

1999 DRAFTING REQUEST

Bill

Received: **02/09/2000**

Received By: **kahlepj**

Wanted: **As time permits**

Identical to LRB:

For: **Brian Burke (608) 266-8535**

By/Representing: **Barry Ashenfelter**

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

Drafter: **kahlepj**

May Contact:

Alt. Drafters:

Subject: **Econ. Development - bus. dev.
Econ. Development - misc.**

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Extend life of development zones under community development zone program

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>Required</u>
/?	kahlepj 02/10/2000	jgeller 02/10/2000		_____			State
/1			jfrantze 02/11/2000	_____	lrb_docadmin 02/11/2000	lrb_docadmin 02/17/2000	

FE Sent For:

↪ 03-03-00

<END>

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1/?	kahlepj	1 2/10 jcg	2/2/10	2/10 ch			

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<END>

LEGISLATIVE REFERENCE BUREAU

Legal Section, 5th Floor, 100 N. Hamilton St.
 (608) 266-3561

BILL REQUEST FORM

PSK

Use of this form is optional. It is often helpful to talk directly with the LRB attorney who will draft the bill.
 Use this form only for **BILL** drafts. Attach more pages if necessary.

Date of request: 2-9-00	Legislator or agency requesting this draft: SEN. BURKE
Name/phone number of person submitting request: BARRY ASHENFELTER — 6-8535	
Persons to contact for questions about this draft (names and phone numbers please): BARRY 6-8535	
Describe the problem, including any helpful examples. How do you want to solve the problem? WANT TO EXTEND STATUTORY LIFE OF EXISTING COMMUNITY DEVELOPMENT ZONES. (SEE ATTACHED MEMO). [I BELIEVE REP. HUTCHISON IS ASKING FOR AN IDENTICAL DRAFT.]	
If you know of any statute sections that might be affected, please list them or provide a marked (not re-typed) copy.	

Please attach a copy of any correspondence or material that may help us. You may also attach a marked (not re-typed) copy of any LRB draft, or provide its number (e.g., 1997 LRB-2345/1 or 1995 AB-67):

Requests are confidential unless stated otherwise.

May we tell others that we are working on this for you? YES NO

If yes, anyone who asks? YES NO

Any legislator? YES NO ONLY the following persons:

Do you consider this urgent? YES NO If yes, please indicate why:

Is this request of higher priority than other pending request(s) you have made?

YES NO If yes, please sign your name here:

Wisconsin Community Development Zone Program

Legislation to Extend Life of Zones

Proposal

Through a statutory change, increase the life of the existing 20 Community Development Zones, and any future zones, to twenty years with one five year renewal if the zone continues to meet certain distress criteria. The current designation is for seven years with five one-year renewals. This proposal will have no fiscal effect, since the program currently has a tax credit allocation that is adequate to cover the increased life.

Issue

The eight original community development zones in Beloit, Iron County, Manitowoc, Milwaukee, Racine, Stockbridge-Munsee, Sturgeon Bay, and Superior are due to expire on September 13, 2001 and will no longer be able to certify businesses after September 2000. Although progress has been made in the past 10 years, these areas are still economically distressed and need to retain the CDZ program as an economic development tool.

Background

The Community Development Zone Program (CDZ) is a performance based tax credit program that encourages private investment and improves both the quality and quantity of employment opportunities. The program allocates job related tax credits to businesses in needy areas of the state. Tax credits are also available for a portion of brownfield clean up costs.

The Community Development Zone Program began with the designation of eight development zones in 1989 and has since expanded to 20 CDZs throughout Wisconsin. Commerce has the authority to designate 2 additional zones. An area must meet statutory distress criteria in order to be designated by the Department of Commerce or renewed as a development zone. CDZs generally have high unemployment rates, declining property values, plant closings or significant layoffs, and low household income. They tend to be the most distressed areas of the state.

Although economic conditions have improved, these zones continue to be among the most distressed areas of the state. In addition, they must compete with bordering states offering 20+ year enterprise zones, renaissance zones, and property tax abatements.

CDZ Performance

Since 1989, the CDZ program has created over 8,800 new jobs, over half of which have gone to target group members, including former welfare recipients, dislocated workers, and disadvantaged youth.

- ★ 8,845 New jobs created
- ★ 4,024 Target group hires
- ★ \$8.82 per hour average starting wage
- ★ \$500 Million dollars private investment
- ★ 443 Certified businesses
- ★ \$55,000 average tax credit per business



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-4523/1
PJK...:.....

JG

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

per cat

1 AN ACT ~~relating to~~; relating to: duration of designation of area as development zone. ✓

Analysis by the Legislative Reference Bureau (department)

The department of commerce administers the development zone program. Generally, after the department designates an area as a development zone, a person or corporation that conducts or intends to conduct economic activity in the area designated as a development zone may be certified by the department as eligible for certain tax credits. When the department designates an area as a development zone, the department allocates to that development zone a portion of \$38,155,000, which is the total amount of tax credits that may be claimed under the program.

Under current law, an area's designation as a development zone is effective for seven years, with the possibility of up to five one-year extensions. The department may withdraw an area's designation during that time, however, for various reasons that are specified in the statutes, and an area's designation expires before that time if the tax credits allocated to the development zone are used up. This bill extends the time for which an area's designation as a development zone is effective to 20 years, with the possibility of one five-year renewal. The reasons for withdrawing an area's designation are not changed, and the total amount of tax credits that may be claimed under the program is not changed.

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:

X

1 SECTION 1. 560.745 (1) (a) of the statutes is amended to read:

2 560.745 (1) (a) The designation of an area as a development zone shall be
3 effective for ~~84~~ [✓]240 months, beginning on the day the department notifies the local
4 governing body under s. 560.725 (3) of the designation.

5 History: 1987 a. 328; 1989 a. 31, 336; 1993 a. 16; 1995 a. 209; 1997 a. 27, 103; 1999 a. 9.

5 SECTION 2. 560.745 (1) (b) of the statutes is amended to read:

6 560.745 (1) (b) The local governing body may apply to the department for up
7 to ~~5 12-month extensions~~ [✓]one 60-month extension of the designation. The
8 department shall promulgate rules establishing criteria for approving an extension
9 of a designation of an area as a development zone under this subsection.

10 History: 1987 a. 328; 1989 a. 31, 336; 1993 a. 16; 1995 a. 209; 1997 a. 27, 103; 1999 a. 9.

10 SECTION 3. 560.745 (1) (c) of the statutes is created to read:

Paragraphs

11 560.745 (1) (c) ~~Para~~ (a) and (b) apply to designations of areas as development
12 zones that are in effect on the effective date of this paragraph [✓].... [revisor inserts
13 date], or that are made on or after the effective date of this paragraph [revisor
14 inserts date].

15 (END)

**SUBMITTAL
FORM**

**LEGISLATIVE REFERENCE BUREAU
Legal Section Telephone: 266-3561
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and sign on the appropriate line(s) below.

Date: 02/11/2000

To: Senator Burke

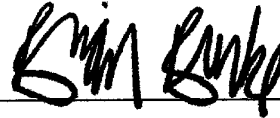
Relating to LRB drafting number: LRB-4523

Topic

Extend life of development zones under community development zone program

Subject(s)

Econ. Development - bus. dev., Econ. Development - misc.



1. **JACKET** the draft for introduction _____

in the **Senate** ____ or the **Assembly** ____ (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT**. See the changes indicated or attached _____.

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction _____.

If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Pamela J. Kahler, Senior Legislative Attorney
Telephone: (608) 266-2682