



# State of Wisconsin


LEGISLATIVE REFERENCE BUREAU


## **RESEARCH APPENDIX -** **PLEASE DO NOT REMOVE FROM DRAFTING FILE**


Date Transfer Requested: 02/07/2008 (Per: PG)



 **Appendix G (Compile Draft)**

 The 2007 drafting file for LRB-3865  
has been copied/added to the drafting file for  
**2007 LRB-4036**

 The attached 2007 draft was incorporated into the new 2007 draft listed above. For research purposes, this cover sheet and the attached drafting file were copied, and added, as a appendix, to the new 2007 drafting file. If introduced this section will be scanned and added, as a separate appendix, to the electronic drafting file folder.

 This cover sheet was added to rear of the original 2007 drafting file. The drafting file was then returned, intact, to its folder and filed.

**2007 DRAFTING REQUEST**

**Bill**

Received: 01/16/2008

Received By: agary

Wanted: As time permits

Identical to LRB:

For: Russell Decker (608) 266-2502

By/Representing: Barb, Pat

This file may be shown to any legislator: NO

Drafter: agary

May Contact:

Addl. Drafters: jkreye

Subject: Transportation - mass transit

Extra Copies: BAB

Submit via email: YES

Requester's email: Sen.Decker@legis.wisconsin.gov

Carbon copy (CC:) to: aaron.gary@legis.wisconsin.gov  
joseph.kreye@legis.wisconsin.gov

---

**Pre Topic:**

No specific pre topic given

---

**Topic:**

Regional transit authority and Kenosha Racine Milwaukee commuter rail

---

**Instructions:**

Wants bill with all KRM senate budget provisions from special session SB-2

---

**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>
/?	agary 01/16/2008	csicilia 01/18/2008		_____			S&L
/P1			jfrantze 01/18/2008	_____	sbasford 01/18/2008		S&L
/P2	agary 01/22/2008	csicilia 01/23/2008	jfrantze 01/23/2008	_____	mbarman 01/23/2008		S&L

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P3	agary 01/28/2008	csicilia 01/31/2008	nmatzke 01/31/2008	_____	lparisi 01/31/2008		S&L
/P4	agary 02/05/2008	csicilia 02/06/2008	rschluet 02/06/2008	_____	mbarman 02/06/2008		

FE Sent For:

<END>

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/P2	agary 01/22/2008	csicilia 01/23/2008	jfrantze 01/23/2008	_____ _____	mbarman 01/23/2008		S&L

**LRB-3865**

01/31/2008 11:32:16 AM

Page 2

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P3	agary 01/28/2008	csicilia 01/31/2008	nmatzke 01/31/2008	_____	lparisi 01/31/2008		

FE Sent For:

1/P4 js 2/6  
08

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/P1			jfrantze 01/18/2008	_____	sbasford 01/18/2008		S&L
/P2	agary 01/22/2008	csicilia 01/23/2008	jfrantze 01/23/2008 nwn 1/21	_____	mbarman 01/23/2008		

**LRB-3865**

01/23/2008 12:52:58 PM

Page 2

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P2 cjs 1/23  
08 JB 1/23  
Pg 1/23  
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1?	agary	pl js	1/18 07				

FE Sent For:

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**DOR Biennial Budget Technical Concerns & Comments**  
**10/2/07**

**1. Anti-Abuse Provisions for Real Estate Investment Trusts (REITs)**

As written, the provisions in SA1 to SSA1 to SB 40 deny the dividends paid deduction for "captive" regulated investment companies (RICs) along with "captive" real estate investment trusts (REITs). Denying the dividends paid deduction to captive RICs could adversely affect insurance companies whose "captive RICs" are mutual funds segregated for variable insurance products. There may be similar unintended effects of this language regarding captive RICs. These problems are less likely regarding captive REITs.

The Multistate Tax Commission (MTC) and several states have examined potential abuse of both REITs and RICs. The MTC's model statute and similar laws passed in MD, KY, IN, and NC limit the anti-abuse legislation to captive REITs. MTC drafted a similar model regarding captive RICs but has put it on hold because they concluded that addressing potential abuses of RICs is much more complex. We have a similar rationale for requesting this change.

The fiscal effect of this change would be minimal. The original fiscal estimate for the REIT/RIC anti-abuse provisions (\$3 million) was based solely on estimated REIT abuse activity because the level of RIC abuse activity is not known.

In SA1 to SSA1 to SB 40:

<b>Section</b>	<b>Page and Line</b>	<b>Proposed Change</b>
2017e (71.22(9b))	104, line 20	<del>71.22(9b) "Qualified regulated investment company" means a regulated investment company, except a regulated investment company of which more than 50 percent of the voting power or value of the beneficial interests or shares are owned or controlled, directly or indirectly, by a single entity that is subject to sections 301 to 385 of the Internal Revenue Code, that is not exempt under s. 71.26(1), and that is not a regulated investment company.</del>
2023d (71.26(2)(b))	123, line 11	<del>5. The dividend paid deduction otherwise allowed by federal law in computing net income of a regulated investment company that is subject to federal income tax shall be added back in computing the tax imposed under this chapter unless the regulated investment company is a qualified regulated investment company.</del>


## 2. Effective Date Requirements for Local Exposition Rental Car Tax

The bill provides requirements that the resolution to adopt the baseball and football stadium district taxes in secs. 77.705 and 77.706 (Section 2462 of Senate Substitute Amendment 1 of 2007 Senate Bill 40, page 1165, line 25 through page 1166, line 9, and Section 2463, page 1166, lines 10 to 21, respectively) become effective "on the first January 1, April 1, July 1, or October 1 that begins at least 120 days..." after the adoption or certification of approval of the resolution. The bill *does not*, however, provide such consistent language for the local rental car taxes.

Currently, the Milwaukee Center District is the only local exposition district that imposes the local exposition district rental car tax; however, it is likely that another exposition district may be created and impose this tax in the future.

DOR recommends adding language to Ch. 77, Subchapter IX (local rental car tax), to state that the resolution or ordinance shall be effective on the first day of January, the first day of April, the first day of July or the first day of October. An effective date of the first day of a calendar quarter reduces administrative burdens for retailers and for the Department of Revenue.

## 3. Exemption for Bonds Issued by the Regional Transit Authority

 The Senate version of the budget bill provides that the Regional Transit Authority, composed of Kenosha, Milwaukee, and Racine counties, may issue bonds that are "public instrumentalities and, together with interest and income, are exempt from taxes." This exemption language is very broad and could potentially invalidate the corporate franchise tax.

DOR recommends deleting the tax exemption in s. 59.58, Stats., for interest and income from bonds issued by the Regional Transit Authority and include the tax exemption in s. 71.05(1)(c) and s. 71.26(1m), Stats. This change would make the exemption an income tax exemption. See Section 1850u (SA1 to SSA1 to SB 40, page 96, lines 18 to 20).

Federal law prohibits a state from including interest from federal government bonds in income for corporate franchise tax purposes while exempting state or local bonds from taxable income.

## 4. Streamlined Sales Tax Effective Date

Due to notification requirements of the Streamlined Sales and Use Tax Governing Board (SSTGB) and requirements within the Streamlined Sales and Use Tax Agreement (SSUTA), the earliest that Wisconsin can now become a member of the Streamlined Sales Tax Governing Board, Inc. is April 1, 2008. If Wisconsin does not submit its petition to the SST Governing Board by mid-October, the earliest Wisconsin could become an SST member is July 1, 2008.

DOR recommends that the effective date of this legislation be delayed until April 1, 2008. Otherwise, currently registered businesses would be expected to learn and understand all of these changes and also get their systems programmed to accurately reflect the proper tax treatment of the items they sell, based on these new laws. Section 9441 – pp. 1674 – 1676.

## 5. Streamlined Sales Tax – Other Technical/Definition Changes

### A. Section 2218 – Pgs. 1068 – 1069 – Prepared Food Definition

To be in compliance with the Streamlined Sales and Use Tax Agreement (SSUTA), the definitions of terms contained in Ch. 77 of the Wisconsin Statutes must be consistent with the definitions

**Gary, Aaron**

---

**From:** Walsh, Patrick  
**Sent:** Wednesday, January 16, 2008 8:49 AM  
**To:** Gary, Aaron  
**Subject:** RE: Economic development package - KRM

Aaron, go ahead and make DOR's suggested changes.

Thank you.

Pat

---

**From:** Gary, Aaron  
**Sent:** Tuesday, January 15, 2008 6:35 PM  
**To:** Walsh, Patrick  
**Cc:** Worcester, Barbara  
**Subject:** Economic development package - KRM

Hi Pat,

I have entered this draft as LRB-~~3859~~<sup>3860</sup>. DOR had a few technical comments about the tax language in the budget provisions related to KRM. Do you want me to include DOR's suggested changes in this draft?

Aaron

Aaron R. Gary  
*Legislative Attorney*  
*Legislative Reference Bureau*  
608.261.6926 (voice)  
608.264.6948 (fax)  
aaron.gary@legis.state.wi.us

Barb

Worcester

& Pat

6-2502

1/14/08

- economic development package →
- KRM: structured demands in budget
  - incl. car rental fee
- increase funding for state home rehab program & majors program
- draft separately and then combine them
  - PGM: suggested that

- Pat: give them back  
1/2nd \$50 M

\$2.5 back to admin.

- talk to Jon Dyck →
  - get details from him



State of Wisconsin  
2007 - 2008 LEGISLATURE

~~SEN~~  
3865/P1  
LRB-~~2007~~  
ARG&JK:cjs:pg  
TODAY  
in 1/15  
cjs  
KMR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

No changes

SAJ

Repeal Car

1 AN ACT to repeal 59.58 (6) (e) 4r. and 6.; to amend 59.58 (6) (cr) and 77.9971;  
2 and to create 59.58 (6) (cb), 59.58 (6) (e) 3g., 59.58 (6) (e) 3m., 59.58 (6) (f), 71.05  
3 (1) (c) 9., 71.26 (1m) (j) and 71.45 (1t) (j) of the statutes; relating to: the  
4 Regional Transit Authority and commuter rail transit systems.

**Analysis by the Legislative Reference Bureau**

Under current law, the counties of Kenosha, Milwaukee, and Racine must create a Regional Transit Authority (RTA). The RTA is responsible for the coordination of transit and commuter rail programs within these counties. The RTA may receive funding by imposing a rental car transaction fee within these counties, but the fee may presently be used only to hire staff, conduct studies, and prepare a report to the legislature and the governor, due by November 15, 2008. The report must include certain information, including a recommendation as to whether the responsibilities of the RTA should be limited to collection and distribution of regional transit funding or should also include operation of transit service and a recommendation on whether the RTA should continue in existence after September 30, 2009.

This bill provides the RTA with the responsibility for constructing and operating a commuter rail transit system connecting the cities of Kenosha, Racine, and Milwaukee (KRM commuter link). The bill increases the amount of the rental car transaction fee that may be imposed, authorizes the RTA to issue bonds, and authorizes the RTA to use rental car transaction fees and bond proceeds for KRM

commuter link purposes. Under the bill, the interest income received from the bonds is exempt from the state income tax. The bill also requires the RTA's report due by November 15, 2008, to include a study on the feasibility of adding certain commuter rail stops and of extending commuter rail to a specified location.

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

---

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

1           SECTION 1. 59.58 (6) (cb) of the statutes is created to read:

2           59.58 (6) (cb) The authority shall be responsible for sponsoring, developing,  
3           constructing, and operating a commuter rail transit system connecting the cities of  
4           Kenosha, Racine, and Milwaukee, to be known as the KRM commuter rail link.

5           SECTION 2. 59.58 (6) (cr) of the statutes is amended to read:

6           59.58 (6) (cr) The authority may hire staff, conduct studies, and expend funds  
7           essential to the preparation of the report specified in par. (e) and in furtherance of  
8           its responsibility under par. (cb) to develop and construct the KRM commuter rail  
9           link.

10          SECTION 3. 59.58 (6) (e) 3g. of the statutes is created to read:

11          59.58 (6) (e) 3g. A study on the feasibility of adding a commuter rail stop and  
12          station at points where any proposed commuter rail route would intersect National  
13          Avenue in the city of Milwaukee or Greenfield Avenue in the city of Milwaukee or  
14          both.

15          SECTION 4. 59.58 (6) (e) 3m. of the statutes is created to read:

16          59.58 (6) (e) 3m. A study on the feasibility of extending any proposed commuter  
17          rail project through the 30th Street corridor in the city of Milwaukee to the northern  
18          county line of Milwaukee County.

19          SECTION 5. 59.58 (6) (e) 4r. and 6. of the statutes are repealed.

1           **SECTION 6.** 59.58 (6) (f) of the statutes is created to read:

2           59.58 (6) (f) 1. The authority may issue bonds, the principal and interest on  
3           which are payable exclusively from all or a portion of any revenues received by the  
4           authority. The authority may secure its bonds by a pledge of any income or revenues  
5           from any operations, rent, aids, grants, subsidies, contributions, or other source of  
6           moneys whatsoever.

7           2. The authority may issue bonds in an aggregate principal amount not to  
8           exceed \$50,000,000, excluding bonds issued to refund outstanding bonds issued  
9           under this subdivision, for the purpose of providing funds for the anticipated local  
10          funding share required for initiating KRM commuter rail link service.

11          3. Neither the governing body of the authority nor any person executing the  
12          bonds is personally liable on the bonds by reason of the issuance of the bonds.

13          4. The bonds of the authority are not a debt of the counties that created the  
14          authority. Neither these counties nor the state are liable for the payment of the  
15          bonds. The bonds of the authority shall be payable only out of funds or properties  
16          of the authority. The bonds of the authority shall state the restrictions contained in  
17          this subdivision on the face of the bonds.

18          5. Bonds of the authority shall be authorized by resolution of the authority's  
19          governing body. The bonds may be issued under such a resolution or under a trust  
20          indenture or other security instrument. The bonds may be issued in one or more  
21          series and may be in the form of coupon bonds or registered bonds under s. 67.09.  
22          The bonds shall bear the dates, mature at the times, bear interest at the rates, be in  
23          the denominations, have the rank or priority, be executed in the manner, be payable  
24          in the medium of payment and at the places, and be subject to the terms of  
25          redemption, with or without premium, as the resolution, trust indenture, or other



1 security instrument provides. The authority may sell the bonds at public or private  
2 sales at the price or prices determined by the authority. If a member of the governing  
3 body of the authority whose signature appears on any bonds or coupons ceases to be  
4 a member of the governing body of the authority before the delivery of such  
5 obligations, the member's signature shall, nevertheless, be valid for all purposes as  
6 if the member had remained a member until delivery of the bonds.

7 6. The authority may issue refunding bonds for the purpose of paying any of  
8 its bonds at or prior to maturity or upon acceleration or redemption. The authority  
9 may issue refunding bonds at such time prior to the maturity or redemption of the  
10 refunded bonds as the authority deems to be in the public interest. The refunding  
11 bonds may be issued in sufficient amounts to pay or provide the principal of the bonds  
12 being refunded, together with any redemption premium on the bonds, any interest  
13 accrued or to accrue to the date of payment of the bonds, the expenses of issue of the  
14 refunding bonds, the expenses of redeeming the bonds being refunded, and such  
15 reserves for debt service or other capital or current expenses from the proceeds of  
16 such refunding bonds as may be required by the resolution, trust indenture, or other  
17 security instruments. To the extent applicable, refunding bonds are subject to subd.  
18 5.

19 **SECTION 7.** 71.05 (1) (c) 9. of the statutes is created to read:

20 71.05 (1) (c) 9. The regional transit authority under s. 59.58 (6) (f).

21 **SECTION 8.** 71.26 (1m) (j) of the statutes is created to read:

22 71.26 (1m) (j) Those issued under s. 59.58 (6) (f).

23 **SECTION 9.** 71.45 (1t) (j) of the statutes is created to read:

24 71.45 (1t) (j) Those issued under s. 59.58 (6) (f).

25 **SECTION 10.** 77.9971 of the statutes is amended to read:

1           **77.9971 Imposition.** A regional transit authority under s. 59.58 (6) may  
2 impose a fee at a rate not to exceed ~~\$2~~ \$15 for each transaction in the region, as  
3 defined in s. 59.58 (6) (a) 2., on the rental, but not for reregal and not for rental as  
4 a service or repair replacement vehicle, of Type 1 automobiles, as defined in s. 340.01  
5 (4) (a), by establishments primarily engaged in short-term rental of passenger cars  
6 without drivers, for a period of 30 days or less, unless the sale is exempt from the sales  
7 tax under s. 77.54 (1), (4), (7) (a), (7m), (9), or (9a). The fee imposed under this  
8 subchapter shall be effective on the first day of the first month that begins at least  
9 90 days after the governing body of the regional transit authority approves the  
10 imposition of the fee and notifies the department of revenue. The governing body  
11 shall notify the department of a repeal of the fee imposed under this subchapter at  
12 least 60 days before the effective date of the repeal.

13

(END)

STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

Mc w/ Pat - Deke -

• change re KRM

1/17

Mike Browne - KRM

talk to

• require Co. of Navin Kemsha

• rental fee

& Milwaukee

take another vote

to support rental

fee up to 15

• authorized  
but not  
require

• ~~as~~ 3 cos. would render  
on funding source

• authorized to have  
a referendum



State of Wisconsin  
2007 - 2008 LEGISLATURE

Wanted by 1/24

LRB-3865/P2  
ARG&JK:cjs:jf

in 1/22

KRM

SR

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stays

Gen Cat

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Meet ANACA

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Asmt  
ANAL-B  
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17          rail project through the 30th Street corridor in the city of Milwaukee to the northern  
18          county line of Milwaukee County.

19          **SECTION 5.** 59.58 (6) (e) 4r. and 6. of the statutes are repealed.

①

SECTION 6. 59.58 (6) (f) <sup>and (g)</sup> of the statutes <sup>are</sup> created to read:

2

59.58 (6) (f) 1. The authority may issue bonds, the principal and interest on which are payable exclusively from all or a portion of any revenues received by the authority. The authority may secure its bonds by a pledge of any income or revenues from any operations, rent, aids, grants, subsidies, contributions, or other source of moneys whatsoever.

7

2. The authority may issue bonds in an aggregate principal amount not to exceed \$50,000,000, excluding bonds issued to refund outstanding bonds issued under this subdivision, for the purpose of providing funds for the anticipated local funding share required for initiating KRM commuter rail link service.

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3. Neither the governing body of the authority nor any person executing the bonds is personally liable on the bonds by reason of the issuance of the bonds.

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4. The bonds of the authority are not a debt of the counties that created the authority. Neither these counties nor the state are liable for the payment of the bonds. The bonds of the authority shall be payable only out of funds or properties of the authority. The bonds of the authority shall state the restrictions contained in this subdivision on the face of the bonds.

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5. Bonds of the authority shall be authorized by resolution of the authority's governing body. The bonds may be issued under such a resolution or under a trust indenture or other security instrument. The bonds may be issued in one or more series and may be in the form of coupon bonds or registered bonds under s. 67.09. The bonds shall bear the dates, mature at the times, bear interest at the rates, be in the denominations, have the rank or priority, be executed in the manner, be payable in the medium of payment and at the places, and be subject to the terms of redemption, with or without premium, as the resolution, trust indenture, or other

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1 security instrument provides. The authority may sell the bonds at public or private  
2 sales at the price or prices determined by the authority. If a member of the governing  
3 body of the authority whose signature appears on any bonds or coupons ceases to be  
4 a member of the governing body of the authority before the delivery of such  
5 obligations, the member's signature shall, nevertheless, be valid for all purposes as  
6 if the member had remained a member until delivery of the bonds.

7 6. The authority may issue refunding bonds for the purpose of paying any of  
8 its bonds at or prior to maturity or upon acceleration or redemption. The authority  
9 may issue refunding bonds at such time prior to the maturity or redemption of the  
10 refunded bonds as the authority deems to be in the public interest. The refunding  
11 bonds may be issued in sufficient amounts to pay or provide the principal of the bonds  
12 being refunded, together with any redemption premium on the bonds, any interest  
13 accrued or to accrue to the date of payment of the bonds, the expenses of issue of the  
14 refunding bonds, the expenses of redeeming the bonds being refunded, and such  
15 reserves for debt service or other capital or current expenses from the proceeds of  
16 such refunding bonds as may be required by the resolution, trust indenture, or other  
17 security instruments. To the extent applicable, refunding bonds are subject to subd.

18 5.

19 **SECTION 7.** 71.05 (1) (c) 9. of the statutes is created to read:

20 71.05 (1) (c) 9. The regional transit authority under s. 59.58 (6) (f).

21 **SECTION 8.** 71.26 (1m) (j) of the statutes is created to read:

22 71.26 (1m) (j) Those issued under s. 59.58 (6) (f).

23 **SECTION 9.** 71.45 (1t) (j) of the statutes is created to read:

24 71.45 (1t) (j) Those issued under s. 59.58 (6) (f).

25 **SECTION 10.** 77.9971 of the statutes is amended to read:

W&A  
4-18 →

Insert  
5-2

1           **77.9971 Imposition.** A regional transit authority under s. 59.58 (6) may  
2 impose a fee at a rate not to exceed ~~\$2~~ <sup>plain</sup> ~~\$15~~ for each transaction in the region, as  
3 defined in s. 59.58 (6) (a) 2., on the rental, but not for rental and not for rental as  
4 a service or repair replacement vehicle, of Type 1 automobiles, as defined in s. 340.01  
5 (4) (a), by establishments primarily engaged in short-term rental of passenger cars  
6 without drivers, for a period of 30 days or less, unless the sale is exempt from the sales  
7 tax under s. 77.54 (1), (4), (7) (a), (7m), (9), or (9a). The fee imposed under this  
8 subchapter shall be effective on the first day of the first month that begins at least  
9 90 days after the governing body of the regional transit authority approves the  
10 imposition of the fee and notifies the department of revenue. The governing body  
11 shall notify the department of a repeal of the fee imposed under this subchapter at  
12 least 60 days before the effective date of the repeal.

13

(END)



2007-2008 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-3865/P2ins  
ARG:.....

INSERT ANAL-A:

(no P) if the county board<sup>s</sup> of the counties of Kenosha, Milwaukee, and Racine each adopt<sup>e</sup> a resolution supporting the increase.

INSERT ANAL-B:

(no P) The bill also authorizes the RTA to fund its operations from any funding source specified in identical resolutions adopted by the county board<sup>s</sup> of the counties of Kenosha, Milwaukee, and Racine and ratified by the electors at a referendum held in each county.

INSERT 4-18:

(g) If the county board<sup>s</sup> of the counties of Kenosha, Milwaukee, and Racine each adopt<sup>e</sup> an identical resolution specifying a funding source for the authority other than one specifically authorized under this subsection, and if the resolution in each county is ratified by the electors at a referendum held in each county, then the authority is authorized to take any action necessary to secure, and to fund its operations from, the funding source specified in the resolutions.

INSERT 5-2:

(no P) .or not to exceed \$15 if the county board<sup>s</sup> of the counties of Kenosha, Milwaukee, and Racine each adopt<sup>e</sup> a resolution supporting a fee under this section at such a rate.

STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

1/25

Me w/ Mike - Sen Lehman 6-1832

• Pat said to call me  
3865/PZ

• RTA would reapprove the  
car rental

• up to AK if CTA approves  
the increase

• Bd. of RTA  
(gov body)

munic & co's

3 co.  
3 Muni.

• + am. muni w/ rep.  
on RTA could hold  
a referen. to guide  
decis. making process  
w/ respect to rental  
car fee  
• advisory?

• can

• not any funding source



State of Wisconsin  
2007 - 2008 LEGISLATURE

302

LRB-3865/P3

ARG&JK:cjs:jf

in 1/28

KMR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

stays

SPV

Reger Cat

1 AN ACT to repeal 59.58 (6) (e) 4r. and 6.; to amend 59.58 (6) (cr) and 77.9971;  
2 and to create 59.58 (6) (cb), 59.58 (6) (e) 3g., 59.58 (6) (e) 3m., 59.58 (6) (f) and  
3 (g), 71.05 (1) (c) 9., 71.26 (1m) (j) and 71.45 (1t) (j) of the statutes; relating to:  
4 the Regional Transit Authority and commuter rail transit systems.

**Analysis by the Legislative Reference Bureau**

Under current law, the counties of Kenosha, Milwaukee, and Racine must create a Regional Transit Authority (RTA). The RTA is responsible for the coordination of transit and commuter rail programs within these counties. The RTA may receive funding by imposing a rental car transaction fee within these counties, but the fee may presently be used only to hire staff, conduct studies, and prepare a report to the legislature and the governor, due by November 15, 2008. The report must include certain information, including a recommendation as to whether the responsibilities of the RTA should be limited to collection and distribution of regional transit funding or should also include operation of transit service and a recommendation on whether the RTA should continue in existence after September 30, 2009.

This bill provides the RTA with the responsibility for constructing and operating a commuter rail transit system connecting the cities of Kenosha, Racine, and Milwaukee (KRM commuter link). The bill increases the amount of the rental car transaction fee that may be imposed if the ~~county boards~~ <sup>governing body</sup> of the ~~counties of~~ <sup>governing body</sup> Kenosha, Milwaukee, and Racine each adopt a resolution supporting the increase.

RTA approves

The bill also authorizes the RTA to issue bonds and to use rental car transaction fees and bond proceeds for KRM commuter link purposes. Under the bill, the interest income received from the bonds is exempt from the state income tax. ~~The bill also authorizes the RTA to fund its operations from any funding source specified in identical resolutions adopted by the county boards of the counties of Kenosha, Milwaukee, and Racine and ratified by the electors at a referendum held in each county.~~ The bill requires the RTA's report due by November 15, 2008, to include a study on the feasibility of adding certain commuter rail stops and of extending commuter rail to a specified location.

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

---

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

1           **SECTION 1.** 59.58 (6) (cb) of the statutes is created to read:

2           59.58 (6) (cb) The authority shall be responsible for sponsoring, developing,  
3           constructing, and operating a commuter rail transit system connecting the cities of  
4           Kenosha, Racine, and Milwaukee, to be known as the KRM commuter rail link.

5           **SECTION 2.** 59.58 (6) (cr) of the statutes is amended to read:

6           59.58 (6) (cr) The authority may hire staff, conduct studies, and expend funds  
7           essential to the preparation of the report specified in par. (e) and in furtherance of  
8           its responsibility under par. (cb) to develop and construct the KRM commuter rail  
9           link.

10          **SECTION 3.** 59.58 (6) (e) 3g. of the statutes is created to read:

11          59.58 (6) (e) 3g. A study on the feasibility of adding a commuter rail stop and  
12          station at points where any proposed commuter rail route would intersect National  
13          Avenue in the city of Milwaukee or Greenfield Avenue in the city of Milwaukee or  
14          both.

15          **SECTION 4.** 59.58 (6) (e) 3m. of the statutes is created to read:

1           59.58 (6) (e) 3m. A study on the feasibility of extending any proposed commuter  
2 rail project through the 30th Street corridor in the city of Milwaukee to the northern  
3 county line of Milwaukee County.

4           **SECTION 5.** 59.58 (6) (e) 4r. and 6. of the statutes are repealed.

5           **SECTION 6.** 59.58 (6) (f) and (g) of the statutes are created to read:

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8 authority. The authority may secure its bonds by a pledge of any income or revenues  
9 from any operations, rent, aids, grants, subsidies, contributions, or other source of  
10 moneys whatsoever.

11           2. The authority may issue bonds in an aggregate principal amount not to  
12 exceed \$50,000,000, excluding bonds issued to refund outstanding bonds issued  
13 under this subdivision, for the purpose of providing funds for the anticipated local  
14 funding share required for initiating KRM commuter rail link service.

15           3. Neither the governing body of the authority nor any person executing the  
16 bonds is personally liable on the bonds by reason of the issuance of the bonds.

17           4. The bonds of the authority are not a debt of the counties that created the  
18 authority. Neither these counties nor the state are liable for the payment of the  
19 bonds. The bonds of the authority shall be payable only out of funds or properties  
20 of the authority. The bonds of the authority shall state the restrictions contained in  
21 this subdivision on the face of the bonds.

22           5. Bonds of the authority shall be authorized by resolution of the authority's  
23 governing body. The bonds may be issued under such a resolution or under a trust  
24 indenture or other security instrument. The bonds may be issued in one or more  
25 series and may be in the form of coupon bonds or registered bonds under s. 67.09.

1 The bonds shall bear the dates, mature at the times, bear interest at the rates, be in  
2 the denominations, have the rank or priority, be executed in the manner, be payable  
3 in the medium of payment and at the places, and be subject to the terms of  
4 redemption, with or without premium, as the resolution, trust indenture, or other  
5 security instrument provides. The authority may sell the bonds at public or private  
6 sales at the price or prices determined by the authority. If a member of the governing  
7 body of the authority whose signature appears on any bonds or coupons ceases to be  
8 a member of the governing body of the authority before the delivery of such  
9 obligations, the member's signature shall, nevertheless, be valid for all purposes as  
10 if the member had remained a member until delivery of the bonds.

11 6. The authority may issue refunding bonds for the purpose of paying any of  
12 its bonds at or prior to maturity or upon acceleration or redemption. The authority  
13 may issue refunding bonds at such time prior to the maturity or redemption of the  
14 refunded bonds as the authority deems to be in the public interest. The refunding  
15 bonds may be issued in sufficient amounts to pay or provide the principal of the bonds  
16 being refunded, together with any redemption premium on the bonds, any interest  
17 accrued or to accrue to the date of payment of the bonds, the expenses of issue of the  
18 refunding bonds, the expenses of redeeming the bonds being refunded, and such  
19 reserves for debt service or other capital or current expenses from the proceeds of  
20 such refunding bonds as may be required by the resolution, trust indenture, or other  
21 security instruments. To the extent applicable, refunding bonds are subject to subd.

22 5.

23 (g) If the county boards of the counties of Kenosha, Milwaukee, and Racine each  
24 adopt an identical resolution specifying a funding source for the authority other than  
25 one specifically authorized under this subsection, and if the resolution in each county

Insert  
4-23

1 is ratified by the electors at a referendum held in each county, then the authority is  
 2 authorized to take any action necessary to secure, and to fund its operations from,  
 3 the funding source specified in the resolution.

4 SECTION 7. 71.05 (1) (c) 9. of the statutes is created to read:

5 71.05 (1) (c) 9. The regional transit authority under s. 59.58 (6) (f).

6 SECTION 8. 71.26 (1m) (j) of the statutes is created to read:

7 71.26 (1m) (j) Those issued under s. 59.58 (6) (f).

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11 **77.9971 Imposition.** A regional transit authority under s. 59.58 (6) may

12 impose a fee at a rate not to exceed \$2, or not to exceed \$15 if the <sup>governing body</sup> ~~county board~~ of the  
 13 <sup>regional transit authority</sup> ~~counties of Kenosha, Milwaukee and Racine each adopt a resolution supporting a~~ <sup>approves</sup>

14 fee under this section at such a rate, for each transaction in the region, as defined  
 15 in s. 59.58 (6) (a) 2., on the rental, but not for rental and not for rental as a service  
 16 or repair replacement vehicle, of Type 1 automobiles, as defined in s. 340.01 (4) (a),  
 17 by establishments primarily engaged in short-term rental of passenger cars without  
 18 drivers, for a period of 30 days or less, unless the sale is exempt from the sales tax  
 19 under s. 77.54 (1), (4), (7) (a), (7m), (9), or (9a). The fee imposed under this subchapter  
 20 shall be effective on the first day of the first month that begins at least 90 days after  
 21 the governing body of the regional transit authority approves the imposition of the  
 22 fee and notifies the department of revenue. The governing body shall notify the  
 23 department of a repeal of the fee imposed under this subchapter at least 60 days  
 24 before the effective date of the repeal.

25 (END)

2007-2008 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-3865/P3ins  
ARG:.....

1109  
**INSERT 4-23:**

The governing bodies of the counties of Kenosha, Milwaukee, and Racine, and  
of the most populous city in each of these 3 counties, may submit the question to the  
electors in an advisory referendum of supporting an increase in the fees under subch.  
XIII of ch. 77 that may be imposed by the authority.



STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

H/c w/ Pat Walsh - Sen. Decker 2/4

6-2502

• Jerry Dechane - asked about transit  
ins. provisions in other RTA draft

• include this

• Mike Browne - ~~he~~ wants to see  
referendum mentioned in  
the analysis



State of Wisconsin  
2007 - 2008 LEGISLATURE

Wanted by  
2/7 end  
of day

LRB-3865/P4  
ARG&JK:cjs:nwn

Stays  
RMA

in 2/5

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

D-Note

SAV

Reger Cat

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visit  
ANAL-A

1/24/07  
ANAL-B

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7           moneys whatsoever.

8           2. The authority may issue bonds in an aggregate principal amount not to  
9           exceed \$50,000,000, excluding bonds issued to refund outstanding bonds issued  
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22          series and may be in the form of coupon bonds or registered bonds under s. 67.09.  
23          The bonds shall bear the dates, mature at the times, bear interest at the rates, be in  
24          the denominations, have the rank or priority, be executed in the manner, be payable  
25          in the medium of payment and at the places, and be subject to the terms of

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5 a member of the governing body of the authority before the delivery of such  
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10 may issue refunding bonds at such time prior to the maturity or redemption of the  
11 refunded bonds as the authority deems to be in the public interest. The refunding  
12 bonds may be issued in sufficient amounts to pay or provide the principal of the bonds  
13 being refunded, together with any redemption premium on the bonds, any interest  
14 accrued or to accrue to the date of payment of the bonds, the expenses of issue of the  
15 refunding bonds, the expenses of redeeming the bonds being refunded, and such  
16 reserves for debt service or other capital or current expenses from the proceeds of  
17 such refunding bonds as may be required by the resolution, trust indenture, or other  
18 security instruments. To the extent applicable, refunding bonds are subject to subd.  
19 5.

20 (g) The governing bodies of the counties of Kenosha, Milwaukee, and Racine,  
21 and of the most populous city in each of these 3 counties, may submit to the electors  
22 in an advisory referendum the question of supporting an increase in the fees that  
23 may be imposed by the authority under subch. XIII of ch. 77.

24 **SECTION 7.** 71.05 (1) (c) 9. of the statutes is created to read:

25 71.05 (1) (c) 9. The regional transit authority under s. 59.58 (6) (f).

1           **SECTION 8.** 71.26 (1m) (j) of the statutes is created to read:

2           71.26 (1m) (j) Those issued under s. 59.58 (6) (f).

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6           **77.9971 Imposition.** A regional transit authority under s. 59.58 (6) may  
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8 the regional transit authority approves a fee under this section at such a rate, for  
9 each transaction in the region, as defined in s. 59.58 (6) (a) 2., on the rental, but not  
10 for rereental and not for rental as a service or repair replacement vehicle, of Type 1  
11 automobiles, as defined in s. 340.01 (4) (a), by establishments primarily engaged in  
12 short-term rental of passenger cars without drivers, for a period of 30 days or less,  
13 unless the sale is exempt from the sales tax under s. 77.54 (1), (4), (7) (a), (7m), (9),  
14 or (9a). The fee imposed under this subchapter shall be effective on the first day of  
15 the first month that begins at least 90 days after the governing body of the regional  
16 transit authority approves the imposition of the fee and notifies the department of  
17 revenue. The governing body shall notify the department of a repeal of the fee  
18 imposed under this subchapter at least 60 days before the effective date of the repeal.

(END)

19

insert  
5-18

D-Note

2007-2008 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-3865/P4ins  
ARG:.....

INSERT ANAL-A:

(no PP) The bill reiterates the authority of the counties of Kenosha, Milwaukee, and Racine, and of the most populous city in each of these three counties, to submit to the electors in an advisory referendum the question of supporting this increase in the rental car transaction fee. ✓

INSERT ANAL-B:

(no PP) The bill also allows the RTA to participate in organizing municipal insurance mutuals to provide insurance and risk management services to the RTA. ✓

INSERT 5-18: ✓

SECTION 1. 611.11 (4) (a) of the statutes is amended to read:

611.11 (4) (a) In this subsection, "municipality" has the meaning given in s. 345.05 (1) (c), but also includes the regional transit authority under s. 59.58 (6). ✓

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

LRB-3865/P4dn

ARG:/:....

gs

ATTN: Patrick Walsh

Please review the attached draft carefully to ensure that it is consistent with your intent.

I have added a treatment of s. 611.11 (4) (a) to the draft allowing the RTA to participate in mutual transit insurance. I have not added a treatment of s. 345.05 to the draft because the RTA is not authorized to provide bus service.

As discussed, I did not refer to the advisory referendum in the analysis of the "/P3" version of this draft because I believe created s. 59.58 (6) (g) of the draft, relating to the advisory referendum, has no legal effect, as counties and municipalities already have authority under s. 59.52 (25) and their inherent "home rule" powers to conduct an advisory referendum on any subject they choose. At your request, I have added a provision to the analysis related to the advisory referendum.

Please let me know if you would like any changes made to the attached draft or if you have any questions. If the attached draft meets with your approval, let me know and I will convert it to an introducible "/1" draft.

Aaron R. Gary  
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Phone: (608) 261-6926  
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**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-3865/P4dn  
ARG:cjs:rs

February 6, 2008

ATTN: Patrick Walsh

Please review the attached draft carefully to ensure that it is consistent with your intent.

I have added a treatment of s. 611.11 (4) (a) to the draft allowing the RTA to participate in mutual transit insurance. I have not added a treatment of s. 345.05 to the draft because the RTA is not authorized to provide bus service.

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Aaron R. Gary  
Legislative Attorney  
Phone: (608) 261-6926  
E-mail: [aaron.gary@legis.wisconsin.gov](mailto:aaron.gary@legis.wisconsin.gov)



State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-3865/P4  
ARG&JK:cjs:rs

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1     **AN ACT** *to repeal* 59.58 (6) (e) 4r. and 6.; *to amend* 59.58 (6) (cr), 77.9971 and  
2           611.11 (4) (a); and *to create* 59.58 (6) (cb), 59.58 (6) (e) 3g., 59.58 (6) (e) 3m.,  
3           59.58 (6) (f) and (g), 71.05 (1) (c) 9., 71.26 (1m) (j) and 71.45 (1t) (j) of the statutes;  
4     **relating to:** the Regional Transit Authority and commuter rail transit  
5     systems.

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***Analysis by the Legislative Reference Bureau***

Under current law, the counties of Kenosha, Milwaukee, and Racine must create a Regional Transit Authority (RTA). The RTA is responsible for the coordination of transit and commuter rail programs within these counties. The RTA may receive funding by imposing a rental car transaction fee within these counties, but the fee may presently be used only to hire staff, conduct studies, and prepare a report to the legislature and the governor, due by November 15, 2008. The report must include certain information, including a recommendation as to whether the responsibilities of the RTA should be limited to collection and distribution of regional transit funding or should also include operation of transit service and a recommendation on whether the RTA should continue in existence after September 30, 2009.

This bill provides the RTA with the responsibility for constructing and operating a commuter rail transit system connecting the cities of Kenosha, Racine, and Milwaukee (KRM commuter link). The bill increases the amount of the rental car transaction fee that may be imposed if the governing body of the RTA approves

the increase. The bill reiterates the authority of the counties of Kenosha, Milwaukee, and Racine, and of the most populous city in each of these three counties, to submit to the electors in an advisory referendum the question of supporting this increase in the rental car transaction fee. The bill also authorizes the RTA to issue bonds and to use rental car transaction fees and bond proceeds for KRM commuter link purposes. Under the bill, the interest income received from the bonds is exempt from the state income tax. The bill also allows the RTA to participate in organizing municipal insurance mutuals to provide insurance and risk management services to the RTA. The bill requires the RTA's report due by November 15, 2008, to include a study on the feasibility of adding certain commuter rail stops and of extending commuter rail to a specified location.

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

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

1           **SECTION 1.** 59.58 (6) (cb) of the statutes is created to read:

2           59.58 (6) (cb) The authority shall be responsible for sponsoring, developing,  
3           constructing, and operating a commuter rail transit system connecting the cities of  
4           Kenosha, Racine, and Milwaukee, to be known as the KRM commuter rail link.

5           **SECTION 2.** 59.58 (6) (cr) of the statutes is amended to read:

6           59.58 (6) (cr) The authority may hire staff, conduct studies, and expend funds  
7           essential to the preparation of the report specified in par. (e) and in furtherance of  
8           its responsibility under par. (cb) to develop and construct the KRM commuter rail  
9           link.

10          **SECTION 3.** 59.58 (6) (e) 3g. of the statutes is created to read:

11          59.58 (6) (e) 3g. A study on the feasibility of adding a commuter rail stop and  
12          station at points where any proposed commuter rail route would intersect National  
13          Avenue in the city of Milwaukee or Greenfield Avenue in the city of Milwaukee or  
14          both.

15          **SECTION 4.** 59.58 (6) (e) 3m. of the statutes is created to read:

1           59.58 (6) (e) 3m. A study on the feasibility of extending any proposed commuter  
2 rail project through the 30th Street corridor in the city of Milwaukee to the northern  
3 county line of Milwaukee County.

4           **SECTION 5.** 59.58 (6) (e) 4r. and 6. of the statutes are repealed.

5           **SECTION 6.** 59.58 (6) (f) and (g) of the statutes are created to read:

6           59.58 (6) (f) 1. The authority may issue bonds, the principal and interest on  
7 which are payable exclusively from all or a portion of any revenues received by the  
8 authority. The authority may secure its bonds by a pledge of any income or revenues  
9 from any operations, rent, aids, grants, subsidies, contributions, or other source of  
10 moneys whatsoever.

11           2. The authority may issue bonds in an aggregate principal amount not to  
12 exceed \$50,000,000, excluding bonds issued to refund outstanding bonds issued  
13 under this subdivision, for the purpose of providing funds for the anticipated local  
14 funding share required for initiating KRM commuter rail link service.

15           3. Neither the governing body of the authority nor any person executing the  
16 bonds is personally liable on the bonds by reason of the issuance of the bonds.

17           4. The bonds of the authority are not a debt of the counties that created the  
18 authority. Neither these counties nor the state are liable for the payment of the  
19 bonds. The bonds of the authority shall be payable only out of funds or properties  
20 of the authority. The bonds of the authority shall state the restrictions contained in  
21 this subdivision on the face of the bonds.

22           5. Bonds of the authority shall be authorized by resolution of the authority's  
23 governing body. The bonds may be issued under such a resolution or under a trust  
24 indenture or other security instrument. The bonds may be issued in one or more  
25 series and may be in the form of coupon bonds or registered bonds under s. 67.09.

1 The bonds shall bear the dates, mature at the times, bear interest at the rates, be in  
2 the denominations, have the rank or priority, be executed in the manner, be payable  
3 in the medium of payment and at the places, and be subject to the terms of  
4 redemption, with or without premium, as the resolution, trust indenture, or other  
5 security instrument provides. The authority may sell the bonds at public or private  
6 sales at the price or prices determined by the authority. If a member of the governing  
7 body of the authority whose signature appears on any bonds or coupons ceases to be  
8 a member of the governing body of the authority before the delivery of such  
9 obligations, the member's signature shall, nevertheless, be valid for all purposes as  
10 if the member had remained a member until delivery of the bonds.

11 6. The authority may issue refunding bonds for the purpose of paying any of  
12 its bonds at or prior to maturity or upon acceleration or redemption. The authority  
13 may issue refunding bonds at such time prior to the maturity or redemption of the  
14 refunded bonds as the authority deems to be in the public interest. The refunding  
15 bonds may be issued in sufficient amounts to pay or provide the principal of the bonds  
16 being refunded, together with any redemption premium on the bonds, any interest  
17 accrued or to accrue to the date of payment of the bonds, the expenses of issue of the  
18 refunding bonds, the expenses of redeeming the bonds being refunded, and such  
19 reserves for debt service or other capital or current expenses from the proceeds of  
20 such refunding bonds as may be required by the resolution, trust indenture, or other  
21 security instruments. To the extent applicable, refunding bonds are subject to subd.  
22 5.

23 (g) The governing bodies of the counties of Kenosha, Milwaukee, and Racine,  
24 and of the most populous city in each of these 3 counties, may submit to the electors

1 in an advisory referendum the question of supporting an increase in the fees that  
2 may be imposed by the authority under subch. XIII of ch. 77.

3 SECTION 7. 71.05 (1) (c) 9. of the statutes is created to read:

4 71.05 (1) (c) 9. The regional transit authority under s. 59.58 (6) (f).

5 SECTION 8. 71.26 (1m) (j) of the statutes is created to read:

6 71.26 (1m) (j) Those issued under s. 59.58 (6) (f).

7 SECTION 9. 71.45 (1t) (j) of the statutes is created to read:

8 71.45 (1t) (j) Those issued under s. 59.58 (6) (f).

9 SECTION 10. 77.9971 of the statutes is amended to read:

10 **77.9971 Imposition.** A regional transit authority under s. 59.58 (6) may  
11 impose a fee at a rate not to exceed \$2, or not to exceed \$15 if the governing body of  
12 the regional transit authority approves a fee under this section at such a rate, for  
13 each transaction in the region, as defined in s. 59.58 (6) (a) 2., on the rental, but not  
14 for rental and not for rental as a service or repair replacement vehicle, of Type 1  
15 automobiles, as defined in s. 340.01 (4) (a), by establishments primarily engaged in  
16 short-term rental of passenger cars without drivers, for a period of 30 days or less,  
17 unless the sale is exempt from the sales tax under s. 77.54 (1), (4), (7) (a), (7m), (9),  
18 or (9a). The fee imposed under this subchapter shall be effective on the first day of  
19 the first month that begins at least 90 days after the governing body of the regional  
20 transit authority approves the imposition of the fee and notifies the department of  
21 revenue. The governing body shall notify the department of a repeal of the fee  
22 imposed under this subchapter at least 60 days before the effective date of the repeal.

23 SECTION 11. 611.11 (4) (a) of the statutes is amended to read:

