



## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

**2007 Assembly Bill 789**

**Assembly Substitute  
Amendment 1**

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### **Current Law**

Under current law, the total tax credit allocation for all airport development zones, for all taxable years, is \$9 million. Under current law, the total tax credit allocation for all technology zones, for all taxable years, is \$5 million.

### **2007 Assembly Bill 789**

Assembly Bill 789 authorizes the Department of Commerce (Commerce) to allocate up to \$6 million of unallocated airport development zone tax credits to technology zones for which the \$5 million maximum allocation is insufficient.

### **Assembly Substitute Amendment 1**

Assembly Substitute Amendment 1 contains the same provisions as the bill, along with the following new provisions:

#### ***Reallocation of Technology Zone Tax Credits to Agricultural Development Zones***

Assembly Substitute Amendment 1 authorizes Commerce to allocate up to \$6 million of unallocated airport development zone tax credits to *agricultural development zones* as well as to technology zones for which the current law allocation is insufficient. Under current law, the total tax credit allocation for agricultural development zones is \$5 million, the same amount that is allocated for technology zone tax credits.

### ***Requirement to Designate a Specific Airport Development Zone***

Assembly Substitute Amendment 1 directs Commerce to designate as an airport development zone the area within the boundaries of Adams, Fond du Lac, Green Lake, Juneau, Langlade, Lincoln, Marathon, Marquette, Menominee, Oneida, Portage, Price, Shawano, Taylor, Waupaca, Waushara, Winnebago, Wood, and Vilas Counties. This designation is not subject to the statutory requirements which must otherwise be met under s. 560.7995 (2), Stats., before an area may be designated as an airport development zone.

Assembly Substitute Amendment 1 creates the following two provisions that apply only to this newly designated airport development zone:

- **Limit on Tax Credits Allocated to the Zone**

Under current law, an airport development zone may be allocated no more than \$3 million in tax benefits. Assembly Substitute Amendment 1 provides that the airport development zone described above is subject to a lower limit of \$750,000 in tax benefits.

- **Priority for Businesses in Distressed Areas in the Zone**

Under current law, a person that intends to operate a business in an airport development zone may submit to Commerce an application and a business plan containing certain required information. If Commerce approves the business plan, the person is eligible for tax benefits. Under Assembly Substitute Amendment 1, when approving business plans within the newly designated zone, Commerce must give higher priority to businesses located or proposed to be located in a distressed area, as defined in s. 560.605 (7) (b), Stats.

Under s. 560.605 (7) (b), Stats., a distressed area is an area to which any of the following apply:

1. The area has a high level of unemployment.
2. The area has a low-median household income.
3. A significant number of workers in the area have been permanently laid off.
4. An employer in the area has given public notice of a plant closing or a substantial reduction in force that will result in a significant number of workers in the area being permanently laid off.
5. The area is designated as a development zone under s. 560.71 or an enterprise development zone under s. 560.797.
6. As determined by the Development Finance Board, the area is affected by another factor that indicates the area is a distressed area.

***Sunset Date on Reallocation Authority***

Assembly Substitute Amendment 1 provides that on or after January 1, 2010, Commerce may not reallocate any airport development zone credits to agricultural development zones or technology zones under the new authorization to move funds that is created in Assembly Substitute Amendment 1.

Under current law, Commerce is authorized to evaluate any area designated as an airport development zone 48 months after the designation and reallocate unused tax credits allocated to the zone. That provision in current law is not affected by the bill by Assembly Substitute Amendment 1.

***Legislative History***

On March 12, 2008, Assembly Substitute Amendment 1 was offered by Representatives Smith, Wood, and Suder. On that date, by voice votes, the Assembly adopted Assembly Substitute Amendment 1 and passed the bill, as amended.

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