



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2007 Senate Bill 434

**Senate
Amendment 1**

Memo published: February 26, 2008

Contact: Pam Shannon, Senior Staff Attorney (266-2680)

Senate Bill 434, a companion bill to Assembly Bill 741, makes a number of changes in the state's economic development programs, based on recommendations made by the Legislative Audit Bureau in Audit Report 06-9, *State Economic Development Programs*. The bill pertains to the Department of Commerce (Commerce) and seven other state agencies (collectively, "the eight state agencies") whose economic development programs were the focus of the Audit Report. In general, the bill recommends eliminating certain programs, consolidating others, strengthening reporting requirements, establishing clear program goals, and improving transparency by making program information accessible to the public.

Among other things, the bill:

1. Permits the eight state agencies to recoup from or withhold payments to a recipient of an economic development grant, loan, or tax benefit, or to impose a "fine or penalty," if the recipient provides false or misleading information in its application for program funds or fails to meet contract obligations.
2. Requires each of the eight state agencies to prepare a comprehensive annual report to be submitted to the Joint Legislative Audit Committee and appropriate standing committees, assessing all of its economic development program activities in the previous fiscal year. The bill specifies a number of required elements of the report, including a description of each program, quantifiable performance measures, and a comparison of expected and actual program outcomes.

Senate Amendment 1 makes a change in each of the provisions above as follows:

- a. Changes the reference from "fine or penalty" to "forfeiture," to clarify that the monetary penalty is intended to be a civil penalty.

- b. Adds two required elements to the comprehensive annual report, relating to tax benefit programs. The report would have to include information on the recipients of, and the amount of, tax benefits allocated and verified under each program in the previous fiscal year.

Legislative History

Senate Amendment 1 was introduced by Senator Jim Sullivan on February 19, 2008. On February 21, 2008, the Senate Committee on Economic Development adopted Senate Amendment 1 and recommended passage of Senate Bill 434, as amended, both on votes of Ayes, 7; Noes, 0.

PS:ty