

2003 DRAFTING REQUEST

Bill

Received: **11/03/2003**

Received By: **pgrant**

Wanted: **As time permits**

Identical to LRB:

For: **Joseph Leibham (608) 266-2056**

By/Representing: **Brett Davis**

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

Drafter: **pgrant**

May Contact:

Addl. Drafters: **rmarchan
mshovers**

Subject: **Higher Education - tech. college
Tax - miscellaneous
Econ. Development - misc.**

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Leibham@legis.state.wi.us** ✓

Carbon copy (CC:) to: **bpdake@mbf-law.com** ✓
robert.marchant@legis.state.wi.us ✓
crtaylor@mbf-law.com ✓

Pre Topic:

No specific pre topic given

Topic:

Issuance of bonds by technical college districts for job creation

Instructions:

See Attached

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Handwritten notes:
12/11/03 PC
12/11/03 PS/LE

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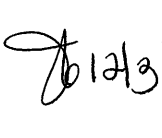

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FE Sent For:

<END>

Grant, Peter

From: Davis, Brett
Sent: Friday, October 31, 2003 9:48 AM
To: Grant, Peter
Subject: Worker Retraining bill draft request: high priority requested

6-2056

Importance: High

Peter -

Senator Leibham is working on a proposal, along with Senator Stepp and the Wisconsin Technical College System (WTCS), to enhance Wisconsin's current worker retraining system. The idea that the Senator would like drafted is far more limited than what the WTCS offered in the attached proposals below. Specifically, the Senator is asking to have a bill drafted that allows the Technical College System the authority to bond for training dollars to assist companies that create new jobs in our state. The new money the state receives in income tax as a result of these new jobs will be used to pay off the bonds. This will ensure the proposal has no fiscal effect on the state.

The Senate Republicans and the Administration will be working on a compromise on the worker retraining issue. This bill will be a top priority as those discussions move forward, likely late next week.

I will call you shortly to discuss to see if you have any immediate questions or concerns. Thank you very much for your help in drafting this bill.

Sincerely,

Brett Davis
Office of State Senator Joe Leibham
9th Senate District



Accepted

Changes-Wisconsin Adv...



Tracked Chgs

Accepted Briefing...

THE WISCONSIN ADVANTAGE PROGRAM

The Wisconsin Advantage Program is designed to utilize the resources of the Wisconsin Technical College System to assist with the economic advancement of Wisconsin by providing enhanced service to private businesses in order to retain and attract new jobs across the technical college districts. The aim of the Wisconsin Advantage Program is to empower technical college district boards to utilize innovative means to finance such training and services and employ different structures to achieve Program goals.

I. "Necessary or Convenient" Authority

Currently, Chapter 38 of the Wisconsin Statutes does not provide authority to either the Technical College System Board or the district boards to use such means as are "necessary or convenient" to achieve statutory goals. Both the UW System (see Wis. Stat. § 36.09(1)(L)) and certain municipalities (see § 62.11(5) for cities, for example) have such powers to supplement specific statutory grants of authority. Sections 1 and 2 of the legislation are designed to provide the System Board and the district boards, respectively, with such "necessary or convenient" powers. This will allow flexibility in the method by which the district boards accomplish statutory goals.

II. Contracting with Certain Corporations/Establishing Certain Corporations to Achieve Goals.

As part of ensuring that district boards may undertake a variety of arrangements with private-sector entities to further Wisconsin Advantage Program goals, the district boards need flexibility to contract with third-party entities as part of service delivery or to support the district boards' operations or management objectives. Section 3 of the legislation grants the district boards authority similar to that given the State Fair Park Board (See Wis. Stat. § 42.01(4)(a)). Section 4 of the legislation specifically authorizes district boards to contract with nonstock, nonprofit corporations (such as economic development corporations) in delivering the services contemplated by the Wisconsin Advantage Program.

III. Bonding Authority for Program Costs

Section 4 of the legislation is intended to create express bonding authority for the district boards to finance training programs related to retention and attraction of new jobs created by such training. Under the legislation, district boards would be empowered to issue bonds to finance Wisconsin Advantage Program costs. The principal and interest on such bonds would be satisfied through district funds or training fees or through the segregation of a certain percentage of participating employees' income tax withholdings, collected by the participating employer, and having such amounts segregated directed to the district board which incurred the expense for training the participating employee. Neither employer nor employee would be subject to an increase in tax liability. The Department of Revenue would credit the employees' and employer's withholdings for the amount paid to the district board under the Wisconsin Advantage Program.

Ray T. Rava

SECTION 1

§ 38.04(32) of the statutes is created to read as follows:

The board shall possess all powers necessary or convenient for the operation of the technical college system except as expressly limited in this chapter.

SECTION 2

§ 38.14(15) of the statutes is created to read as follows:

The district board shall possess all powers necessary or convenient for the operation of the district except as expressly limited in this chapter or by rule, resolution or policy of the board.

SECTION 3

§ 38.14(16) of the statutes is created to read as follows:

The district board may organize one or more nonstock corporations under ch. 181 for the purposes of raising funds and providing support for the operation or management of the district.

SECTION 4

§ 38.14(17) of the statutes is created to read as follows:

The district board may contract with one or more nonstock corporations organized under ch. 181 for the purpose of carrying out any duty or power vested in a district board by this chapter.

SECTION 5

§ 38.39 of the statutes is created to read as follows:

(1) DEFINITIONS. In this section:

1. "Wisconsin Advantage Program" or "Program" means a project established by a district board for the creation of jobs by a business by providing education and training for workers for new jobs for new or expanding businesses in the area served by the district board.
2. "Project" means a training arrangement which is the subject of an agreement entered into by the district board and an employer to provide program services.

3. "Program Services" includes, but is not limited to, the following:
 - a. Customized training for jobs created by a business
 - b. Adult basic education and job-related instruction
 - c. Vocational and skill-assessment services and testing
 - d. Training facilities, equipment, materials, and supplies
 - e. On-the-job training
 - f. Administrative expenses for the Wisconsin Advantage Program
 - g. Subcontracted services with other governmental agencies
 - h. Contract or professional services
 - i. Issuance of bonds
4. "Program Costs" means all necessary and incidental costs of providing program services.
5. "Employer" means a person providing new jobs in an area served by the district board and who enters into an agreement with the district board as provided in this section.
6. "Employee" means a person employed in a new job.
7. "Agreement" means an agreement between an employer and a district board concerning a project provided under this section.
8. "Wisconsin Advantage Program Credit from Withholding" means the credit provided in subsection 3.

9. "Date of Commencement of the Project" means the date of an agreement.
10. "Bonds" means the Wisconsin Advantage Program bonds issued pursuant to subsection 4.
11. "Business" means a business engaged in interstate or intrastate commerce, for the purpose of manufacturing, processing, or assembling products, conducting research and development, or providing services in interstate or intrastate commerce. "Businesses" does not include a business which closes or substantially reduces its operation in one area of the state and relocates substantially the same operation in another area of the state.
12. "Job" means a job created in a new or expanding business located in this state, but does not include jobs of recalled workers, replacement jobs, or other jobs that formerly existed in this state.

(2) AGREEMENT.

A district board may enter into one or more agreement(s) to establish one or more project(s), with the approval of the board or designee. If a district board and an employer enter into an agreement, both the district board and the employer shall notify the Department of Revenue and file a copy of the agreement with the Department of Revenue within 30 days of the execution of the agreement. An agreement under the subsection may provide, but is not limited to provisions that:

1. Program costs, including any deferred costs, may be paid from one or a combination of the following sources:
 - a. Wisconsin Advantage Program credit from withholding to be received or derived from new employment resulting from the project;
 - b. Special charges assessed by the district board on an employer to defray program costs in whole or in part;
 - c. Funds held by the district;
 - d. A guarantee of payments to be received under this subsection; or

- e. Funds provided by the department of commerce under ch. 560.
2. Payment of program costs shall not be deferred for a period longer than seven years from the date of commencement of a project.
3. A provision which fixes the minimum amount of the Wisconsin Advantage Program credit from withholding or special charges which shall be paid for program costs.
4. Any payments required to be made by an employer are a lien upon the employer's business property until paid. Property subject to the lien may be sold for sums due in delinquent tax sale, with the same forfeitures, penalties and consequences as for nonpayment of ordinary taxes. A purchase or added tax sale obtains the property subject to the remaining payments.

(3) WISCONSIN ADVANTAGE PROGRAM CREDIT FROM WITHHOLDING.

An agreement may provide that all or part of program costs may be met by receipt of the Wisconsin Advantage Program credit from withholding as follows:

1. The Wisconsin Advantage Program for withholding shall be based upon wages paid to the employees in the new jobs.
2. An amount equal to one and one-half percent of the gross wages paid by the employer to each employee participating in a project shall be credited from the payment made by the employer pursuant to § [insert income tax withholding provision]. If the amount of withholding by the employer is less than one and one-half percent of the gross wages paid to the employees covered by an agreement, then the employer shall receive a credit against other withholding taxes due by the employer. The employer shall remit the amount of the credit quarterly, in the same manner as withholding payments are reported to the Department of Revenue, to the district board to be allocated to and when collected paid into a special fund of the district board to pay the principal of and interest on the bonds issued by the district board to finance or refinance, in whole or in part,

the project. When the principal and interest on the bonds have been paid, the employer credits shall terminate and any money received after the bonds have been paid shall be remitted to the Department of Revenue to be deposited in the general fund.

3. The Wisconsin Advantage Program credit from withholding and the special fund into which it is paid may be irrevocably pledged by the district board for the payment of the principal and interest on the bonds issued by the district board to finance or refinance, in whole or in part, the project.
4. The employer shall certify to the Department of Revenue that the credit and withholding is in accordance with an agreement and shall provide other information the Department may require.
5. The district board shall certify to the Department of Revenue the amount of the Wisconsin Advantage Program credit from withholding an employer has remitted to the special fund created by the district board and shall provide other information the Department of Revenue may require.
6. An employer participating in a project will receive full credit for the amount withheld as provided in [income tax withholding provision].

(4) BONDS

To provide funds for payment of the costs of the Wisconsin Advantage Program, a district board may borrow money at issue and sell bonds payable from a sufficient portion of future receipts of payments authorized by an agreement. The receipt shall be pledged to the payment of principal of and interest on the bonds.

1. Bonds may be issued as provided in Chapter 64.
2. Bonds may be issued with respect to a single project or multiple projects and may contain terms or conditions as the district board may provide by resolution authorizing the issuance of such bonds. Bonds issued to refund other bonds issued under this section may be sold at a public or private sale with proceeds from the sale to be used for the payment of the bonds being refunded. The refunding bonds may be exchanged in payment and discharge of the bonds

being refunded, in installments at different times or an entire issue or series at one time. Refunding bonds may be sold or exchanged at any time on, before, or after the maturity of the outstanding bonds to be refunded, may be issued for the purpose of refunding a like, greater or lesser principal amount of bonds and may bear a higher, lower, or equivalent rate of interest than the bonds being renewed or refunded.

SECTION 6

§ 560.03(24) of the statutes is created to read as follows:

In its discretion, provide funds upon application of any technical college district board under s. 38.39 or 560.605(1m).

SECTION 7

§ 560.605(1m) of the statutes is created to read as follows:

Notwithstanding any other provision of this section, an application by an eligible recipient for a project under s. 560.63 [customized labor training grants and loans] shall first be submitted through the wisconsin technical college district board or designee for the area where the proposed training program will occur. The technical college district board shall determine whether the technical college in that area can provide the training contemplated by the application. If the technical college district board determines that the training contemplated by the application can be undertaken by the technical college in the area where the proposed training will occur, the technical college district board shall send the application with such a determination to the department of commerce. If the department of commerce determines that it will make funds available for such an application, such funds will be paid to the technical college district that has made such a determination. Both the technical college district board and the department of commerce shall make the determinations contemplated in this subsection by using the criteria established in ss. 560.605 and 560.63. In the event the technical college district board determines that it cannot or will not provide the training that is the subject of an application under this subsection, it shall make such a determination and inform the department of commerce of such determination and the department of commerce may determine whether or not it will provide funds for such an application utilizing the criteria under ss. 560.605 and 560.63.

11/3/03

Leibham / Brett Davis

(cities issue ~~new~~ bonds
→ no net req'd

→ \$ to firms

jobs located at a facility w/in district

if don't produce at least 100 jobs,
must pay back \$

(Commerce certifies whether ^{jobs} created or not

DOR calculates ^{the additional} JAR-tax —

& that \$ transference to dial
[sum diff from GPR]

2003

Date (time) needed

Thurs.
AM

LRB - 3625 / 1

BILL

PG & RJSMS MES: kjf:

Use the appropriate components and routines developed for bills.

AN ACT ... [generate catalog] *to repeal ... ; to renumber ... ; to consolidate and renumber ... ; to renumber and amend ... ; to consolidate, renumber and amend ... ; to amend ... ; to repeal and recreate ... ; and to create ...* of the

statutes; relating to: *authorizing technical college districts to providing services and facilities to businesses, and granting rule-making authority, and making an appropriation.*

borrow purpose of for the

[NOTE: See section 4.02 (2) (br), Drafting Manual, for specific order of standard phrases.]

Analysis by the Legislative Reference Bureau

If titles are needed in the analysis, in the component bar:

For the main heading, execute: create → anal: → title: → head

For the subheading, execute: create → anal: → title: → sub

For the sub-subheading, execute: create → anal: → title: → sub-sub

For the analysis text, in the component bar:

For the text paragraph, execute: create → anal: → text

(attached)

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

SECTION #.

53

Analysis

with the approval of the state technical college system board

This bill authorizes a technical college board to enter into a district board to contract with a business to

~~under which the district~~ provide job training, ^{basic} adult basic education, ^{vocational} vocational and

professional services, and training facilities, equipment, and material to the business. The

bill allows the district to issue bonds, without a referendum, to finance the costs of providing these

services and materials. ^{receiving these services and materials}

Under the bill, if a business does not create ^{at least} 100 full-time equivalent jobs in the district within the period specified in the contract,

the business must ^{reimburse} the district for the costs of providing the services and materials.

INS
AML-MES

SEC. [✓] SR. 20.292 (1) (cm)

20.292 (1) (cm) ^{cn} Services ^{provided} to businesses ^I

^{Not} A sum sufficient equal to the total of the amounts determined by the department of revenue under [✓] s. 73.03 (61) for the costs of [✓] the services provided to businesses under s. 38.39.

as affected by 2003 Wisconsin Act 33,

Section #. 38.28 (1m) (a) 1. of the statutes is amended to read:

38.28 (1m) (a) 1. "District aidable cost" means the annual cost of operating a technical college district, including debt service charges for district bonds and promissory notes for building programs or capital equipment, but excluding all expenditures relating to auxiliary enterprises and community service programs, all expenditures funded by or reimbursed with federal revenues, all receipts under sub. (6) and ss. 38.12 (9), 38.14 (3) and (9), 118.15 (2) (a), 118.55 (7r), and 146.55 (5), all receipts from grants awarded under ss. 38.04 (8), (20), (28), and (31), 38.14 (11), 38.26, 38.27, 38.33, and 38.38, all fees collected under s. 38.24, and driver education and chauffeur training aids.

History: 1971 c. 154, 211; 1973 c. 90; 1975 c. 39, 224; 1977 c. 29, 418; 1979 c. 34, 221; 1981 c. 20, 269; 1983 a. 27; 1985 a. 29; 1985 a. 332 s. 251 (3); 1987 a. 27, 399; 1989 a. 31, 102, 336; 1991 a. 39, 322; 1993 a. 16, 377, 399, 437; 1995 a. 27 ss. 1812, 9145 (1); 1995 a. 225; 1997 a. 27, 237; 1999 a. 9, 185; 2001 a. 16, 109; 2003 a. 33.

am 38.39

✓
SEC. CR; 38.39

38.39 Job creation contracts. ^(B)

(B) With the approval of the board,

(1) a district board may ~~enter into a~~ contract

~~agreement~~ with a ~~person who employs individuals~~
business

in the district to provide the ~~person~~ business with one

or more of the following ~~services~~:

(a) Training for jobs created by the

business.

(b) Adult ^{basic} education.

(c) Vocational and skill-assessment services.

(d) Training facilities, equipment, and

material.

(e) Professional services.

(2) The ^{contract} agreement shall specify

the ~~district board's~~ costs to the district board of fulfilling its obligations under the contract and

the obligations of the ~~corp~~ business under sub. (3).

(3) If the business does not create at

least 100 full-time equivalent jobs ~~at least~~

in the district within the period specified in

the contract, as determined by the department

of commerce under s. 560.03(24), the business

shall pay the district board ~~the~~ an amount

equal to the ^{district board's} costs incurred by the district

~~board~~ under the contract of fulfilling its obligations

under the

contract.

(B)

(4) Annually the board shall pay to the district board from the appropriation under

s. w. 292 (1) ^{GN} ~~(1)~~, an amount equal to
calculated for that district
the amount ~~determined~~ by the department of
revenue under s. 73.03 ⁶¹ ~~(1)~~.

(5) The board shall promulgate rules to implement and administer this section.

SEC. CR. 67.04 (2)(c)

67.04 (2)(c) Subject to the limitations

specified in s. 67.03, a technical college

district may borrow money and issue bonds
to finance the cost of ^{fulfilling its} services ~~provided by~~ ^{it}
entered into

a contract under s. 38.39.

~~SEC. CR. 67.05 (6M)~~

SEC. RN, 67.05 (7)(k)[✓]; 67.05 (7)(k)1.

SEC. CR. 67.05 (7)(k)2.

67.05 (7)(k)2. Subsection (6m) does

not apply to an initial resolution adopted by

a technical college district board to ~~borrow money or~~

issue bonds to finance the costs of ^{fulfilling its} ~~service~~

obligations under a ^{entered into} ~~provided by~~ contract ^{under s. 38.39}.

INS MES-A

✓ #25
SEC 7. CF; 560.03(24):

560.03 (B)

560.03(24) Promulgate rules for determining the number of full-time equivalent jobs a business creates, for purposes of s. 38.39(3) ~~and~~ sub. (25).

identity
and the identity of each individual employed in each created such created job.

(B) than
(25) No later than July 1 of each year, report to the department of revenue the number of jobs created by each business that enters into a contract under s. 38.39(1) and the identity of each individual employed in each such created job.

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3625/?insMES
PG&MES&RJM.....

and calculate
the total for each
technical college
district

INSERT ANL-MES

^{The} This bill requires the Department of Revenue (DOR) to calculate the amount of income tax imposed on, and paid by, an individual whose job is created as a result of training and education provided to the individual by a technical college district under a contract entered into by a business and a district as described above. The names of such individuals are certified to DOR by the Department of Commerce. DOR must then certify the amount calculated ^{for each technical college district} to the Technical College System Board.

SECTION ⁶¹ 73.03 ⁶¹ of the statutes is created to read:

73.03 ⁶¹ To calculate the amount of income tax that is imposed under s. 71.02 on, and paid by, an individual whose name is ^{reported} certified to the department by the department of commerce under s. ^{71.02}, and to certify that amount ^{aggregated by each technical college district,} to the technical college system board.

560.03 (25)

, which distributes the
amounts to the ~~technical~~
~~college~~ districts

IOWA INDUSTRIAL NEW JOBS TRAINING PROGRAM
H. F. 623, CHAPTER 280B

STATE LEVEL ADMINISTRATION:

Bureau of Business and Industry Training, Job Training Division, Iowa Department of Economic Development.

ELIGIBILITY:

All firms that produce products or provide services in interstate commerce are eligible. Retail businesses, health and professional service business do not qualify.

SERVICES:

The program lowers the costs of expanding a work force or locating a new facility in the State of Iowa by providing on-the-job training funds, and other education and training necessary to train employees in the newly created jobs. Services are designed to meet the company's specific needs and may include: skill assessment, orientation, pre-employment training, instructional salaries, seminar fees, and travel expenses. The on-the-job training component can cover up to 50 percent of the wages and fringe benefits for up to one year for the new jobs. In addition, if the company increases its work force, in the state, by 10 percent and entered into a training agreement, it will be eligible to receive a credit of \$714 per job toward its Iowa Corporate Income Tax.

FUNDING:

Financing is generated by the creation of new jobs and the capital investment needed to support the new jobs. Funds are derived from the sale of both tax exempt and taxable certificates and repaid over 10 years through the diversion of property taxes from the increased value of buildings, machinery and equipment, and/or a portion of the new employee's state withholding taxes. There is no increase in taxes to the company. The certificates are sold through, and the training plan is designed in cooperation with the local area community college.

LEVEL OF ACTIVITY:

The first project was begun in the fall of 1983. Since that time, over \$89,000,000 in certificates have been sold to create 32,393 new jobs for more than 400 companies in Iowa.

FOR MORE INFORMATION:

Daniel J. Phelan, Director
Training and Economic Development Department
(515) 421-5352

CHAPTER 280B. IOWA INDUSTRIAL NEW JOBS TRAINING
ACT (NEW)

Section
280B.1. Title
280B.2. Definitions
280B.3. Agreement

Section
280B.4. Incremental property taxes
280B.5. New jobs credits from withholding
280B.6. Certificates
280B.7. Development commission

280B.1. Title

This chapter shall be known and may be cited as the Iowa Industrial new jobs training Act.

Acts 1983 (70 G.A.) ch. 171, § 1, eff. June 11, 1983.

Title of Act

An Act to establish an Iowa Industrial new jobs training program. Acts 1983 (70 G.A.) ch. 171.

280B.2. Definitions

When used in this chapter, unless the context otherwise requires:

1. "New jobs training program" or "program" means the project or projects established by an area school for the creation of jobs by providing education and training of workers for new jobs for new or expanding industry in the merged area served by the area school.
2. "Project" means a training arrangement which is the subject of an agreement entered into between the area school and an employer to provide program services.
3. "Program services" includes but is not limited to the following:
 - a. New jobs training.
 - b. Adult basic education and job-related instruction.
 - c. Vocational and skill-assessment services and testing.
 - d. Training facilities, equipment, materials, and supplies.
 - e. On-the-job training.
 - f. Administrative expenses for the new jobs training program.
 - g. Subcontracted services with institutions governed by the board of regents, private colleges or universities, or other federal, state, or local agencies.
 - h. Contracted or professional services.
 - i. Issuance of certificates.
4. "Program costs" means all necessary and incidental costs of providing program services.
5. "Employer" means the person providing new jobs in the merged area served by the area school and entering into an agreement.
6. "Employee" means the person employed in a new job.
7. "Agreement" is the agreement between an employer and an area school concerning a project.
8. "Area school" means a vocational school or a community college established under chapter 280A.
9. "Board of directors" means the board of directors of an area school.
10. "Incremental property taxes" means the taxes as provided in section 280B.4.
11. "New jobs credit from withholding" means the credit as provided in section 280B.5.
12. "Date of commencement of the project" means the date of the agreement.
13. "Certificate" means industrial new jobs training certificates issued pursuant to section 280B.6.
14. "Industry" means a business engaged in interstate or intrastate commerce for the purpose of manufacturing, process, or assembling products, conducting research and development, or providing services in interstate commerce, but excludes retail, health, or professional services. "Industry" does not include a business which closes or substantially reduces its operation in one area of the state of Iowa and relocates substantially the same operation in another area of the state of Iowa. This subsection does not prohibit a business from expanding its operations in another area of the state provided that existing operations of a similar nature are not closed or substantially reduced.
15. "New jobs" means a job in a new or expanding industry but does not include jobs of recalled workers, or replacement jobs or other jobs that formerly existed in the industry in the state of Iowa.

Acts 1983 (70 G.A.) ch. 171, § 2, eff. June 11, 1983.

280B.3. Agreement

An area school may enter into an agreement to establish a project. If an agreement is entered into, the area school and the employer shall notify the department of revenue as soon as possible. An agreement may provide, but is not limited to:

1. Program costs, including deferred costs, may be paid from one or a combination of the following sources:
 - a. Incremental property taxes to be received or derived from an employer's business property where new jobs are created as a result of the project.
 - b. New jobs credit from withholding to be received or derived from new employment resulting from the project.
 - c. Tuition, student fees, or special charges fixed by the board of directors to defray program costs in whole or in part.
 - d. Guarantee of payments to be received under paragraph a, b, or c.
2. Payment of program costs shall not be deferred for a period longer than ten years from the date of commencement of the project.
3. Costs of on-the-job training for employees shall not exceed fifty percent of the annual gross payroll costs for up to one year of the new jobs. For purposes of this subsection, "gross payroll" can be the gross wages, salaries, and benefits for the jobs in training in the project.
4. A provision which fixes the minimum amount of incremental property taxes, new jobs credit from withholding, or tuition and fee payments which shall be paid for program costs.
5. Any payments required to be made by an employer are a lien upon the employer's business property until paid and have equal precedence with ordinary taxes and shall not be divested by a judicial sale. Property subject to the lien may be sold for sums due and delinquent at a tax sale, with the same forfeitures, penalties, and consequences as for the nonpayment of ordinary taxes. The purchaser at tax sale obtains the property subject to the remaining payments.

Acts 1983 (70 G.A.) ch. 171, § 3, eff. June 11, 1983.

280B.4. Incremental property taxes

If an agreement provides that all or part of program costs are to be paid for by incremental property taxes, the board of directors shall provide by resolution that taxes levied on the employer's taxable business property, where new jobs are created as a result of a project, each year by or for the benefit of the state, city, county, school district, or other taxing district after the effective date of the resolution shall be divided as provided in section 403.19, subsections 1 and 2, in the same manner as if the employer's business property, where new jobs are created as a result of a project, was taxable property in an urban renewal project and the resolution was an ordinance within the meaning of these subsections. The taxes received by the board of directors shall be allocated to and when collected be paid into a special fund of the area school and may be irrevocably pledged by the area school to pay the principal of and interest on the certificates issued by the area school to finance or refinance, in whole or in part, the project. However, with respect to any urban renewal project as to which an ordinance is in effect under section 403.19, the collection of incremental property taxes authorized by this chapter are suspended in favor of collection of incremental taxes under section 403.19. As used in this section, "taxes" includes, but is not limited to, all levies on an ad valorem basis upon land or real property of the employer's business, where new jobs are created as a result of a project.

Acts 1983 (70 G.A.) ch. 171, § 4, eff. June 11, 1983.

280B.5. New jobs credit from withholding

If an agreement provides that all or part of program costs are to be met by receipt of new jobs credit from withholding, it shall be done as follows:

1. New jobs credit from withholding shall be based upon the wages paid to the employees in the new jobs.
2. An amount equal to one and one-half percent of the gross wages paid by the employer to each employee participating in a project shall be credited from the payment made by an employer pursuant to section 422.16. If the amount of the withholding by the employer is less than one and one-half percent of the gross wages paid to the employees covered by the agreement, then the employer shall receive a credit against other withholding taxes due by the employer. The employer shall remit the amount of the credit quarterly in the same manner as withholding payments are reported to the department of revenue, to the area school to be allocated to and when collected paid into a special fund of the area school to pay the principal of and interest on certificates issued by the area school to finance or refinance, in whole or in part, the project. When the principal and interest on the certificates have been paid, the employer credits shall erase and any money received after the certificates have been paid shall be remitted to the treasurer of state to be deposited in the general fund of the state.

3. The new jobs credit from withholding and the special fund into which it is paid, may be irrevocably pledged by an area school for the payment of the principal of and interest on the certificate issued by an area school to finance or refinance, in whole or in part, the project.

4. The employer shall certify to the department of revenue that the credit in withholding is in accordance with an agreement and shall provide other information the department may require.

5. An area school shall certify to the department of revenue the amount of new jobs credit from withholding an employer has remitted to the special fund and shall provide other information the department may require.

6. An employee participating in a project will receive full credit for the amount withheld as provided in section 422.16.

Acts 1983 (70 G.A.) ch. 171, § 5, eff. June 11, 1983.

280B.6. Certificates

To provide funds for the present payment of the costs of new jobs training programs, an area school may borrow money and issue and sell certificates payable from a sufficient portion of the future receipts of payments authorized by the agreement. The receipts shall be pledged to the payment of principal of and interest on the certificates.

1. Certificates may be sold at public sale as provided by chapter 76 or at private sale at par, premium, or discount at the discretion of the board of directors. However, chapter 76 does not apply to the issuance of these certificates.

2. Certificates may be issued with respect to a single project or multiple projects and may contain terms or conditions as the board of directors may provide by resolution authorizing the issuance of the certificates.

3. Certificates issued to refund other certificates may be sold at public sale or at private sale as provided in this section with the proceeds from the sale to be used for the payment of the certificates being refunded. The refunding certificates may be exchanged in payment and discharge of the certificates being refunded, in installments at different times or an entire issue or series at one time. Refunding certificates may be sold or exchanged at any time on, before, or after the maturity of the outstanding certificates to be refunded, may be issued for the purpose of refunding a like, greater, or lesser principal amount of certificates and may bear a higher, lower, or equivalent rate of interest than the certificates being renewed or refunded.

4. To further secure the payment of the certificates, the board of directors shall, by resolution, provide for the assessment of an annual levy of a standby tax upon all taxable property within the merged area. A copy of the resolution shall be sent to the county auditor of each county in which the merged area is located. The revenues from the standby tax shall be deposited in a special fund and shall be expended only for the payment of principal of and interest on the certificates issued as provided in this section, when the receipt of payment for program costs as provided in the agreement is insufficient. If payments are necessary and made from the special fund, the amount of the payments shall be promptly repaid into the special fund from the first available payments received for program costs as provided in the agreement which are not required for the repayment of principal of or interest on certificates due. No reserves may be built up in this fund in anticipation of a projected default. The board of directors shall adjust the annual standby tax levy for each year to reflect the amount of revenues in the special fund and the amount of principal and interest which is due in that year.

5. Before certificates are issued, the board of directors shall publish once a notice of its intention to issue the certificates, stating the amount, the purpose, and the project or projects for which the certificates are to be issued. A person may, within fifteen days after the publication of the notice of action in the district court of a county in the area within which the area school is located, appeal the decision of the board of directors in proposing to issue the certificates. The action of the board of directors in determining to issue the certificates is final and conclusive unless the district court finds that the board of directors has exceeded its legal authority. An action shall not be brought which questions the legality of the certificates, the power of the board of directors to issue the certificates, the effectiveness of any proceedings relating to the authorization of the project, or the authorization and issuance of the certificates from and after fifteen days from the publication of the notice of intention to issue.

6. The board of directors shall determine if revenues are sufficient to secure the faithful performance of obligations in the agreement.

Acts 1983 (70 G. A.) ch. 171, § 6, eff. June 11, 1983.

(Reproduced for clarity from original statute.)

C:\DOCUMENTS AND SETTINGS\RP\LOCAL SETTINGS\TEMPORARY INTERNET FILES\OLK1B\CHAPTER 280B

1/21/03 mtg w/ Chad Taylor - (608-266-3561) (Michael, Best & Friedrich)

or other entity

"Wis. Advantage Program"

could be justified w/ nonpubl. to provide the services

d. bus prov. training & convic. -> corps. via k's

d. bus can bond for costs of

↳ revenue bonds

see § 66.0621 - utility revenue bonds

source of revenue to pay back bonds

- 1/5% w/hold -> delete 100 jobs provision
- fees from noncredit coursework -> could have 'em, but pd by corporation (not reg'd) (or approp. for fees if have 'em)
- 66.0621 (4)(b) 4.

- lien on tech college assets if not met from above 2

66.0621 (5)

starts looking the debt

Chad Taylor - 283-4432

TUESDAY

DN

WLJ

2003 BILL

1 AN ACT to renumber 67.05 (7) (k); to amend 38.28 (1m) (a) 1.; and to create
 2 20.292 (1) (cn), 38.39, 67.04 (2) (c), 67.05 (7) (k) 2., 73.03 (61) and 560.03 (24) and
 3 (25) of the statutes; relating to: authorizing technical college districts to
 4 ~~begin~~ for the purpose of providing services and facilities to businesses,
 5 granting rule-making authority, and making an appropriation.

issue revenue bonds

regenerate

Analysis by the Legislative Reference Bureau

Revenue

This bill authorizes a technical college district board, with the approval of the state Technical College System Board, to enter into a contract with a business to provide job training, adult basic education, vocational and professional services, and training facilities, equipment, and material to the business. The bill allows the district to issue bonds ~~without a referendum~~ to finance the costs of providing these services and materials.

Under the bill, if a business receiving these services and materials does not create at least 100 full-time equivalent jobs in the district within the period specified in the contract, the business must reimburse the district board the costs of providing the services and materials.

The bill requires the Department of Revenue (DOR) to ~~calculate~~ ^{determine} the amount of ~~income tax imposed on, and paid by~~ an individual whose job is created as a result of training and education provided to the individual by a technical college district under a contract entered into by a business and a district as described above and calculate the total for each technical college district. The names of such individuals

wages from which income tax withholding is calculated for

BILL

are certified to DOR by the Department of Commerce. DOR must then certify the amount calculated for each technical college district to the Technical College System Board, which distributes the amounts to the districts.

105 percent of
FE-SL

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

SECTION 1. 20.292 (1) (cn) of the statutes is created to read:

20.292 (1) (cn) *Services provided to businesses.* A sum sufficient equal to the total of the amounts determined by the department of revenue under s. 73.03 (61) for *distribution to the districts* ~~the costs of the services provided to businesses~~ under s. 38.39.

SECTION 2. 38.28 (1m) (a) 1. of the statutes, as affected by 2003 Wisconsin Act 33, is amended to read:

38.28 (1m) (a) 1. "District aidable cost" means the annual cost of operating a technical college district, including debt service charges for district bonds and promissory notes for building programs or capital equipment, but excluding all expenditures relating to auxiliary enterprises and community service programs, all expenditures funded by or reimbursed with federal revenues, all receipts under sub. (6) and ss. 38.12 (9), 38.14 (3) and (9), ^{38.39,} 118.15 (2) (a), 118.55 (7r), and 146.55 (5), all receipts from grants awarded under ss. 38.04 (8), (20), (28), and (31), 38.14 (11), 38.26, 38.27, 38.33, ^{plain} and 38.38, ~~and 38.39~~ all fees collected under s. 38.24, and driver education and chauffeur training aids.

SECTION 3. 38.39 of the statutes is created to read:

^{Wisconsin Advantage Program}
^{Ins. 2-17}
(B) ~~38.39~~ ~~recreation contracts~~ (1) With the approval of the board, a district

board may contract with a business to provide the business with one or more of the following:

(a) Training for jobs created by the business.

on its own or jointly with any other entity

BILL

- 1 (b) Adult basic education.
- 2 (c) Vocational and skill-assessment services.
- 3 (d) Training facilities, equipment, and material.
- 4 (e) Professional services.

~~(2) The contract shall specify the costs to the district board of fulfilling its obligations under the contract and the obligations of the business under sub. (3).~~

~~(3) If the business does not create at least 100 full-time equivalent jobs in the district within the period specified in the contract, as determined by the department of commerce under s. 560.03 (24), the business shall pay the district board an amount equal to the district board's costs of fulfilling its obligations under the contract.~~

3-10

11

~~(5)~~ (5) Annually the board shall pay to the district board, from the appropriation under s. 20.292 (1) (cn), an amount equal to the amount calculated for that district by the department of revenue under s. 73.03 (61).

14

~~(6)~~ (6) The board shall promulgate rules to implement and administer this section.

SECTION 4. 67.04 (2) (c) of the statutes is created to read:

67.04 (2) (c) Subject to the limitations specified in s. 67.03, a technical college district may issue bonds to finance the cost of fulfilling its obligations under a contract entered into under s. 38.39.

SECTION 5. 67.05 (7) (k) of the statutes is renumbered 67.05 (7) (k) 1.

SECTION 6. 67.05 (7) (k) 2. of the statutes is created to read:

67.05 (7) (k) 2. Subsection (6m) does not apply to an initial resolution adopted by a technical college district board to issue bonds to finance the costs of fulfilling its obligations under a contract entered into under s. 38.39.

3-23

24

SECTION 7. 73.03 (61) of the statutes is created to read:

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1 73.03 (61) To ~~calculate~~ ^{to determine} the amount of ~~income tax that is imposed~~ ^{wages from which withholding is} under s. ~~71.64(1)~~ ^{71.64(1) is calculated}
 2 ~~on, and paid by~~ ^{for} an individual whose name is reported to the department by the
 3 department of commerce under s. 560.03 (25), and to certify ^{65 percent of} that amount, aggregated
 4 by each technical college district, to the technical college system board.

SECTION 8. 560.03 (24) and (25) of the statutes are created to read:

6 560.03 (24) Promulgate rules for determining the number of full-time
 7 equivalent jobs a business creates and the identity of each individual employed in
 8 each such created job, for purposes of ~~s. 38.39~~ ^{and s. 38.39} ~~and sub. (25)~~ ^{and 73.03 (61)}

9 (25) No later than July 1 of each year, report to the department of revenue the
 10 number of jobs created by each business that enters into a contract under s. 38.39 ²¹ ~~(4)~~
 11 and the identity of each individual employed in each such created job.

(END)

2-17

Not

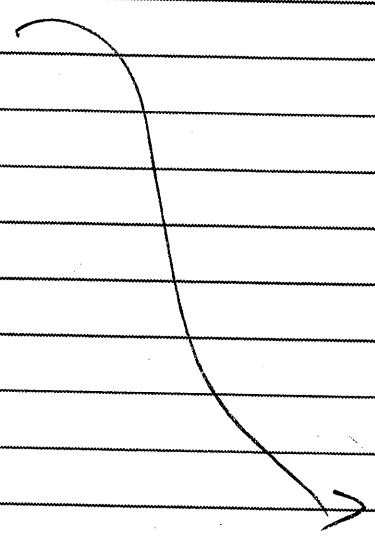
There is created a regional project
for the creation of jobs to be known as

the Wisconsin Advantage Program
(2)

3-10:1

ⓑ (3) A contract under sub (2) may provide for
require
the business to pay fees for the service
provided, or to pay all ^{or} a portion of the
costs of the services provided.

~~(3) There is created a regional project
to be called the Wisconsin Advantage Program~~



3-10:2

(B)

obligations
¶ (4)(a) The district board may issue revenue
of under s. 66.0621 to provide funds for payment
of the costs of providing services under a contract under sub (2)

other moneys designated by the district board for deposit into the special funds. The district board

¶ (b) The district board shall maintain a special fund into which it deposits the fees received under sub (3) and the payments received from the state appropriation under sub (5) and any may use this revenue only for the payment of principal of and interest on bonds issued under par (a)

to be identified as the Wisconsin Advantage Program special redemption fund

3-23:1

(c) ✓
Section #. 66.0621 (1) of the statutes is amended to read:

a technical college district,

66.0621 (1) In this section:

(a) "Municipality" means a city, village, town, county, commission created by contract under s. 66.0301, public inland lake protection and rehabilitation district established under s. 33.23, 33.235 or 33.24, metropolitan sewerage district created under ss. 200.01 to 200.15 and 200.21 to 200.65, town sanitary district under subch. IX of ch. 60, a local professional baseball park district created under subch. III of ch. 229, a local professional football stadium district created under subch. IV of ch. 229, a local cultural arts district created under subch. V of ch. 229 or a municipal water district or power district under ch. 198 and any other public or quasi-public corporation, officer, board or other public body empowered to borrow money and issue obligations to repay the money and obligations out of revenues. "Municipality" does not include the state or a local exposition district created under subch. II of ch. 229.

(b) "Public utility" means any revenue producing facility or enterprise owned by a municipality and operated for a public purpose as defined in s. 67.04 (1) (b) including garbage incinerators, toll bridges, swimming pools, tennis courts, parks, playgrounds, golf links, bathing beaches, bath-houses, street lighting, city halls, village halls, town halls, courthouses, jails, schools, cooperative educational service agencies, hospitals, homes for the aged or indigent, child care centers, as defined in s. 231.01 (3c), regional projects, waste collection and disposal operations, sewerage systems, local professional baseball park facilities and any other necessary public works projects undertaken by a municipality.

66-0621 (1) (c) "Revenue" means all moneys received from any source by a public utility and all rentals and fees and, in the case of a local professional baseball park district created under subch. III of ch. 229 includes tax revenues deposited into a special fund under s. 229.685 and payments made into a special debt service reserve fund under s. 229.74 and, in the case of a local professional football stadium or for the operation of

3-23.2

district created under subch. IV of ch. 229 includes tax revenues deposited into a special fund under s. 229.825 and payments made into a special debt service reserve fund under s. 229.830

History: 1973 c. 172; 1979 c. 268; 1981 c. 282; 1983 a. 24; 1983 a. 207 ss. 9 to 21, 93 (1), (3); 1987 a. 197; 1991 a. 316; 1993 a. 263; 1995 a. 56, 216, 225, 378; 1997 a. 35; 1999 a. 65; 1999 a. 150 ss. 175, 177; Stats. 1999 s. 66.0621; 1999 a. 167 ss. 33 to 36; 1999 a. 186 s. 45; 2001 a. 30, 105.

and, ^{case} in the case of a
technical college district
includes revenues deposited
into a special fund
under 5038039 (4)(b)

(DN)

¶ Because this draft authorizes a technical college district board to ^{issue} issue revenue bonds under s. 66.0621 & s. 66.0621(5) & which authorizes the district board to mortgage the public utility & supplies. This would not, however, authorize the district board to mortgage technical college assets such as buildings or other facilities. I did not add that to the draft because I became concerned that such an authorization would imply that the bonds ^{constitute} ~~are~~ indebtedness of the district. As I understand your intent, you do not want that result. If you have questions or need more information, please let me know.

PG

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3625/2dn
PG:wlj:ch

November 25, 2003

Because this draft authorizes a technical college district board to issue revenue bonds under s. 66.0621, s. 66.0621 (5), which authorizes the district board to mortgage the public utility, applies. This would not, however, authorize the district board to mortgage technical college assets such as buildings or other facilities. I did not add that to the draft because I became concerned that such an authorization would imply that the bonds constitute indebtedness of the district. As I understand your intent, you do not want that result. If you have questions or need more information, please let me know.

Peter R. Grant
Managing Attorney
Phone: (608) 267-3362
E-mail: peter.grant@legis.state.wi.us

11/26/03

TC from Brian Duke, MB&F

① not just jobs created; all "retained"

② add "necessary or convenient" authority
for district boards

(g's : 283-0136
email draft to bpdake @ mbf-law.com)

③ add SECS 3 & 4 from Rex Taffora's
draft also re d.bd. organizing a nonstock
corp & contracting w/ a nonstock corp.