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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Senate

(Assembly, Senate or Joint)

Committee on ... Job Creation, Economic Development and Consumer Affairs (SC-JCEDCA)

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

Senate

Record of Committee Proceedings

Committee on Job Creation, Economic Development and Consumer Affairs

Senate Bill 136

Relating to: creating income and franchise tax credits for businesses located in an airport development zone and a loan program for certain construction projects in an airport development zone.

By Senators Roessler, Brown, Erpenbach and Lassa; cosponsored by Representatives Underheim, Pettis, Nass, McCormick, Gunderson, Hines, Townsend and Zepnick.

March 23, 2005 Referred to Committee on Job Creation, Economic Development and Consumer Affairs.

May 19, 2005 **PUBLIC HEARING HELD**

Present: (5) Senators Kanavas, Zien, Reynolds, Lassa and Decker.
Absent: (0) None.

Appearances For

- Carol Roessler, Madison — Senator
- Mr. John Casper, Oshkosh — Oshkosh Chamber of Commerce
- Mr. Mark Neilsen, Oshkosh — Wittman Airport

Appearances Against

- None.

Appearances for Information Only

- None.

Registrations For

- Ron Brown, Madison — Senator
- Mr. Jim Hough, Madison — Wisconsin Economic Development Association
- Mr. James Otterstein — Wisconsin Economic Development Association/BTC
- Mr. Mark Wadium, Appleton — Outagamie County

Registrations Against

- None.

June 24, 2005 **EXECUTIVE SESSION HELD**

Present: (5) Senators Kanavas, Zien, Reynolds, Lassa and Decker.

Absent: (0) None.

Moved by Senator Kanavas that **Senate Amendment 2** be recommended for introduction and adoption.

Ayes: (5) Senators Kanavas, Zien, Reynolds, Lassa and Decker.

Noes: (0) None.

INTRODUCTION AND ADOPTION OF SENATE AMENDMENT 2
RECOMMENDED, Ayes 5, Noes 0

Moved by Senator Kanavas that **Senate Bill 136** be recommended for passage as amended.

Ayes: (3) Senators Kanavas, Zien and Lassa.

Noes: (2) Senators Reynolds and Decker.

PASSAGE AS AMENDED RECOMMENDED, Ayes 3, Noes 2

Jeremy Shepherd
Committee Clerk

Record of Committee Proceedings

~~Joint committee on Finance~~

~~Senate Bill 136~~

SENATE BILL 136 (LRB -0636)

An Act to amend 71.07 (2dm) (a) 1., 71.07 (2dm) (a) 3., 71.07 (2dm) (f) 1., 71.07 (2dm) (j), 71.07 (2dm) (k), 71.07 (2dx) (a) 2., 71.07 (2dx) (b) (intro.), 71.07 (2dx) (c), 71.07 (2dx) (d), 71.28 (1dm) (a) 1., 71.28 (1dm) (a) 3., 71.28 (1dm) (f) 1., 71.28 (1dm) (j), 71.28 (1dm) (k), 71.28 (1dx) (a) 2., 71.28 (1dx) (b) (intro.), 71.28 (1dx) (c), 71.28 (1dx) (d), 71.47 (1dm) (a) 1., 71.47 (1dm) (a) 3., 71.47 (1dm) (f) 1., 71.47 (1dm) (j), 71.47 (1dm) (k), 71.47 (1dx) (a) 2., 71.47 (1dx) (b) (intro.), 71.47 (1dx) (c), 71.47 (1dx) (d), 234.03 (2m), 234.03 (11), 234.08 (1), 234.265 (2), 234.40 (4), 234.50 (4), 234.60 (2), 234.61 (1) and 234.66 (3) (b); and to create 234.63 and 560.799 of the statutes; relating to: creating income and franchise tax credits for businesses located in an airport development zone and a loan program for certain construction projects in an airport development zone.

2005

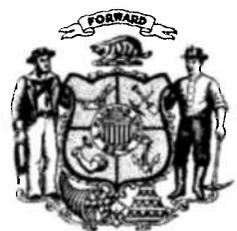
03-23.	S.	Introduced by Senators Roessler, Brown, Erpenbach and Lassa ; cosponsored by Representatives Underheim, Pettis, Nass, McCormick, Gunderson, Hines, Townsend and Zepnick .	
03-23.	S.	Read first time and referred to committee on Job Creation, Economic Development and Consumer Affairs	135
04-01.	S.	Fiscal estimate received.	
04-04.	S.	Fiscal estimate received.	
04-14.	S.	Fiscal estimate received.	
05-11.	S.	Senate amendment 1 offered by Senator Roessler (LRB a0416)	216
05-19.	S.	Public hearing held.	
06-24.	S.	Executive action taken.	
06-28.	S.	Report introduction and adoption of Senate Amendment 2 recommended by committee on Job Creation, Economic Development and Consumer Affairs, Ayes 5, Noes 0 (LRB a0789)	276
06-28.	S.	Report passage as amended recommended by committee on Job Creation, Economic Development and Consumer Affairs, Ayes 3, Noes 2	276
06-28.	S.	Available for scheduling.	
07-25.	S.	Pursuant to Senate Rule 46 (2)(c), withdrawn from committee on Senate Organization and rereferred to joint committee on Finance	308
08-10.	S.	Senate amendment 3 offered by Senator Roessler (LRB a0837)	322
11-29.	S.	Senate amendment 4 offered by Senator Roessler (LRB a1527)	467

2006

01-25.	S.	Executive action taken.	
01-26.	S.	Report introduction and adoption of Senate Substitute Amendment 1 recommended by joint committee on Finance, Ayes 12, Noes 4 (LRB s0478)	556
01-26.	S.	Report passage recommended by joint committee on Finance, Ayes 11, Noes 5	556
01-26.	S.	Available for scheduling.	
03-01.	S.	Placed on calendar 3-2-2006 by committee on Senate Organization.	
03-02.	S.	Read a second time	656
03-02.	S.	Senate substitute amendment 1 adopted	656
03-02.	S.	Ordered to a third reading	656
03-02.	S.	Rules suspended	656
03-02.	S.	Read a third time and passed , Ayes 18, Noes 15	656
03-02.	S.	Ordered immediately messaged	670
03-21.	A.	Received from Senate	983
03-21.	A.	Read first time and referred to committee on Rules	984
05-02.	A.	Placed on calendar 5-4-2006 by committee on Rules.	
05-04.	A.	Rules suspended to withdraw from calendar and take up	1115
05-04.	A.	Read a second time	1115
05-04.	A.	Ordered to a third reading	1116
05-04.	A.	Rules suspended	1116
05-04.	A.	Read a third time and concurred in	1116
05-04.	A.	Ordered immediately messaged	1116
05-04.	S.	Received from Assembly concurred in	829
05-11.	S.	Report correctly enrolled on 5-11-2006	854
05-23.	S.	Presented to the Governor on 5-23-2006	856
05-30.	S.	Report approved by the Governor on 5-30-2006. 2005 Wisconsin Act 487	874
06-02.	S.	Published 6-13-2006	878



WISCONSIN STATE LEGISLATURE





WISCONSIN LEGISLATIVE COUNCIL

*Terry C. Anderson, Director
Laura D. Rose, Deputy Director*

TO: SENATOR CAROL ROESSLER

FROM: Don Dyke, Chief of Legal Services

RE: 2005 Senate Bill 136, Relating to Creating Income and Franchise Tax Credits for Businesses Located in an Airport Development Zone and a Loan Program for Certain Construction Projects in an Airport Development Zone

DATE: May 16, 2005

This memorandum describes the provisions of the above-captioned bill, as amended by Senate Amendment 1.

The bill creates an airport development zone program, administered by the Department of Commerce (Commerce), under which certified businesses located in areas designated as airport development zones are eligible for certain tax credits. In addition, the bill creates an airport development zone loan program, administered by the Wisconsin Housing and Economic Development Authority (WHEDA), to provide loans to businesses for the construction or expansion of an airport in an airport development zone.

THE AIRPORT DEVELOPMENT ZONE PROGRAM

Designation of Zones

The bill authorizes Commerce to designate an area as an airport development zone if the "airport development project" (construction or expansion of an airport) for the area meets statutory criteria. Note that Senate Amendment 1 to the bill limits the number of areas that may be designated by Commerce as airport development zones to not more than three.

Before Commerce may designate an area as an airport development zone, the department must determine that an airport development project is desired for the area, as evidenced by a resolution of the governing body of each municipality in which territory of the zone will be located, and that the airport development project: serves a public purpose; will likely retain or increase employment in the state; and will likely positively affect the area.

In making the above determinations, Commerce is required to consider a number of factors, including: factors contributing to a general economic hardship, and prospects for a new investment and economic development, in the area; the amount of investment that is likely to result and the number of full-time jobs that are likely to be created as a result of the airport development project; the number of full-time jobs that are likely to be available to certain targeted economically disadvantaged groups; the competitive effect of designating the area as an airport development zone on other businesses in the area; the needs of other areas of the state; and any other factors the department considers relevant.

Commerce may not designate as an airport development zone, or as any part of such a zone, an area that is located within the boundaries of an area that is currently designated as a development zone, as a development opportunity zone, or as an enterprise development zone.

Income Tax Credits

Under the bill, a person who operates a place of business in an airport development zone is eligible for certain income tax credits if certified as eligible by Commerce.

Who is Eligible for Tax Credits

If Commerce approves a business plan submitted by a person who intends to operate a place of business in an airport development zone, the department must then certify that person as eligible for tax benefits under the program. A business plan submitted to Commerce must include: identifying information concerning the applicant; the amount the applicant proposes to invest in the place of business or to spend on the construction, rehabilitation, repair, or remodeling of a building in the airport development zone; the estimated total investment by the applicant in the zone; the estimated number of full-time jobs that will be created, retained, or substantially upgraded as a result of the applicant's place of business in the zone, in relation to the amount of tax benefits estimated for the applicant; the applicant's plans to make reasonable attempts to hire employees from targeted, economically disadvantaged populations and the estimated number of full-time jobs that will be filled by members of those target populations; and any other information required by Commerce. Additional provisions in the bill relate to revocation of a certification by Commerce.

The Tax Credits

Persons certified by Commerce under the bill will be eligible for two types of tax credits: the general development zones credit and the development zone capital investment credit, both of which apply to programs under current law.

The general development zones tax credit is determined by a statutory formula based on amounts spent on environmental remediation in the airport development zone and the number of full-time jobs created or retained in the zone. Generally, a tax credit can be claimed for 50% of environmental remediation expenditures and for a specified dollar amount for each job created or retained.

The development zones capital investment credit is based on a statutory formula linked to the purchase price of depreciable, tangible personal property used in the business, and the amount expended to acquire, construct, rehabilitate, remodel, or repair real property in the zone. Generally, a tax credit can be claimed for 3% of these amounts.

Duration and Aggregate Limit on Income Tax Credits

The bill requires Commerce to specify the length of time that an area will be designated as an airport development zone, not to exceed 84 months. However, regardless of the specified duration of a zone, the designation expires 90 days after the day on which Commerce determines that estimated foregone state revenue resulting from tax benefits claimed by persons in the development zone equals or exceeds the aggregate limit on tax benefits established by Commerce for the zone. The bill requires Commerce to designate a limit, not to exceed \$3 million, for tax benefits for each airport development zone.

THE AIRPORT DEVELOPMENT ZONE LOAN PROGRAM

The bill authorizes WHEDA to award a loan to a business, including an airport, to finance the construction or expansion of an airport in an airport development zone, including financing activities to increase the number of flights to and from the airport or to encourage airlines that do not offer flights to and from the airport to offer such flights.

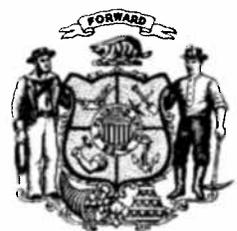
The bill authorizes WHEDA to issue bonds in an aggregate principal amount not to exceed \$200 million (excluding bonds issued to refund outstanding bonds). The bonds are special obligations of WHEDA, payable solely out of revenues received in connection with the loan program, including specifically repayments of the loans awarded under the program and the proceeds of the bonds issued. WHEDA is required to charge a rate of interest for each loan under the program that reasonably approximates that portion of the amount required to repay the principle and interest of the bonds, plus the cost of issuing the bonds, that is allocable to the loan.

If you have any questions, please contact me directly at the Legislative Council staff offices.

DD:rv:jal



WISCONSIN STATE LEGISLATURE





P. O. Box 7970
Madison, Wisconsin 53707
(608) 266-1018
TDD #: (608) 264-8777

Jim Doyle, Governor
Mary P. Burke, Secretary

May 18, 2005

Senator Carol Roessler
Room 8 South
State Capitol
Madison, WI 53707

Dear Senator Roessler:

Thank you for your interest in economic development and promotion of Wisconsin's air infrastructure.

Commerce staff has reviewed Senate Bill 136 and Assembly Bill 223. We believe that we have the ability to launch a pilot scale version of this program, including the creation of up to three airport development zones, within our current staff resources. While a permanent program would require dedicated staff resources, Commerce could conduct the pilot and report on the results to facilitate consideration of a permanent program.

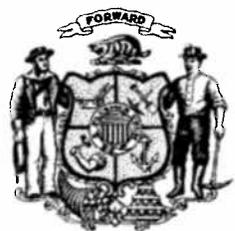
Sincerely,

A handwritten signature in cursive script that reads "Mary P. Burke". The signature is written in black ink and is positioned above the typed name and title.

Mary P. Burke
Secretary



WISCONSIN STATE LEGISLATURE





OSHKOSH CHAMBER OF COMMERCE

ADVOCACY COMMUNITY DEVELOPMENT LEADERSHIP

May 19, 2005

Committee on Job Creation, Economic Development and Consumer Affairs
State Capitol
P. O. Box 8953
Madison, WI 53708

RE: Senate Bill 136

Dear Committee Members:

On behalf of the Oshkosh Chamber of Commerce, I would like to provide the following comment in support of the SB 136. The Oshkosh Chamber of Commerce is a business association that represents over 1100 business members in the Oshkosh area from the industrial, service, and retail sectors of the economy.

The Oshkosh Chamber of Commerce fully supports this proposed legislation to created Airport Development Zone pilot program. In this challenging and competitive business environment, the most important thing that government can do to promote economic growth is to create the fertile atmosphere for private-sector activity and investment. SB 136 will cause this to occur. It creates the conditions for government to spur development and enables government, both state and local, to realize a return on the investment it has made in infrastructure, such as runways.

Communities are beginning to realize the value of airports. Traditionally, the general public thought of airports as facilities to service commercial air traffic and the air-traveling public, along with supporting general aviation. While this remains to be an important role of airports, communities are recognizing airports as valuable pieces of infrastructure as a means to generate jobs and tax base. Airports, in essence, are business parks and need to be promoted and marketed as such. Airport Development Zones will be additional tool to spur economic growth and be a catalyst to assist our community as we try to attract aviation-related business and industry to Oshkosh.

In Oshkosh, we have been extremely fortunate and have Wittman Regional Airport to attract businesses, like the Experimental Aircraft Association, Sonex Aviation and Basler Turbo Conversions. Based on a December 2003 economic impact study conducted by the UW-Extension, businesses on the Wittman Regional Airport employ 505 (FTE) people.

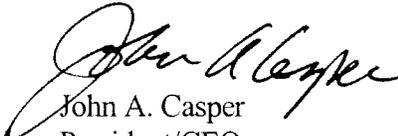
Together, We Succeed

This accounts for \$31.6 million dollars in annual wages and non-wage income, a 38% increase since 1998. These businesses, in 2002, directly generated \$799,000 of real estate and personal property taxes that support municipal and county government, along with our local public school district. This represents a 24% increase since 1998.

The airport development zone program will be an extremely valuable economic development tool for communities. The tax credits that will be provided will provide incentives for business to create and retain jobs. We ask for your support of SB 136.

I ask that this comment be included as testimony. I thank you for your consideration.

Sincerely,



John A. Casper
President/CEO