly Chairman, Joint Committee on Finance

LRB,

Can you get this drafted
for Bond ASAP.

If you have any questions
please feel free to consult w/
Eric Peterson 256-5523.

Thanks,

John Gard



DATE: February 15, 2000

TO: Wisconsin State Legislators

FROM: Forward Janesville
City of Janesville
Rock County
United Auto Workers Local 95

RE: Local Roads For Job Retention Proposal

I. INTRODUCTION:

This memorandum describes a legislative proposal to create a fund designed to assist local units of government with repair or construction of local roads necessary to retain major employers. Many of Wisconsin's largest employers are located in neighborhoods with aging or inadequate local roads. As these companies modernize operations to remain competitive in the global marketplace, communities are faced with requests for local road improvements that often exceed local resources. Since these major employers provide **high-paying** quality jobs with positive economic impacts throughout a region, it is critical for communities to have the resources to upgrade their infrastructure, such as local roads, to retain these employers.

The proposed fund is entitled the Local Roads for Job Retention fund. The fund is designed to help local governments address the infrastructure needs of local roads to avoid the loss of a major employer. While this program is being designed specifically to address the situation currently being faced by Janesville, it is a long-term fund that will be applicable in other communities for other projects throughout the state.

II. CONCEPTUAL BACKGROUND:

Many communities in Wisconsin whether large or small are dependent on a few major employers. When these companies are idle or close operations, the impacts on the economic life of the community are catastrophic. For example, when General Motors (GM) idled its Janesville plant in 1982, some 5,200 GM workers were either laid-off or **transferred**. As the impact of the lay-offs rippled through the local economy, unemployment rates reached 24.2 percent (%). Because employees for a plant this large commute from throughout south central Wisconsin, this kind of economic downturn had catastrophic impacts not only for the city, but also for the state. Payroll dollars were lost, purchases from area suppliers declined, and social costs escalated.

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Retaining key employers and accommodating their growth in established communities is **often difficult**. Companies are often located on land-locked sites with inadequate access to interstate transportation through existing local roads. Local taxpayers are burdened with the cost to upgrade such local roads or risk losing their key employer.

These upgrades are not only significant, but often must be made within a short time frame. Traditional transportation projects require long lead times as projects compete for funding through existing programs. Existing programs do not have sufficient flexibility to quickly provide the funds to meet the specific local needs to retain major employers. In addition, infrastructure improvements such as local roads often need to be made in advance of, or absent the private sector commitment to remain in any given community. For these reasons, the need exists to augment local resources with a state program designed to ensure a competitive environment for major employers.

The state has historically recognized this need and has developed a series of transportation programs based upon this rationale. However, given the current size of the program(s) designed to meet this need and the number of applicants, there is not currently a program with the resources and flexibility necessary to confront a large scale project. The City of Janesville's efforts to retain the large General Motors plant is illustrative of the type of local road problems that communities face.

III. GENERAL MOTORS - JANESVILLE:

A. History

General Motors is one of the largest employers in the State of Wisconsin. With 5,200 employees and a \$280 million payroll, the impact of General Motors on the local and State economy is significant. The 4.0 million square foot (**sf**) GM-Janesville plant has \$52 million in property value and annually generates \$1.2 million in local property taxes. Just-in-time suppliers to the GM-Janesville plant have also located 1.4 million sf of new facilities in the City of Janesville since 1988. Suppliers like Lear Inc., Midland Steel Products, and Customized Transportation (CTI) employ an additional 1,200 workers with a payroll of \$3 1 million. - - -

The Department of Transportation has estimated the impact of the Janesville General Motors facility using their **REMI** Econometric Model. The loss of the employment at GM Janesville would have a ripple effect through other economic sectors resulting in a total loss of an estimated 18,500 jobs. The loss of these I 18,500 jobs would **result in** an annual wage loss of **approximately** \$775 million dollars which in turn, would mean the State of Wisconsin would annually lose \$7 1.4 million in sales and income tax revenues.

For the past 15 years, the City of Janesville, Rock County, and the State of Wisconsin have worked cooperatively to improve transportation access to the General Motors plant. ~~In 1986, General Motors decided to~~ relocate the small pick-up truck line to Fort Wayne, Indiana. ~~Eight~~ hundred workers and their families moved to Fort Wayne, and the ~~future~~ of production at the Janesville General Motors facility was in jeopardy. In order to compete for new product lines (GMC/Chevrolet Suburban and Medium Duty Truck) for GM-Janesville, Janesville's transportation network had to be able to accommodate General Motors' ~~shift~~ to just-in-time inventory systems. Commitments for transportation improvements were made and the following projects completed (see attached map):

1. 1988 - Construction of I-90 Interchange at Avalon Road
2. 1988 - Construction of STH 351 from I-90 to USH 51
3. 1988 - Reconstruction of **Delavan** Drive from Jackson St. to Wright Road

In 1987, General Motors selected the Janesville plant to build the Medium Duty Truck and in 1989, ~~the Janesville~~ plant was selected to build the GMC/Chevrolet Suburban and Tahoe Sport Utility Vehicles. With the new products lines, GM-Janesville moved aggressively to implement just-in-time inventory systems into their production schedules. The just-in-time inventory methods required several sub-component manufacturers to locate satellite production facilities in Janesville.

In the past 10 years, the City of Janesville has invested \$7.25 million to create new industrial parks on the City's east and south side for GM suppliers. These suppliers manufacture or warehouse automobile parts, sequence the parts in production order, and deliver the parts to the proper GM loading dock, just-in-time to be installed on the proper vehicle without delay of the production line (see attached map).

In 1996, GM-Janesville began to plan for the next generation of Suburban/Tahoe, which is now in production. In order to reduce the time required for a major model changeover ~~from~~ six months to four weeks, GM has invested over \$600 million to install a second body shop and to upgrade the production lines. To free up floor space within the plant for the body shop, GM awarded Customized Transportation Inc. a contract to sequence a large percentage of the parts to the plant. Just-in-time deliveries of parts is even more critical and Janesville's road, railroad, and air transportation systems must be improved to accommodate the required production schedules.

B. Needed Road Improvements

CTI is nearing completion of a new 700,000 sf parts warehouse that will sequence parts to the GM plant. The volume of parts that are delivered from the parts

warehouse on Janesville's south side to the GM plant, will result in approximately one semi truck per minute, 20 hours per day, five and a half days per week. These trucks must travel approximately 2.5 miles through residential neighborhoods along City streets that were not designed to handle this level of truck traffic.

In addition, the existing truck route passes across the main Union Pacific Railroad line that also supplies parts to the GM plant. When the trains are switching rail cars into the plant, the at-grade railroad crossings are blocked causing delays for the just-in-time delivery of parts to the plant from the parts warehouses. It is critical for suppliers to have a consistent travel-time to the plant with minimal delays and interruptions. If suppliers are delayed en route to the plant, the plant must shut down production until the truck can deliver the needed inventory.

Recognizing the importance of the smooth flow of parts from the Interstate to suppliers and parts warehouses, and from these local facilities to the GM plant, the City of Janesville and the Department of Transportation (DOT) retained HNTB to conduct a corridor study for an exclusive truck route between the GM plant and its local suppliers. Seven truck corridor alternatives were studied and evaluated. The recommended alternative provides the most efficient transportation corridor to the GM plant, while minimizing adverse impacts on local businesses and homeowners along the GM truck route. The proposed route includes the following segments (see attached map) and must be constructed beginning in 2000 to meet the expected ramp-up of production of the Year 2000 models of Suburbans and Tahoes:

- 1) Reconstruction of a one mile section of Beloit Avenue to a four lane divided highway heading north from STH 25 1 to Kellogg Avenue (\$3.3 million).
- 2) Construct a new four-lane roadway along the southerly edge of the Union Pacific Railroad right-of-way in a northwesterly direction approximately one-half mile to Jackson Street (\$3.2 million).
- 3) Replace at-grade Jackson Street rail crossing with a railroad underpass with the four-lane roadway extending north on Jackson Street approximately one quarter mile to the south GM plant entrance (\$5.3 million).
- 4) Related intersection improvements (\$800,000).

The total cost of the proposed GM truck corridor is \$12.6 million. Currently, \$3.0 million in federal funds have been committed for the project. The remaining \$9.6 million would be funded by the local roads for job retention grant proposal.

C. Conceptual Description of the Local Roads Fund

The local roads for job retention program is designed to provide significant monies to **fund** local roads needed to prevent major employment losses within a community, like the GM situation in Janesville. As a transportation fund, the proposed program has been housed in the DOT.

Although the proposed program is patterned after a number of existing programs within DOT, it is intended to be more flexible in several key respects:

- 1) It recognizes a broad range of funding sources, including general appropriations, bonds and available federal funds.
- 2) The eligibility requirements are broader.
- 3) The amounts available are larger.

As with other DOT programs, grant decisions are made by the DOT and require a 20 percent local cost-share. This cost-share can include a wide range of local contributions. Because the program is designed to address local roads, only local governments may apply for the grant.

This program is designed with the flexibility to be applicable to any community in Wisconsin facing a potential catastrophic employment problem. While such programs would be available if General Motors required additional improvements to stay in Janesville, it would also be available to a community of 1,000 people confronted with the potential loss of a local dairy employing 50 people. If local roads are the problem, this program may be the solution to keep the local community prosperous.

IV. SECTION-BY-SECTION ANALYSIS:

Section 1: State Appropriations - Section 20.395(2)(fs)

This section is an appropriation section within the DOT appropriations. In future years, the legislature may choose to fund this program directly **from** general purpose revenue (GPR), so the authorization to do that is included here. It is similar to other section 20.395 transportation appropriations. See e.g. § 20.395(2)(fr).

Section 2: Federal Appropriations - Section 20.395(2)(fz)

This section serves as a conduit for federal funds available under the Inter-modal Surface Transportation Efficiency Act of 1991 (ISTEA) and allocated through the process set forth in Wis. Stat. § 84.03(2). That process requires the Secretary to submit to the legislative joint finance committee a plan identifying how to adjust the department appropriations if ISTEA funds are less than 95% or more than 105% of the amounts originally projected. Amounts available under this program designated by the Secretary to local roads and approved by joint finance would be allocated under this section-

Section 3: Bonding Authority - Sections 20.866(2)(um)

If federal or state funds are not available this section includes a provision for bonding authority by the DOT under the capital improvement fund in accordance with other bond programs. The bonding authorization in Chapter 20 is parallel to the other bonding provisions in Wis. Stat. § 20.866(2). We have used \$10 million, as a cap.

Section 4: Local Roads for Job Retention Program - Section 86.312

This section is the heart of the proposed legislation. Section 86.312 was chosen as an available section in the miscellaneous highway provisions chapter. It follows the existing local road improvement program in § 86.311, and precedes the county forest road program in § 86.315.

Purpose. The first subsection defines the purpose of this program as providing grants necessary to support business and retain employment by development, repair or improvement of local roads.

Definitions. One of the key definitions defines local roads using the existing local road definition in § 86.311. The definition of local contribution includes a variety of local costs right of way, engineering and construction costs and provides that those costs can be incurred before or after a grant under this section.

Administration. These provisions establish a total program limit of \$10,000,000. These provisions establish two funding tracks. For right of way and engineering, a municipality may apply directly for money available from GPR Bonds. This would allow an application without waiting to see if other federal or state money was available. As money from the state, federal cost share restrictions would not apply. The general 20 percent cost share under section (4)(c) would however apply. For construction projects, a different hierarchy is established. The hierarchy is: 1) use of federal ISTEA funds, 2) state GPR funds, and 3) funds from issuance of GPR bonds.

Eligibility. The only eligible applicants are political subdivisions. This term is defined to include cities, towns, villages and counties. Two or more local governments can jointly apply, but private entities may not apply for grants under this section.

The criteria in paragraph (a) describes the broad purpose for which funds can be used including development, repair **or** improvement of local roads. Paragraph (b) contains the 20 percent local cost share requirement for any state money, and a general cost share provision for any federal money.

Paragraph (c) presents two alternative ways of defining the type of catastrophic employment **loss** which would trigger program eligibility. We have chosen to use a percentage, rather than an absolute number, to broaden the applicability of the program to other future circumstances. Theoretically, this program could apply to a cheese factory that employs 50 people in a town of 1000.

Bonding Authority. This section is patterned after the bonding language in § 84.5 1 subject to the cap of \$10,000,000.

IV. LEGISLATIVE LANGUAGE:

Section 1. Section 20.395(2)(fs) is created to read:

(fs) Local roads for job retention, state funds. The amounts in the schedule to fund the local roads for job retention program under s. 86.3 12.

Section 2. Section 20.395(2)(fz) is created to read:

(fz) Local roads for job retention, federal funds. Any monies received from the federal government under. s, 84.03(2) and -designated for the local roads for job retention program.

Section 3. Section 20.866(2)(um) is created to read:

(um) Transportation; local roads for job retention. From the capital improvement fund, a sum sufficient for the Department of Transportation to fund the local roads for economic development grant program. The state may contract public debt in an amount not to exceed \$10,000,000 for this purpose.

Section 4. Section 86.312 is created to read:

86.312. Local Roads for Job Retention.

(1) Purpose. The Department shall administer a local roads for job retention grant program **necessary** to support business and retain employment by development, repair or improvement of local roads.

(2) Definitions. In this section:

(a) "Department" means the Department of Transportation.

(b) "Job" means a position providing full-time equivalent employment for one individual for one year, beginning after a project is completed. Job does not include initial training before an employment position begins.

(c) "Local road" has the meaning under s. 86.31(1)(c).

(d) "Local contribution" means funds expended by the applicant community for the project including the costs of acquiring right-of-way and costs associated with the planning, design, engineering and construction of the road, whether such costs were incurred before or after any grant awarded under this section.

(e) "Political subdivision" means a county, city, town or village.

(3) Administration.

(a) The department shall administer a local roads for job retention program to make grants to eligible communities, not to exceed \$10,000,000.00 in the 1999-2001 biennium.

(b) In making grants for construction of local road projects, the department shall first utilize funds available under s. 20.395(2)(fz) to fund the project, and if such

funds are not adequate, then funds available under s. 20.395(2)(fs) shall be utilized. For local road construction projects, the department shall not utilize funds under s. 20.866(2)(um) unless amounts under s. 20.395(2)(fs) and 20.395(2)(fz) are inadequate to fund the project, or

(c) In making grants for acquiring rights-of-way or grants for planning, design and engineering for local needs, the Department may utilize funds under s. 20.866(2)(um) to reimburse local contributions for eligible projects regardless of the availability of funds under ss. 20.395(2)(fs) or 20.395(2)(fz).

(4) Eligibility Criteria. The Department may award a grant under this section upon receipt and consideration of an application by one or more political subdivisions if the secretary determines all of the following:

(a) The project is for the development, repair or improvement of one or more local roads, including the costs of acquiring right-of-way, the costs associated with the planning, design and engineering, and the costs of construction of the road;

(b) The applicant community will contribute any local share required under federal law for receiving federal funds and up to 20% of the total cost of the project for any state funds.

(c) Without the project, applicant community could lose the number of jobs equal to 5% of the total population of the applicant community, or the project is a necessary prerequisite to retain employment by one or more employers who employ at least 5% of the workforce within the applicant community.

(5) Bonding Authority. The secretary with the approval of the governor and

subject to the limits of s. 20.866(2)(um) may direct that state debt be contracted for the purposes of this section. Such debt shall be contracted in accordance with ch. 18. It is the intent of the legislature that the state debt not exceed \$1 0,000,000 for the 1999-200 1 biennium.

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State of Wisconsin
1999-2000 LEGISLATURE

LRB-4579/PT
PEN&RAC:wlj:jf

Today 2/28

4580/A1

~~PRELIMINARY DRAFT NOT READY FOR INTRODUCTION~~

No changes

1-note

Regen

1 AN ACT to amend 20.866 (1) (u); to repeal and recreate 20.866 (1) (u); and to
2 create 20.395 (2) (fb), 20.395 (2) (fz), 20.395 (6) (af), 20.866 (2) (uwz) and 86.312
3 of the statutes; relating to: creating a grant program to improve local roads for
4 job retention, granting bonding authority and making appropriations.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a later version.

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

5 SECTION 1. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
6 the following amounts for the purposes indicated:

| | | |
|--|----------------|----------------|
| | 1999-00 | 2000-01 |
|--|----------------|----------------|

20.395 Transportation, department of

(2) LOCAL TRANSPORTATION ASSISTANCE

(fb) Local roads for job preservation,
state funds

| | | | | |
|--|-----|---|-----|------------|
| | GPR | C | -0- | 10,000,000 |
|--|-----|---|-----|------------|

SECTION 2. 20.395 (2) (fb) of the statutes is created to read:

20.395 (2) (fb) Local roads for job preservation, state funds. From the general fund, as a continuing appropriation, the amounts in the schedule for the purpose, of the local roads for job preservation program under s. 86.312.

SECTION 3. 20.395 (2) (fz) of the statutes is created to read:

20.395 (2) (fz) Local roads for job preservation, federal finds. All moneys received from the federal government that are credited to this appropriation under s. 84.03 (2), for the purpose of the local roads for job preservation program under s. 86.312.

SECTION 4. 20.395 (6) (af) of the statutes is created to read:

20.395 (6) (af) Principal repayment' and interest, local roads for job preservation, state finds. From the general fund, a sum sufficient to reimburse s. 20.866 (1) (u) for the payment of principal and interest costs incurred in financing the local roads for job retention program under s. 86.312, and to make the payments determined by the building commission under s. 13.488 (1) (m) that are attributable to the proceeds of obligations incurred in financing the local roads for job retention program under s. 86.312.

SECTION 5. 20.866 (1) (u) of the statutes, as affected by 1999 Wisconsin Act 9, section 628, is amended to read:

1 **20.866(1) (u) *Principal repayment and interest.*** A sum sufficient from moneys
2 appropriated under sub. (2) (zp) and ss. 20.115 (2) (d) and (7) (b) and (f), 20.190 (1)
3 (c), (d), (i) and (j), 20.225 (1) (c), 20.245 (1) (e), (2) (e) and (j), (4) (e) and (5) (e), 20.250
4 (1) (e), 20.255 (1) (d), 20.275 (1) (er), (es), (h) and (hb), 20.285 (1) (d), (db), (fh), (ih),
5 (kd) and (km) and (5) (i), 20.320 (1) (c) and (t) and (2) (c), 20.370 (7) (aa), (ac), (ag),
6 (aq),(ar),(at),(au), (ba), (ca), (cb), (cc), (cd), (ce), (cf), (ea), (eq) and (er), 20.395 (6) (af),
7 (aq) and (ar), 20.410 (1) (e),(ec) and (ko) and (3) (e), 20.435 (2) (ee) and (6) (e), 20.465
8 (1) (d), 20.485 (1) (f) and (go), (3) (t) and (4) (qm), 20.505 (5) (c), (g) and (kc), 20.855
9 (8) (a) and 20.867 (1) (a) and (b) and (3) (a), (b), (bp), (br), (g), (h), (i) and (q) for the
10 payment of principal and interest on public debt contracted under subchs. I and IV
11 of ch. 18.

12 **SECTION 6.** 20.866 (1) (u) of the statutes, as affected by 1999 Wisconsin Act 9,
13 section 628b, and 1999 Wisconsin Act (this act), is repealed and recreated to read:

14 **20.866 (1) (u) *Principal repayment and interest.*** A sum sufficient from moneys
15 appropriated under sub. (2) (zp) and ss. 20.115 (2) (d) and (7) (b) and (f), 20.190 (1)
16 (c), (d), (i) and (j), 20.225 (1) (c), 20.245 (1) (e), (2) (e) and (j), (4) (e) and (5) (e), 20.250
17 (1) (e), 20.255 (1) (d), 20.275 (1) (er), (es), (h) and (hb), 20.285 (1) (d), (db), (fh), (ih),
18 (kd) and (km) and (5) (i), 20.320 (1) (c) and (t) and (2) (c), 20.370 (7) (aa), (ac), (ag),
19 (aq), (ar), (at), (ba), (ca), (cb), (cc), (cd), (ce), (cf), (ea), (eq) and (er), 20.395 (6) (af), (aq)
20 and (ar), 20.410 (1) (e), (ec) and (ko) and (3) (e), 20.435 (2) (ee) and (6) (e), 20.465 (1)
21 (d), 20.485 (1) (f) and (go), (3) (t) and (4) (qm), 20.505 (5) (c), (g) and (kc), 20.855 (8)
22 (a) and 20.867 (1) (a) and (b) and (3) (a), (b), (bp), (br), (g), (h), (i) and (q) for the
23 payment of principal and interest on public debt contracted under subchs. I and IV
24 of ch. 18.

25 **SECTION 7.** 20.866 (2) (uwz) of the statutes is created to read:

1 20.866(2)(uwz) *Transportation; local roads for job preservation, state funds.*

2 From the capital improvement fund, a sum sufficient for the department of
3 transportation to award grants under s. 86.312. The state may contract public debt
4 in an amount not to exceed \$10,000,000 for this purpose.

5 SECTION 8. 86.312 of the statutes is created to read:

6 **86.312 Local roads for job preservation program. (1)** In this section:

7 (a) "Job" means an employment position providing full-time equivalent
8 employment for one individual for one year, beginning after a project is completed.
9 "Job" does not include initial training before an employment position begins.

10 (b) "Local road" means any street, as defined in s. 340.01 (64), any county trunk
11 highway and any town road.

12 (c) "Political subdivision" means any city, village, town or county.

13 (d) "Population" means the number of inhabitants in the previous year
14 determined by the department of administration under s. 16.96 (2) for purposes of
15 revenue sharing distribution.

16 (e) "Project" means the development, construction, repair or improvement of
17 a local road.

18 **(2)** (a) The department shall administer a local roads for job preservation
19 program to award grants to political subdivisions for any project that the department
20 determines is necessary to support **business and retain jobs in the vicinity** of the local
21 road. The department may award grants under this section for any costs related to
22 a project, including costs of acquiring rights-of-way, planning, designing,
23 engineering and constructing a local road.

1 (b) The department may, upon application, award a grant to any political
2 subdivision under this section for a project if the secretary determines all of the
3 following:

4 1. That if the project is not completed, the political subdivision could lose a
5 number of jobs equal to or greater than 5% of the population of the political
6 subdivision, or that the project is necessary to retain jobs of one or more employer
7 who employs at least 5% of the work force residing in the political subdivision.

8 2. That the political subdivision will provide the local share required under sub.
9 (3).

10 (3) Each political subdivision that receives a grant under this section shall
11 provide a local contribution toward the costs of the project in an amount equal to at
12 least 20% of the cost of the project.

13 (4) (a) Except as provided in this subsection, grants under this section may be
14 paid from the appropriations under ss. 20.395 (2) (fb) and (fz) and 20.866 (2) (uwz).
15 Notwithstanding par. (b) and regardless of the availability of any unencumbered
16 funds in the appropriations under s. 20.395 (2) (fb) or (fz), the department may pay
17 from the appropriation under s. 20.866 (2) (uwz) that portion of a grant that is
18 intended to be used to acquire rights-of-way or to plan, design, engineer or construct
19 a project.

20 (b) 1. Except as provided in subs. 2. and 3., the portion of any grant awarded
21 under this section for local road construction shall be paid from the appropriation
22 under s. 20.395 (2) (fb).

23 2. Except as provided in subd. 3., if the portion of any grant awarded under this
24 section for local road construction exceeds the amount of unencumbered funds under
25 s. 20.395 (2) (fb), the department shall pay from the appropriation under s. 20.395

1 (2) (fz) the amount by which that portion exceeds the unencumbered funds available
2 in the appropriations under s. 20.395 (2) (fb).

3 3. If the portion of any grant awarded under this section for local road
4 construction exceeds the amount of unencumbered funds under s. 20.395 (2) (fb) and
5 (fz), the department shall pay from the appropriation under s. 20.866 (2) (uwz) the
6 amount by which that portion exceeds the unencumbered funds available in the
7 appropriations under s. 20.395 (2) (fb) and (fz).

8 (5) Grants awarded under this section may not exceed \$10,000,000 in the
9 1999-2001 biennium or in any subsequent fiscal biennium.

10 **SECTION 9. Effective date.**

11 (1) **HERITAGE TRUST PROGRAM.** The treatment of section 20.866 (1) (u) (by SECTION
12 6) of the statutes takes effect on July 1, 2001.

13 **(END)**

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

~~LRB-4579/P1dn~~

~~PEN:wlj:jf~~

~~February 25, 2000~~

Fix date

4580/p1dn

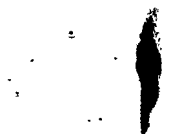
See the definition of full-time job under s. 71.07 (2dx) (a) 4., stats. Is this what you mean by "job"? Under the draft, "jobs" begin after the "project" is completed; how does this affect retention of existing jobs? See proposed s. 86.312 (2) (a) and (b) 1. Or does "beginning after the project is completed" refer to the one-year period? If so, the one-year requirement is substantive, not definitional, and should be relocated to the eligibility determinations section under proposed s. 86.312 (2) (b) 1.

Review the proposed definition of "local road" closely. I rewrote it to avoid the ambiguity in the definition of local road under s. 86.31 (1) (c), stats.

Do you want to define "improvement"? See s. 86.31 (1) (b), stats.

The local road improvement program (s. 86.31, stats.) reimburses cities and villages for costs incurred under contracts awarded to the lowest responsible bidder. Under this bill, grants may be paid before bids are solicited. Do you want to specify at what point in the planning or construction process grants are awarded, or on what information the amount of the award is based? I assume under the cost-share language in the draft that there will be a final accounting upon completion of the project and that the appropriate minimum local share will be determined after costs are known.

Paul E. Nilsen
Legislative Attorney
Phone: (608) 261-6926



**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4580/P1dn
PEN:wljjf

February 28, 2000

See the definition of full-time job under s. 71.07 (2dx) (a) 4., stats. Is this what you mean by "job"? Under the draft, "jobs" begin after the "project" is completed; how does this affect retention of existing jobs? See proposed s. 86.312 (2) (a) and (b) 1. Or does "beginning after the project is completed" refer to the one-year period? If so, the one-year requirement is substantive, not definitional, and should be relocated to the eligibility determinations section under proposed s. 86.312 (2) (b) 1.

Review the proposed definition of "local road" closely. I rewrote it to avoid the ambiguity in the definition of local road under s. 86.31 (1) (c), stats.

Do you want to define "improvement"? See s. 86.31 (1) (b), stats.

The local road improvement program (s. 86.31, stats.) reimburses cities and villages for costs incurred under contracts awarded to the lowest responsible bidder. Under this bill, grants may be paid before bids are solicited. Do you want to specify at what point in the planning or construction process grants are awarded, or on what information the amount of the award is based? I assume under the cost-share language in the draft that there will be a final accounting upon completion of the project and that the appropriate minimum local share will be determined after costs are known.

Paul E. Nilsen
Legislative Attorney
Phone: (608) 261-6926

2/28/00 4:25 pm
Conference call Matt (from Rep. Gard) and

Erin Peterson - "Paul Kent give you instructions yet?"

My Answer: no.

Paul Kent left message for me @ 4:25 (during call above)
My call to Paul Kent 4:30 pm 2/28

- 1) use "job" definition from 560.60 (10), STETS
- 2) use "local road" definition from s. 86.31 (1)(c),
problem with proposed s. 86.312 (1)(b) is that it
could be construed to include STH (by definition
of "street" instead of "street under local jurisdiction")
- 3) Restructure to expend Fed then GPR then bonds
(Note: this is consistent with written instructions)
(I also noticed PI included from GPR not requested)
- 4) Add language to proposed s. 86.312 (4)(a) to disregard
authority to expend FED or GPR for acquiring professional
plan design or engineer. Language in PI agreed to
with Paul Kent

Today, 2/29

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

Regen

1 AN ACT ~~to amend~~ 20.866 (1) (u); **to repeal and recreate 20.866** (1) (u); and to
2 **create 20.395 (2)** (fb), 20.395 (2) (fz), 20.395 (6) (af), 20.866 (2) (uwz) and 86.312
3 of the statutes; **relating to:** creating a grant program to improve local roads for
4 job ~~retention~~ ^{Preservation}, granting bonding authority and making appropriations.

Analysis by the Legislative Reference Bureau

~~This is a preliminary draft. An analysis will be provided in a later version.~~

insert
A

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

5 **SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
6 the following amounts for the purposes indicated:

1999-00 2000-01

20.395 Transportation, department of

(2) LOCAL TRANSPORTATION ASSISTANCE

(fb) Local roads for job preservation,

state funds

GPR C

-0- -10,000,000

SECTION 2. 20.395 (2) (fb) of the statutes is created to read:

20.395 (2) (fb) Local roads for job preservation, state funds. From the general fund, as a continuing appropriation, the amounts in the schedule for the purpose of the local roads for job preservation program under s. 86.312.

SECTION 3. 20.395 (2) (fz) of the statutes is created to read:

20.395 (2) (fz) Local roads for job preservation, federal funds. All moneys received from the federal government that are credited to this appropriation under s. 84.03 (2), for the purpose of the local roads for job preservation program under s. 86.312.

SECTION 4. 20.395 (6) (af) of the statutes is created to read:

20.395 (6) (af) Principal repayment and interest, local roads for job preservation, state funds. From the general fund, a sum sufficient to reimburse s. 20.866 (1) (u) for the payment of principal and interest costs incurred in financing the local roads for job ^{preservation} ~~retention~~ program under s. 86.312, and to make the payments determined by the building commission under s. 13.488 (1) (m) that are attributable to the proceeds of obligations incurred in financing the local roads for job ^{preservation} ~~retention~~ program under s. 86.312.

SECTION 5. 20.866 (1) (u) of the statutes, as affected by 1999 Wisconsin Act 9, section 628, is amended to read:

1 20.866 (1) (u) **Principal repayment and interest.** A sum sufficient from moneys
2 appropriated under sub. (2) (zp) and ss. 20.115 (2) (d) and (7) (b) and (f), 20.190 (1)
3 (c), (d), (i) and (j), 20.225 (1) (c), 20.245 (1) (e), (2) (e) and (j), (4) (e) and (5) (e), 20.250
4 (1) (e), 20.255 (1) (d), 20.275 (1) (er), (es), (h) and (hb), 20.285 (1) (d), (db), (fh), (ih),
5 (kd) and (km) and (5) (i), 20.320 (1) (c) and (t) and (2) (c), 20.370 (7) (aa), (ac), (ag),
6 (aq), (ar), (at), (au), (ba), (ca), (cb), (cc), (cd), (ce), (cf), (ea), (eq) and (er), 20.395 (6) (af),
7 (aq) and (ar), 20.410 (1) (e), (ec) and (ko) and (3) (e), 20.435 (2) (ee) and (6) (e), 20.465
8 (1) (d), 20.485 (1) (f) and (go), (3) (t) and (4) (qm), 20.505 (5) (c), (g) and (kc), 20.855
9 (8) (a) and 20.867 (1) (a) and (b) and (3) (a), (b), (bp), (br), (g), (h), (i) and (q) for the
10 payment of principal and interest on public debt contracted under subchs. I and IV
11 of ch. 18.

12 **SECTION 6.** 20.866 (1) (u) of the statutes, as affected by 1999 Wisconsin Act 9,
13 section 628b, and 1999 Wisconsin Act (this act), is repealed and recreated to read:

14 20.866 (1) (u) **Principal repayment and interest.** A sum sufficient from moneys
15 appropriated under sub. (2) (zp) and ss. 20.115 (2) (d) and (7) (b) and (f), 20.190 (1)
16 (c), (d), (i) and (j), 20.225 (1) (c), 20.245 (1) (e), (2) (e) and (j), (4) (e) and (5) (e), 20.250
17 (1) (e), 20.255 (1) (d), 20.275 (1) (er), (es), (h) and (hb), 20.285 (1) (d), (db), (fh), (ih),
18 (kd) and (km) and (5) (i), 20.320 (1) (c) and (t) and (2) (c), 20.370 (7) (aa), (ac), (ag),
19 (aq), (ar), (at), (ba), (ca), (cb), (cc), (cd), (ce), (cf), (ea), (eq) and (er), 20.395 (6) (af), (aq)
20 and (ar), 20.410 (1) (e), (ec) and (ko) and (3) (e), 20.435 (2) (ee) and (6) (e), 20.465 (1)
21 (d), 20.485 (1) (f) and (go), (3) (t) and (4) (qm), 20.505 (5) (c), (g) and (kc), 20.855 (8)
22 (a) and 20.867 (1) (a) and (b) and (3) (a), (b), (bp), (br), (g), (h), (i) and (q) for the
23 payment of principal and interest on public debt contracted under subchs. I and IV
24 of ch. 18.

25 **SECTION 7.** 20.866 (2) (uwz) of the statutes is created to read:

1 20.866 (2) (uwz) *Transportation; local roads for job preservation, state funds.*

2 From the capital improvement fund, a sum sufficient for the department of
3 transportation to award grants under s. 86.312. The state may contract public debt
4 in an amount not to exceed \$10,000,000 for this purpose.

5 SECTION 8. 86.312 of the statutes is created to read:

6 **86.312 Local roads for job preservation program. (1)** In this section:

7 (a) "Job" means an employment position providing full-time equivalent
8 employment ~~for one individual for one year beginning after a project is completed~~

9 "Job" does not include initial training before an employment position begins.

10 (b) "Local road" means any street, as defined in s. 340.01 (64), any county trunk
11 highway and any town road.

insec
4-1

12 (c) "Political subdivision" means any city, village, town or county.

13 (d) "Population" means the number of inhabitants in the previous year
14 determined by the department of administration under s. 16.96 (2) for purposes of
15 revenue sharing distribution.

16 (e) "Project" means the development, construction, repair or improvement of
17 a local road.

18 **(2) (a)** The department shall administer a local roads for job preservation
19 program to award grants to political subdivisions for any project that the department
20 determines is necessary to support business and retain jobs in the vicinity of the local
21 road. The department may award grants under this section for any costs related to
22 a project, including costs of acquiring rights-of-way, planning, designing,
23 engineering and constructing a local road.

1 (b) The department may, upon application, award a grant to any political
2 subdivision under this section for a project if the secretary determines all of the
3 following:

4 1. That if the project is not completed, the political subdivision could lose a
5 number of jobs equal to or greater than 5% of the population of the political
6 subdivision, or that the project is necessary to retain jobs of one or more employer
7 who employs at least 5% of the work force residing in the political subdivision.

8 2. That the political subdivision will provide the local share required under sub.
9 (3).

10 (3) Each political subdivision that receives a grant under this section shall
11 provide a local contribution toward the costs of the project in an amount equal to at
12 least 20% of the cost of the project.

13 (4) (a) Except as provided in this subsection, grants under this section may be
14 paid from the appropriations under ss. 20.395 (2) (fb) and (fz) and 20.866 (2) (uwz).
15 Notwithstanding par. (b) ~~and regardless of the availability of any unencumbered~~
16 ~~funds in the appropriations under s. 20.395 (2) (fb) or (fz),~~ the department may pay
17 from the appropriation under s. 20.866 (2) (uwz) that portion of a grant that is
18 intended to be used to acquire rights-of-way or to plan, design, engineer or ~~construct~~
19 a project.

20 (b) 1. Except as provided in subds. 2. and 3., the portion of any grant awarded
21 under this section for local road construction shall be paid from the appropriation
22 under s. 20.395 (2) ~~uwz~~ (fz)

23 2. Except as provided in subd. 3., if the portion of any grant awarded under this
24 section for local road construction exceeds the amount of unencumbered funds under
25 s. 20.395 (2) ~~uwz~~ (fz), the department shall pay from the appropriation under s. 20.395

for/of the authority, to expend moneys from the appropriations under s. 20.395 (2) (fb) or (fz) to acquire rights-of-way, or to plan, design or engineer a project,

① (2) ~~(fa)~~ ^(fb) the amount by which that portion exceeds the unencumbered funds available
 ② in the appropriations under s. 20.395 (2) ~~(fa)~~ ^(fz).

3 3. If the portion of any grant awarded under this section for local road
 4 construction exceeds the amount of unencumbered funds under s. 20.395 (2) (fb) and
 5 (fz), the department shall pay from the appropriation under s. 20.866 (2) (uwz) the
 6 amount by which that portion exceeds the unencumbered funds available in the
 7 appropriations under s. 20.395 (2) (fb) and (fz).

⑧ ^⑥ ~~(b)~~ ^{The sum of} grants awarded under this section may not exceed \$10,000,000 ~~in the~~
 9 ~~1999-2001 biennium or in any subsequent fiscal biennium.~~

SECTION 9. Effective date.

11 (1) ~~HERITAGE TRUST PROGRAM~~ The treatment of section 20.866 (1) (u) (by SECTION
 12 6) of the statutes takes effect on July 1, 2001.

(END)

⑧
 (5) Costs incurred by a city, village, town or
 county for a project awarded under this section
 are not eligible for reimbursement under
 s. 86.31.

1999-2000 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4580/lins
PEN.....

inseq ↓
4-11

(b) "Local roads" means streets under the authority of cities or villages, county trunk highways or town roads.

SECTION 1. 560.60 (10) of the statutes is amended to read:

560.60 (10) "Job" means a position providing full-time equivalent employment. "Job" does not include initial training before an employment position begins.

History: 1987 a. 27, 399; 1989 a. 31; 1991 a. 39; 1993 a. 16, 232; 1995 a. 27, 201; 1997 a. 27, 79; 1999 a. 9

inseq ↑

Under current law, the department of transportation (DOT) administers a transportation facilities economic assistance and development program. Under that program, DOT awards grants from the segregated transportation fund to cities, villages, towns, counties, regional planning commissions and transit commissions for the construction or improvement of roads, runways, harbors or railways that is part of a business development that directly and significantly increases the number of jobs in this state. DOT awards the grants after considering, among other things, whether the project is a justified transportation need and serves a public purpose; the ratio of the project's cost to the number of jobs created; whether the local unit of government will contribute 50% of the cost of the project; ~~that~~^{the} statewide economic impact of the project, and the employment rate of the area served by the project. In general, the amount of the grant is the lesser of 50% of the cost of the project, or \$5,000 per job created. In the 1999-2001 fiscal biennium, \$7,000,000 of state segregated transportation revenues are available for grants under the program.

Also under current law, DOT administers a local roads improvement program to reimburse cities, villages, towns and counties, for up to 50% of eligible costs of local road improvements (construction projects for highways having a projected design life of at least ~~10~~^{ten} years and feasibility studies for such highways). In the 1999-2001 fiscal biennium, \$41,312,400 of state segregated transportation revenues are available for reimbursement under the program, of which 28.5% (\$11,774,034) is reserved for city and village street improvements.

This bill creates a local roads for job preservation grant program. Under the program, DOT may award grants to any city, village, town or county for the development, construction, repair or improvement of a local road that DOT determines is necessary to support business and to retain jobs in the vicinity of the local road. A project is eligible for a grant if the secretary of transportation determines that unless the project is completed, the political subdivision could lose a number of jobs equal to or greater than 5% of the population of the political subdivision, or that the project is necessary to retain any number of jobs of one or more employer ~~who~~^{that} employs at least 5% of the work force residing in the political subdivision. The grants may pay for any costs relating to such a project, including costs of acquiring rights-of-way, and to plan, design, engineer and construct a local

↓

road. A "local road" is any street under the authority of^a city or village, and any county trunk highway or town road. DOT may award not more than \$10,000,000 under the program. The bill requires the city, village, town or county to pay at least 20% of the total cost of the project.

The bill authorizes the state to issue general obligation bonds to provide up to \$10,000,000 in state moneys, repaid from the general fund. The bill requires that any grant awarded under the program be paid first from available federal moneys allocated by DOT and approved by the joint committee on finance, or allocated by the joint committee on finance, for that purpose. If the amount of available federal moneys is insufficient to pay the award, the remainder of the award is paid from an appropriation in the general fund. If the amount of available federal moneys and general purpose revenues is insufficient to pay the award, the remainder of the award may be paid with the proceeds of general obligation bonds. This bill appropriates no federal moneys or general purpose revenue for paying grants awarded under the program (other than authorizing the use of general purpose revenues to repay principal and interest on any general obligation bonds). Under the bill, that portion of any award for^{note 4f} acquiring rights-of-way or for planning, designing and engineering, may be paid immediately from bond proceeds, regardless of the availability of any federal moneys or general purpose revenues available for these activities.

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

(end insert)

4580/1 dn

Representative Card,

Messrs. Eric Petersen and Paul Kent provided drafting instructions for this draft. This draft differs from LRB-4580/P1 as follows:

¶ 1. The definition of "local road" is based on s. 86.31 (1) (c). ^{now}

¶ 2. The definition of "job" is the same as s. 560.60 (10), Stats. See 1999 Wisconsin Act 9, section 2985. ^{now}

3. Moneys are ^{now} expended first from the federal funds appropriation (s. 20.395 (2) (f7)), then from GPR state funds (s. 20.395 (2) (f6)), then from general obligation bond proceeds (s. 20.866 (2) (aw7)).

¶ 4. Under this draft, "construction" costs may not be paid from general obligation bond proceeds, unless

federal funds or GPR funds are unavailable. See
the treatment of proposed s. 86.312(4)(a).

¶ 5. The draft ^{now} does not appropriate \$10,000,000 GPR
for the program. This is consistent with the
written instructions originally submitted.

¶ 6. The draft ^{now} establishes a program limit
of \$10,000,000. No grants may be awarded
after grants totalling \$10,000,000 have been awarded.

¶ 7. I made costs ^{incurred} for local road projects awarded
grants under the program ineligible for
reimbursement under the local roads improvement
program. OK?

¶ The administrators of this program must
be mindful of article VIII, section 7(2)(a)1. of the
Wisconsin Constitution, which authorizes bonding proceeds to be
expended on capital projects. Proposed s. 86.312(4)(a), if badly
administered, might be unconstitutional to the extent that bond proceeds
pay only for planning and engineering ^{not} part of a capital project
-PEN.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4580/1dn
PEN:wlj:jf

February 29, 2000

Representative Gard:

Messrs. Eric Petersen and Paul Kent provided drafting instructions for this draft. This draft differs from LRB-4580/P1 as follows:

1. The definition of "local road" is now based on s. 86.31 (1) (c).
 2. The definition of "job" is now the same as s. 560.60 (10), stats. See 1999 Wisconsin Act 9, section 2985.
 3. Moneys are now expended first from the federal funds appropriation (s. 20.395 (2) (fz)), then from GPR state funds (s. 20.395 (2) (fb)), then from general obligation bond proceeds (s. 20.866 (2) (uwz)).
 4. Under this draft, "construction" costs may not be paid from general obligation bond proceeds, unless federal funds or GPR funds are unavailable. See the treatment of proposed s. 86.312 (4) (a).
 5. The draft now does not appropriate \$10,000,000 GPR for the program. This is consistent with the written instructions originally submitted.
 6. The draft now establishes a program limit of \$10,000,000. No grants may be awarded after grants totalling \$10,000,000 have been awarded.
 7. I made costs incurred for local road projects awarded grants under the program ineligible for reimbursement under the local roads improvement program. OK?
- The administrators of this program must be mindful of article VIII, section 7 (2) (a) **i.** of the Wisconsin Constitution, which authorizes bonding proceeds to be expended on capital projects. Proposed s. 86.312 (4) (a), if badly administered, might be unconstitutional to the extent that bond proceeds pay only for planning and engineering not part of a capital project.

Paul E. Nilsen
Legislative Attorney
Phone: (608) 261-6926