2007 SENATE BILL 510

February 19, 2008 – Introduced by Senators KREITLOW, HANSEN, BRESKE, WIRCH, COGGS, DECKER, ERPENBACH, LASSA, LEHMAN, MILLER, PIALE, TAYLOR, ROBSON and RISSER, cosponsored by Representatives SMITH, BERCEAU and GRONEMUS. Referred to Joint Committee on Finance.

AN ACT to repeal 20.143 (1) (cr) and 59.58 (6) (e) 4r. and 6.; to amend 49.155 (1m)
(1m) (c) 1. (intro.), 49.155 (1m) (c) 1g., 49.155 (1m) (c) 1h., 49.155 (1m) (c) 1m., 49.155
(1m) (c) 2., 49.155 (1m) (c) 3., 59.58 (6) (cr), 71.22 (9), 71.26 (3) (x), 77.9971,
231.01 (4) (a), 231.01 (4) (b) 1., 231.01 (4) (b) 2., 231.01 (4) (c), 231.01 (7) (a) 1.,
231.01 (7) (a) 2., 231.01 (7) (a) 4., 231.01 (7) (c), 231.02 (6) (b), 231.03 (5), 231.03
(7), 231.03 (8), 231.03 (11), 231.03 (13), 231.03 (14), 231.03 (15), 231.03 (16),
231.03 (17), 231.03 (18), 231.03 (19), 231.04, 231.05 (1), 231.06, 231.07 (1) (b),
231.07 (2) (a), 231.08 (5), 231.10 (1), 231.12, 231.13 (1) (intro.), 231.13 (2),
231.16 (1), 231.20, 231.23, 560.126 (1) (intro.), 560.7995 (3) (b), 560.96 (2) (b)
and 611.11 (4) (a); to repeal and recreate 560.126 (1) (intro.); to create 20.143
(1) (cr), 25.40 (4), 38.27 (2m) (g), 49.155 (1m) (c) 1c., 59.58 (6) (cb), 59.58 (6) (e)
3g., 59.58 (6) (e) 3m., 59.58 (6) (f) and (g), 71.05 (1) (c) 9., 71.255, 71.26 (1m) (j),
71.45 (1t) (j), 231.01 (6t), 231.01 (8c), 231.03 (6) (h) and 231.03 (6) (i) of the
statutes; and to affect 2007 Wisconsin Act 20, section 9201 (1c) (a); relating
SENATE BILL 510

1 to: requiring the combined reporting of corporate income and franchise taxes;
2 supplemental funding for the renewable energy grant and loan program;
3 Wisconsin higher education grants for technical college students; income
4 eligibility for child care subsidies; incentive grants to technical college district
5 boards for training in advanced manufacturing skills; airport development
6 zone and technology zone tax credits; funding for the Department of
7 Transportation; the Regional Transit Authority and commuter rail transit
8 systems; authorizing the Wisconsin Health and Educational Facilities
9 Authority to issue bonds to finance projects related to research facilities; and
10 making an appropriation.

Analysis by the Legislative Reference Bureau

Combined reporting of corporate income and franchise taxes
This bill requires that all corporations and their subsidiaries file combined reports and tax returns for state income and franchise tax purposes.

Renewable energy grant and loan program
Under current law, the Department of Commerce may award a grant or loan to a business or researcher to undertake projects related to the development and application of renewable energy technologies. This bill appropriates an additional $8 million of general purpose revenue to the renewable energy grant and loan program for the 2008–09 fiscal year.

Wisconsin higher education grants for technical college students
Under current law, the Higher Educational Aids Board administers the Wisconsin higher education grant (WHEG) program for postsecondary resident students enrolled at least half-time in public institutions of higher education in this state. Currently, $17,548,000 is appropriated in fiscal year 2008–09 for the WHEG program for technical college students. This bill increases that amount by $1,300,000.

Wisconsin Works
The Wisconsin Works (W–2) program under current law provides work experience and benefits for low-income custodial parents who are at least 18 years old. Also, an individual who is the parent of a child under the age of 13 or, if the child is disabled, under the age of 19, is eligible for a child care subsidy under the W–2 program if the individual needs child care services to participate in various educational or work activities and satisfies other eligibility criteria. One of those
SENATE BILL 510

criteria is that the individual’s family income may not exceed 185 percent of the poverty line. If an individual is already receiving a child care subsidy, however, their family income may be as high as 200 percent of the poverty line before they lose eligibility. This bill increases those maximum family income levels to 210 percent of poverty for an individual who is first applying for a child care subsidy and to 225 percent of poverty for an individual who is already receiving a subsidy.

Technical college grants for manufacturing skills training

This bill directs the Wisconsin Technical College System Board to award to technical college district boards at least $5,000,000 annually in incentive grants for training in advanced manufacturing skills, with priority given to welding.

Airport development and technology zones tax credits

Under current law, the total amount of income and franchise tax credits that taxpayers may claim for conducting business in all airport development zones, for all taxable years, is $9,000,000. Under current law, the total amount of income and franchise tax credits that taxpayers may claim for conducting business in a technology zone is $5,000,000.

Under this bill, the Department of Commerce may allocate the amount of unallocated airport development zone tax credits to technology zones for which the $5,000,000 maximum allocation is insufficient, except that the total amount allocated from the airport development zone program to all technology zones may not exceed $6,000,000.

Fiscal changes

Under current law, the biennial budget act (2007 Wisconsin Act 20) requires the secretary of administration to lapse or transfer $200,000,000 to the general fund from certain appropriations to executive branch state agencies in the 2007−09 fiscal biennium and another $200,000,000 in the 2009−11 fiscal biennium.

This bill decreases the amount of this required lapse or transfer under Act 20 to $175,000,000 in the 2007−09 fiscal biennium and $150,000,000 in the 2009−11 fiscal biennium. The bill also prohibits the secretary of administration from lapsing or transferring more than a total of $25,000,000 in fiscal year 2007−08 from Department of Transportation (DOT) appropriations; lapsing or transferring any amount in fiscal year 2007−08 from any DOT appropriation except for the state funds appropriation for the major highway projects program; and lapsing or transferring any amount in fiscal year 2008−09, 2009−10, or 2010−11 from any DOT appropriation. The bill also includes a mechanism for reversing any lapse or transfer that occurs before the bill’s effective date which would be prohibited if it had occurred after the bill’s effective date.

The bill requires the secretary of administration to transfer $75,000,000 from the general fund to the transportation fund in fiscal year 2008−09 and $25,000,000 in each year thereafter. The bill also changes DOT’s state funds appropriation for the major highway projects program by decreasing the appropriation by $20,000,000 in fiscal year 2007−08 and increasing the appropriation by $55,000,000 in fiscal year 2008−09. The bill increases DOT’s state funds appropriation for the state highway rehabilitation program by $20,000,000 in each year of the 2007−09 fiscal biennium. The bill also requires the secretary of administration and DOT to estimate additional
SENATE BILL 510

revenues of $50,000,000 in fiscal year 2007–08, and decreased revenues of $50,000,000 in fiscal year 2008–09, for a DOT appropriation related to revenue bond proceeds for the major highway projects program.

Under the bill, in submitting its 2009–11 biennial budget request, DOT may not include in its appropriation base level $50,000,000 of the $55,000,000 increase to its state funds appropriation for the major highway projects program or the modified estimates related to its revenue bonding appropriation for the major highway projects program.

Commuter rail transit system

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.

WHEFA bonds for research institutions

Under current law, the Wisconsin Health and Educational Facilities Authority (WHEFA) may issue bonds to finance certain projects of health or educational institutions, to refinance outstanding debt of health or educational institutions, and to finance a purchase of the state’s right to receive any of the payments under the Attorneys General Master Tobacco Settlement Agreement of November 23, 1998. Projects of health or educational institutions that may be financed include, among others, the acquisition of a hospital, the construction or operation of an ambulatory surgery center or home health agency, and the construction, remodeling, furnishing, or equipping of a health or educational facility or related structure.
SENATE BILL 510

This bill authorizes WHEFA to issue bonds to finance any project undertaken by a research institution for a research facility, or to refinance outstanding debt of a research institution. A research institution is defined in the bill as an entity that provides or operates a research facility. A research facility is defined in the bill as a building, institution, place, or agency of a nonprofit entity that is or will be used in whole or in part for the advancement of scientific, medical, or technological knowledge and that does not have a specific commercial objective. Project activities for which WHEFA may issue bonds include construction, acquisition, remodeling, furnishing, and equipping of research facilities, related structures, and structures or items that are useful for the operation of research facilities.

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:

Section 1. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

<table>
<thead>
<tr>
<th></th>
<th>2007-08</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.143</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commerce, department of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Economic and Community Development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(cr) Renewable energy grant and loan program; general purpose revenue</td>
<td>GPR A</td>
<td>-0-</td>
</tr>
</tbody>
</table>

Section 2. 20.143 (1) (cr) of the statutes is created to read:

20.143 (1) (cr) *Renewable energy grant and loan program; general purpose revenue*. The amounts in the schedule for grants and loans under s. 560.126.

Section 3. 20.143 (1) (cr) of the statutes, as created by 2007 Wisconsin Act ..., (this act), is repealed.

Section 4. 25.40 (4) of the statutes is created to read:
25.40 (4) Beginning in fiscal year 2009-10, and in each fiscal year thereafter, the secretary of administration shall transfer $25,000,000 from the general fund to the transportation fund.

SECTION 5. 38.27 (2m) (g) of the statutes is created to read:

38.27 (2m) (g) Beginning in the 2008-09 school year, at least $5,000,000 annually is awarded under sub. (1) (b) 1. for training in advanced manufacturing skills, with priority given to welding.

SECTION 6. 49.155 (1m) (c) 1. (intro.) of the statutes is amended to read:

49.155 (1m) (c) 1. (intro.) Except as provided in subds. 1g., 1h., 1m., 2., and 3., the gross income of the individual's family is at or below 185% of the poverty line for a family the size of the individual's family or, for an individual who is already receiving a child care subsidy under this section on July 1, 2008, the gross income of the individual’s family is at or below 200% of the poverty line for a family the size of the individual’s family. In calculating the gross income of the family, the Wisconsin Works agency shall include income described under s. 49.145 (3) (b) 1. and 3., except that, in calculating farm and self-employment income, the Wisconsin Works agency shall include the sum of the following:

SECTION 7. 49.155 (1m) (c) 1c. of the statutes is created to read:

49.155 (1m) (c) 1c. Except as provided in subds. 1g., 1h., 1m., 2., and 3., for an individual who, on or after July 1, 2008, applies for a child care subsidy under this section or reappeals for a child care subsidy under this section after losing eligibility, the gross income of the individual’s family when the individual applies or reappeals is at or below 210 percent of the poverty line for a family the size of the individual’s family and, after the individual is already receiving a child care subsidy under this section, the gross income of the individual’s family is at or below 225 percent of the
poverty line for a family the size of the individual's family. The Wisconsin Works agency shall calculate the gross income of the family in the same manner as gross income is calculated under subd. 1.

Section 8. 49.155 (1m) (c) 1g. of the statutes is amended to read:

49.155 (1m) (c) 1g. If the individual is a foster parent of the child or a subsidized guardian or interim caretaker of the child under s. 48.62 (5), the child's biological or adoptive family has a gross income that is at or below 200% 225 percent of the poverty line. In calculating the gross income of the child's biological or adoptive family, the Wisconsin works agency shall include income described under s. 49.145 (3) (b) 1. and 3.

Section 9. 49.155 (1m) (c) 1h. of the statutes is amended to read:

49.155 (1m) (c) 1h. If the individual is a relative of the child, is providing care for the child under a court order, and is receiving payments under s. 48.57 (3m) or (3n) on behalf of the child, the child's biological or adoptive family has a gross income that is at or below 200% 225 percent of the poverty line. In calculating the gross income of the child's biological or adoptive family, the Wisconsin works agency shall include income described under s. 49.145 (3) (b) 1. and 3.

Section 10. 49.155 (1m) (c) 1m. of the statutes is amended to read:

49.155 (1m) (c) 1m. If the individual was eligible under s. 49.132 (4) (a), 1995 stats., for aid under s. 49.132, 1995 stats., and received aid under s. 49.132, 1995 stats., on September 30, 1997, but lost aid solely because of the application of s. 49.132 (6), 1995 stats., the gross income of the individual's family is at or below 200% 225 percent of the poverty line for a family the size of the individual's family. This subdivision does not apply to an individual whose family's gross income at any time
on or after September 30, 1997, is more than 200% 225 percent of the poverty line for a family the size of the individual’s family.

SECTION 11. 49.155 (1m) (c) 2. of the statutes is amended to read:

49.155 (1m) (c) 2. If the individual was eligible under s. 49.132 (4) (am), 1995 stats., for aid under s. 49.132, 1995 stats., and received aid under s. 49.132, 1995 stats., on or after May 10, 1996, but lost eligibility solely because of increased income, the gross income of the individual’s family is at or below 200% 225 percent of the poverty line for a family the size of the individual’s family. This subdivision does not apply to an individual whose family’s gross income increased to more than 200% 225 percent of the poverty line for a family the size of the individual’s family.

SECTION 12. 49.155 (1m) (c) 3. of the statutes is amended to read:

49.155 (1m) (c) 3. If the individual was eligible for a child care subsidy under s. 49.191 (2), 1997 stats., on or after May 10, 1996, and received a child care subsidy on or after May 10, 1996, but lost the subsidy solely because of increased income, the gross income of the individual’s family is at or below 200% 225 percent of the poverty line for a family the size of the individual’s family. This subdivision does not apply to an individual whose family’s gross income increased to more than 200% 225 percent of the poverty line for a family the size of the individual’s family.

SECTION 13. 59.58 (6) (cb) of the statutes is created to read:

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

SECTION 14. 59.58 (6) (cr) of the statutes is amended to read:

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

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

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

SECTION 16. 59.58 (6) (e) 3m. of the statutes is created to read:

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

SECTION 17. 59.58 (6) (e) 4r. and 6. of the statutes are repealed.

SECTION 18. 59.58 (6) (f) and (g) of the statutes are created to read:

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.

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.

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.
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.

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

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

(g) 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 to the electors
in an advisory referendum the question of supporting an increase in the fees that
may be imposed by the authority under subch. XIII of ch. 77.

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

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

SECTION 20. 71.22 (9) of the statutes is amended to read:

71.22 (9) “Person” includes corporations, unless the context requires
otherwise. “Person” may include, as determined by the department, any individual,
partnership, general partner of a partnership, limited liability company, registered
limited liability partnership, foreign limited liability partnership, syndicate, estate,
trust, trustee in bankruptcy, receiver, executor, administrator, assignee, or
organization.

SECTION 21. 71.255 of the statutes is created to read:

71.255 Combined reporting. (1) Definitions. In this section:

(a) “Combined group” means the group of all persons whose income and
apportionment factors are considered under sub. (2) to determine the taxpayer’s
share of the net business income or loss that is apportionable to this state.
(b) “Combined report” means a return under s. 71.24 that is filed on a form prescribed by the department that specifies the income, credits, and tax of each taxpayer member of a commonly controlled group operating as a unitary business.

(c) “Commonly controlled group” means any of the following, but does not include an insurer that is exempt from taxation under s. 71.45 (1):

1. A parent corporation and any corporation or chain of corporations that are connected to the parent corporation by direct or indirect ownership by the parent corporation if the parent corporation owns stock representing more than 50 percent of the voting power of at least one of the connected corporations or if the parent corporation or any of the connected corporations owns stock that cumulatively represents more than 50 percent of the voting power of each of the connected corporations.

2. Any 2 or more corporations if a common owner, regardless of whether or not the owner is a corporation, directly or indirectly owns stock representing more than 50 percent of the voting power of the corporations or the connected corporations.

3. Any 2 or more corporations if stock representing more than 50 percent of the voting power in each corporation are interests that cannot be separately transferred.

4. Any 2 or more corporations if stock representing more than 50 percent of the voting power in each corporation is directly owned by, or for the benefit of, family members. In this subdivision, “family member” means an individual related by blood, marriage, or adoption within the 2nd degree of kinship as computed under s. 852.03 (2), 1995 stats., or the spouse of such an individual.

(d) “Corporation” means a corporation, as defined in s. 71.22 (1k), that, regardless of where the corporation is located, would be subject to the taxes imposed under this chapter, if the corporation were doing business in this state. For purposes
of this section, the business conducted by a pass-through entity that is directly or
indirectly held by a corporation is considered the corporation’s business
proportionate to the corporation’s distributive share of the pass-through entity’s
income. “Corporation” does not include a tax-option corporation.

(e) “Department” means the department of revenue.

(f) “Internal Revenue Code” means the Internal Revenue Code as defined in s.
71.22 (4) and (4m), including any provision of a federal tax treaty that expressly
applies to the states of the United States, but not including any other application of
a federal tax treaty.

(g) “Pass-through entity” means a general or limited partnership, any
organization that is treated as a partnership for purposes of this chapter, a real
estate investment trust, a regulated investment company, a real estate mortgage
investment conduit, a financial asset securitization investment trust, a trust, or an
estate.

(h) “Tax haven” means a jurisdiction that, for any taxable year, is identified by
the organization for economic cooperation and development as a tax haven or as
having a harmful, preferential tax regime or has no, or a nominal, effective tax on
income and all of the following apply:

1. The jurisdiction has laws or practices that prevent the effective exchange of
information, for tax purposes, with other governments on taxpayers benefiting from
the tax regime.

2. The details of the legislative, legal, or administrative provisions of the
jurisdiction’s tax regime are not publicly available and apparent or are not
consistently applied to similarly situated taxpayers or the information needed by tax
authorities to determine a taxpayer’s correct tax liability, including accounting
records and underlying documentation, is not adequately available.

3. The jurisdiction facilitates the establishment of foreign-owned entities
without requiring a local substantive presence or prohibits such entities from having
any commercial impact on the local economy.

4. The tax regime explicitly or implicitly excludes the jurisdiction’s resident
taxpayers from taking advantage of the tax regime’s benefits or prohibits enterprises
that benefit from the regime from operating in the jurisdiction’s domestic market.

5. The jurisdiction has created a tax regime that is favorable for tax avoidance,
based upon an overall assessment of relevant factors, including whether the
jurisdiction has a significant untaxed offshore financial or other services sector
relative to its overall economy.

(i) “Taxpayer member” means a corporation that is subject to tax under s. 71.23
(1) or (2) and that is a member of a combined group.

(j) “Unitary business” means a single economic enterprise that consists of
separate parts of a single business entity or of a commonly controlled group of
business entities that are sufficiently interdependent, integrated, and interrelated
by their activities so as to provide a synergy and a mutual benefit that produces a
sharing or exchange of value among them and a significant flow of value to the
separate parts. For purposes of this section, 2 or more business entities are
considered a unitary business if the entities have unity of ownership, operation, and
use, as indicated by centralized management or a centralized executive force;
centralized purchasing, advertising, or accounting; intercorporate sales or leases;
intercorporate services; intercorporate debts; intercorporate use of proprietary
materials; interlocking directorates; or interlocking corporate officers. Any business
conducted by a pass-through entity that is owned directly or indirectly by a corporation is considered conducted by the corporation, to the extent of the corporation’s distributive share of the pass-through entity’s income, regardless of the percentage of the corporation’s ownership interest. A business conducted directly or indirectly by one corporation is unitary with that portion of a business conducted by another corporation through its direct or indirect interest in a pass-through entity, if the corporations are sufficiently interdependent, integrated, and interrelated by their activities so as to provide a synergy and a mutual benefit that produces a sharing or exchange of value among them and a significant flow of value to the separate parts and the two corporations are members of the same commonly controlled group.

(2) Corporations required to use combined reporting. (a) A corporation engaged in a unitary business with any other corporation shall file a combined report that includes the income, determined under sub. (3), and apportionment factor, determined under sub. (5) and s. 71.25, of the following members of the unitary business:

1. Any member incorporated in the United States, including the District of Columbia and any territory or possession of the United States, or formed under the laws of any state, the District of Columbia, or any territory or possession of the United States.

2. Any member, regardless of where the entity is incorporated or formed, if the average of the following ratios is 20 percent or more:

   a. The value of the member’s real property and tangible personal property located in the United States, including the District of Columbia and any territory or possession of the United States, not including property that is used to produce
nonapportionable income, divided by the value of all of the member’s real property and tangible personal property, not including property that is used to produce nonapportionable income. For purposes of this subd. 2. a., the value of property that the member rents is the net annual rental amount for the property, multiplied by 8.

b. The amount of the member’s payroll that is paid in the United States, including the District of Columbia and any territory or possession of the United States, divided by the amount of the member’s total payroll. For purposes of this subd. 2. b., payroll includes compensation paid to employees, but does not include payroll used to produce nonapportionable income. The payroll paid in the United States, including the District of Columbia and any territory or possession of the United States, shall be determined in the same manner as payroll is determined for this state under s. 71.25 (8) (b) 1. to 5.

c. The member’s sales in the United States, including the District of Columbia and any territory or possession of the United States, divided by the member’s total sales. For purposes of this subd. 2. c., sales include items identified in s. 71.25 (9) (e), but not items identified in s. 71.25 (9) (f), and the situs of a sale shall be determined in the same manner as for state sales in s. 71.25 (9) (b), (d), (df), and (dh), not including s. 71.25 (9) (b) 2m. and 3., (c), (df) 3., and (dh) 4.

3. Any member that is a domestic international sales corporation as described in sections 991 to 994 of the Internal Revenue Code, a foreign sales corporation as described in sections 921 to 927 of the Internal Revenue Code, or an export trade corporation as described in sections 970 to 971 of the Internal Revenue Code.

4. Any member that is a controlled foreign corporation as defined in section 957 of the Internal Revenue Code, to the extent of the member’s income that is defined in section 952 of the Internal Revenue Code, including any lower-tier subsidiary’s
distribution of such income that was previously taxed, determined without regard
to federal treaties, and the apportionment factors related to that income. For
purposes of this subdivision, any item of income received by a controlled foreign
corporation is excluded if the income was subject to an income tax imposed by a
foreign country at an effective tax rate greater than 90 percent of the maximum tax
rate specified in section 11 of the Internal Revenue Code.

  5. Any member that earns more than 20 percent of its income, directly or
indirectly, from intangible property or service-related activities that are deductible
against the business income of other members of the combined group, to the extent
of that income and the apportionment factors related to that income.

  6. Any member that is doing business in a tax haven, if the member is engaged
in an activity that is sufficient for that tax haven jurisdiction to impose a tax under
federal law. If the member’s business activity in a tax haven is entirely outside the
scope of the laws and practices that cause the jurisdiction to be a tax haven, the
member’s business activity is not considered to be conducted in a tax haven for
purposes of this section.

  7. Any member not described in subds. 1. to 6., to the extent that its income is
derived from or attributable to sources within the United States, including the
District of Columbia and any territory or possession of the United States, as
determined under the Internal Revenue Code and by its apportionment factors
related to that income.

(b) The department may require that a combined report filed under this section
include the income and associated apportionment factors of any persons not
described under par. (a) that are members of a unitary business to reflect the proper
apportionment of income of the entire unitary business, including persons that are
not, or would not be, subject to the taxes imposed under this chapter if doing business
in this state.

(3) COMPONENTS OF INCOME SUBJECT TO TAX. Each taxpayer member is
responsible for the tax imposed under this chapter based on its taxable income or loss
apportioned or allocated to this state, including:

(a) Its share of any business income apportionable to this state of each of the
combined groups of which it is a member, as determined under subs. (4) and (5).

(b) Its share of any business income apportionable to this state of a distinct
business activity conducted in and outside this state wholly by the taxpayer member,
as determined under s. 71.25.

(c) Its income from a business conducted wholly by the taxpayer member
entirely in this state.

(d) Its income sourced to this state from the sale or exchange of capital or assets
and from involuntary conversions, as determined under sub. (4) (a) 8.

(e) Its nonbusiness income or loss allocable to this state.

(f) Its income or loss allocated or apportioned in an earlier year that is state
source income during the income year, other than a net business loss carry-forward.

(g) Its net business loss carry-forward. If the taxable income computed under
this subsection and subs. (4) and (5) results in a loss for a taxpayer member of the
combined group, the taxpayer member has a net business loss, subject to the net
business loss limitations and carry-forward provisions in s. 71.26 (4). The business
loss is applied as a deduction in a subsequent year only if the taxpayer member has
net income sourced to this state, regardless of whether the taxpayer is a member of
a combined group in the subsequent year.
SENATE BILL 510

(4) BUSINESS INCOME OF THE COMBINED GROUP. The business income of a combined group is determined as follows:

(a) Compute the sum of the income of each member of the combined group as determined for federal income tax purposes, as if the members were not consolidated for federal purposes, and modified as provided under s. 71.26. Each member of the combined group shall determine its income as follows:

1. For any member incorporated in the United States, including the District of Columbia and any territory or possession of the United States, or included in a consolidated federal corporate income tax return, the income included in the total income of the combined group is the corporation's taxable income as determined under s. 71.26.

2. Except as provided in subd. 3, for any member not included in subd. 1., the income included in the total income of the combined group shall be determined as follows:

   a. Each foreign branch or foreign corporation shall prepare a profit and loss statement in the currency in which the branch's or corporation's books of account are regularly maintained.

   b. The member shall adjust any statement prepared under subd. 2. a. to conform to the accounting principles generally accepted in the United States for the preparation of profit and loss statements.

   c. The member shall adjust any statement prepared under subd. 2. a. to conform to the tax accounting standards required by the department for the administration of this chapter.
d. Each member of the combined group shall translate its profit and loss
statements, and the related apportionment factors, into the currency in which the
parent corporation maintains its books and records.

e. Each member shall express in U.S. dollars the income apportioned to this
state.

3. If the department determines that the income determination under this
subsection reasonably approximates income as determined under s. 71.26, any
member not included in subd. 1. may determine its income based on a consolidated
profit and loss statement that includes the member and that is prepared for the
purpose of filing, by related corporations, with the securities and exchange
commission. If the member is not required to file with the securities and exchange
commission, the department may allow, for purposes of this subdivision, the use of
the consolidated profit and loss statement prepared for reporting to shareholders
and subject to review by an independent auditor. If a statement described in this
subdivision does not reasonably approximate income as determined under s. 71.26,
the department may accept the statement if the member makes appropriate
adjustments to the statement, as determined by the department, to approximate the
income determined under s. 71.26.

4. If a unitary business includes income from a pass-through entity, the total
income of the combined group includes the member’s direct and indirect distributive
share of the pass-through entity’s unitary business income.

5. All dividends paid by one member to another are not included in the
recipients income, if the dividends are paid out of the earnings and profits of the
unitary business in the current taxable year or in an earlier taxable year. This
subdivision does not apply to dividends received from members of a unitary business that are not a part of the combined group.

6. Except as provided by the department by rule, business income or loss from an intercompany transaction between members of the same combined group shall be deferred in a manner similar to 26 CFR 1.1502–13. Upon the occurrence of any of the following events, deferred business income or loss resulting from an intercompany transaction between members of a combined group shall be included in the income of the seller and shall be apportioned as business income earned immediately before the event:

   a. The object of the deferred intercompany transaction is sold by the buyer to an entity that is not a member of the combined group.

   b. The object of the deferred intercompany transaction is sold by the buyer to an entity that is a member of the combined group for use outside the unitary business in which the buyer and seller are engaged.

   c. The object of the deferred intercompany transaction is converted by the buyer to a use outside the unitary business in which the buyer and seller are engaged.

   d. The buyer and seller are no longer members of the same combined group, regardless of whether the members remain a unitary business.

7. A charitable expense incurred by a member of a combined group, to the extent allowable as a deduction under section 170 of the Internal Revenue Code, shall be subtracted first from the business income of the combined group, subject to the income limitations of section 170 of the Internal Revenue Code as it applies to the entire business income of the group, and any remaining amount shall be treated as a nonbusiness expense allocable to the member that incurred the expense, subject to the income limitations of section 170 of the Internal Revenue Code as it applies
to the nonbusiness income of that member. Any charitable deduction described
under this subdivision that is allowed as a carryover deduction in a subsequent year
is considered to be originally incurred in the subsequent year by the same member,
and this section applies in the subsequent year for purposes of determining the
allowable deduction in that year.

8. Gain or loss from the sale or exchange of capital assets, property described
in section 1231 (a) (3) of the Internal Revenue Code, and property subject to an
involuntary conversion, is removed from the total separate net income of each
member of a combined group and is apportioned and allocated as follows:

a. For short-term capital gains or losses, long-term capital gains or losses,
gains or losses under section 1231 of the Internal Revenue Code, and involuntary
conversions, the business gain and loss of all members are combined within each
class of net business gain or loss and each such class is separately apportioned to each
member using the member’s apportionment percentage determined under sub. (5).

b. Each taxpayer member shall net its apportioned business gain or loss for all
classes, as determined under subd. 8. a., including any such apportioned business
gain and loss from other combined groups, against the taxpayer member’s
nonbusiness gain and loss for all classes allocated to this state as provided under
sections 1231 and 1222 of the Internal Revenue Code, not including nonbusiness
items allocated to another state.

c. Any resulting state source income or loss, if the loss is not subject to section
1211 of the Internal Revenue Code, of a taxpayer member produced by the
application of subd. 8. a. and b. shall then be applied to all other state source income
or loss of that member.
d. Any resulting state source loss of a member that is subject to section 1211 of the Internal Revenue Code shall be carried forward or carried back by that member and shall be treated as state source short-term capital loss incurred by that member for the year for which the carry-forward or carry-back applies.

9. Any expense of one member of the unitary business that is directly or indirectly attributable to the nonbusiness or exempt income of another member of the unitary business shall be allocated to that other member as corresponding nonbusiness or exempt expense, as appropriate.

(b) Subtract any nonbusiness income of the combined group from the amount determined under par. (a) and add any nonbusiness expense or loss of the combined group to the amount determined under par. (a).

(5) TAXPAYER’S SHARE OF BUSINESS INCOME OF A COMBINED GROUP. The taxpayer’s share of the business income apportionable to this state of each combined group of which it is a member shall be the product of the business income of the combined group as determined under sub. (4) and the taxpayer member’s sales factor percentage, determined under s. 71.25, modified as follows:

(a) Include in the numerator the taxpayer member’s sales associated with the combined group’s unitary business in this state.

(b) Include in the numerator the taxpayer member’s sales associated with the combined group’s unitary business to another state in which the taxpayer member is not engaged in business, regardless of whether another member of the combined group is engaged in business in the other state.

(c) Include in the denominator the sales of all members of the combined group, including the taxpayer, that are associated with the combined group’s unitary business regardless of where that business is located.
(d) Include sales of a pass-through entity owned directly or indirectly by a corporation in proportion to a ratio the numerator of which is the amount of the corporation’s distributive share of the pass-through entity’s unitary income included in the income of the combined group in under sub. (4) and the denominator of which is the amount of the pass-through entity’s total unitary income.

(e) Exclude sales between members of the combined group.

(f) If a member of a combined group is not subject to the taxes imposed under s. 71.23 because it is not engaged in business in this state, the numerator of the member’s sales factor is zero.

(6) Credits and post-apportionment deductions. No tax credit or post-apportionment deduction earned by one member of the combined group, but not completed, used by, or allowed to that member, may be used in whole or in part by another member of the combined group or applied in whole or in part against the total income of the combined group.

(7) Designated agent. (a) For purposes of administering this section, each combined group shall appoint a sole designated agent. The designated agent is the parent corporation of the combined group, if the parent corporation is a taxpayer member of the combined group and the income of the parent corporation is included in the combined report. If there is no such parent corporation, the designated agent may be appointed by the taxpayer members. If there is no such parent corporation and no taxpayer member is appointed, the designated agent is the taxpayer member that has the most significant operations in this state on a recurring basis, as determined by the department. The designated agent may change only when the designated agent is no longer subject to the tax imposed under s. 71.23 (1) or (2), in
which case the combined group shall notify the department of such a change in the manner prescribed by the department.

(b) The designated agent is responsible for acting on behalf of the taxpayer members of the combined group and shall do all of the following:

1. File with the department a combined report under sub. (1) (b).
2. File any extensions under s. 71.24.
3. File any amended combined reports and claims for refund or credit.
4. Send and receive all correspondence with the department regarding the combined report.
5. Remit all taxes, including estimated taxes, to the department. For purposes of computing interest on late payments, all payments remitted are considered to be made on a proportionate basis by all taxpayer members of the combined group, unless otherwise specified by the designated agent.
6. Participate on behalf of the combined group members in any investigation or hearing requested by the department regarding a combined report, produce all information requested by the department regarding the combined report, and file any appeal related to a combined report. Any appeal filed by the designated agent is considered filed by all members of the combined group.
7. Execute any waiver, closing agreement, power of attorney, or other document regarding the combined report filed under sub. (1) (b). Any waiver, agreement, or document executed by the designated agent is considered executed by all members of the combined group.
8. Receive notices regarding the combined report. Any such notice the department sends to the designated agent is considered sent to all taxpayer members of the combined group.
9. Receive refunds regarding the combined report. Any such refund shall be paid to and in the name of the designated agent and shall discharge any liability of the state to any member of the combined group regarding the refund.

(c) The department may relieve the designated agent from any of the duties described in par. (b) to the extent that the duties relate to income, expense, or loss that is not includable in the business income of the combined group under sub. (4). Unless the department provides for such relief by rule, a designated agent shall obtain written approval from the department to be relieved of any such duties.

(8) Taxable year of the combined group. (a) Except as provided in par. (b), the combined group’s taxable year is the designated agent’s taxable year. If a member’s taxable year is different from the combined group’s taxable year, the designated agent may elect to determine the portion of each member’s income to be included in the combined report either from a separate income statement from each member that is prepared by the member’s books and records for the months that are included in the combined group’s taxable year or by including in the combined report all of the income of each member for the year that ends during the combined group’s taxable year. Any election made under this paragraph remains in effect for subsequent years unless the designated agent submits a request to the department to change the election and the department approves in writing.

(b) If 2 or more members of a combined group file a federal consolidated return, the combined group’s taxable year is the taxable year that corresponds to the federal consolidated return.

(9) Part-year members of a combined group. If a corporation becomes a member of a combined group, or ceases to be a member of a combined group, after the beginning of the combined group’s taxable year, the corporation’s income shall
be determined as provided under subs. (3), (4), and (5) for that portion of the year in which the corporation was a member of the combined group, and the income shall be included in the combined report. The income for the remaining short period shall be reported on a separate return or separate combined report.

(10) Presumptions and Burden of Proof. A commonly controlled group is presumed to be engaged in a unitary business and all of the income of the unitary business is presumed to be apportionable business income under this section. A corporation has the burden of proving that it is not a member of a combined group that is subject to this section.

Section 22. 71.26 (1m) (j) of the statutes is created to read:

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

Section 23. 71.26 (3) (x) of the statutes is amended to read:

71.26 (3) (x) Sections 1501 to 1505, 1551, 1552, 1563 and 1564 (relating to consolidated returns) are excluded, except as provided under section 1502 of the U.S. treasury regulations as it relates to deferred gain or loss from an intercompany transaction under s. 71.255 (4) (a) 6.

Section 24. 71.45 (1t) (j) of the statutes is created to read:

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

Section 25. 77.9971 of the statutes is amended to read:

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

**SECTION 26.** 231.01 (4) (a) of the statutes is amended to read:

```
231.01 (4) (a) “Cost” means the sum of all costs incurred by a participating health institution, participating educational institution, participating research institution, or participating child care provider, as approved by the authority, as are reasonable and necessary to accomplish the project, exclusive of any private or federal, state, or local financial assistance received by the participating health institution, participating educational institution, participating research institution, or participating child care provider for the payment of the project cost.
```

**SECTION 27.** 231.01 (4) (b) 1. of the statutes is amended to read:

```
231.01 (4) (b) 1. The cost incurred by or on behalf of the participating health institution, participating educational institution, participating research institution, or participating child care provider of all necessary developmental, planning, and feasibility studies, surveys, plans, and specifications, architectural, engineering, legal, or other special services, the cost of acquisition of land and any buildings and improvements on the land, site preparation, and development including demolition or removal of existing structures, construction, reconstruction, and equipment, including machinery, fixed equipment, and personal property.
```

**SECTION 28.** 231.01 (4) (b) 2. of the statutes is amended to read:
231.01 (4) (b) 2. The reasonable cost of financing incurred by a participating health institution, participating educational institution, participating research institution, or participating child care provider in the course of the development of the project to the occupancy date.

SECTION 29. 231.01 (4) (c) of the statutes is amended to read:

231.01 (4) (c) All rents and other net revenues from the operation of the real property, improvements, or personal property on the project site by a participating health institution, participating educational institution, participating research institution, or participating child care provider on and after the date on which the contract between a participating health institution, participating educational institution, participating research institution, or participating child care provider and the authority was entered into, but prior to the occupancy date, shall reduce the sum of all costs in this subsection.

SECTION 30. 231.01 (6t) of the statutes is created to read:

231.01 (6t) “Participating research institution” means an entity that provides or operates a research facility and that undertakes the financing and construction or acquisition of a project or undertakes the refunding or refinancing of obligations or of a mortgage or of advances as provided in this chapter.

SECTION 31. 231.01 (7) (a) 1. of the statutes is amended to read:

231.01 (7) (a) 1. A specific health facility, educational facility, research facility, or child care center work or improvement to be refinanced, acquired, constructed, enlarged, remodeled, renovated, improved, furnished, or equipped by the authority with funds provided in whole or in part under this chapter.

SECTION 32. 231.01 (7) (a) 2. of the statutes is amended to read:
231.01 (7) (a) 2. One or more structures suitable for use as a child care center, research facility, health facility, laboratory, laundry, nurses’ or interns’ residence or other multi-unit housing facility for staff, employees, patients or relatives of patients admitted for treatment or care in a health facility, physician’s facility, administration building, research facility, maintenance, storage, or utility facility.

Section 33. 231.01 (7) (a) 4. of the statutes is amended to read:

231.01 (7) (a) 4. Any structure useful for the operation of a health facility, educational facility, research facility, or child care center, including facilities or supporting service structures essential or convenient for the orderly conduct of the health facility, educational facility, research facility, or child care center.

Section 34. 231.01 (7) (c) of the statutes is amended to read:

231.01 (7) (c) “Project” may include any combination of projects undertaken jointly by any participating health institution, participating educational institution, participating research institution, or participating child care provider with one or more other participating health institutions, participating educational institutions, participating research institutions, or participating child care providers.

Section 35. 231.01 (8c) of the statutes is created to read:

231.01 (8c) “Research facility” means an institution, place, building, or agency that satisfies all of the following:

(a) Is owned by an entity that is described in section 501 (c) (3) of the Internal Revenue Code and that is exempt from federal income tax under section 501 (a) of the Internal Revenue Code.

(b) Is or will be used in whole or in part for basic research for the advancement of scientific, medical, or technological knowledge and that does not have a specific commercial objective.
SECTION 36. 231.02 (6) (b) of the statutes is amended to read:

231.02 (6) (b) Notwithstanding any other provision of law, it is not a conflict
of interest or violation of this section or of any other law for a trustee, director, officer,
or employee of a participating health institution, participating educational
institution, participating research institution, or participating child care provider or
for a person having the required favorable reputation for skill, knowledge, and
experience in state and municipal finance or for a person having the required
favorable reputation for skill, knowledge, and experience in the field of health
facility, educational facility, research facility, or child care center architecture to
serve as a member of the authority; if in each case to which par. (a) is applicable, the
trustee, director, officer, or employee of the participating health institution,
participating educational institution, participating research institution, or
participating child care provider abstains from discussion, deliberation, action, and
vote by the authority in specific respect to any undertaking pursuant to this chapter
in which his or her participating health institution, participating educational
institution, participating research institution, or participating child care provider
has an interest, or the person having the required favorable reputation for skill,
knowledge, and experience in state and municipal finance abstains from discussion,
deliberation, action, and vote by the authority in specific respect to any sale,
purchase, or ownership of bonds of the authority in which any business of which such
person is a participant, owner, officer, or employee has a past, current, or future
interest, or such person having the required favorable reputation for skill,
knowledge, and experience in the field of health facility, educational facility, research
facility, or child care center architecture abstains from discussion, deliberation,
action, and vote by the authority in specific respect to construction or acquisition of
any project of the authority in which any business of which such person is a
participant, owner, officer, or employee has a past, current, or future interest.

SECTION 37. 231.03 (5) of the statutes is amended to read:

231.03 (5) Determine the location and character of any project to be financed
under this chapter, and construct, reconstruct, remodel, maintain, enlarge, alter, add
to, repair, lease as lessee or lessor and regulate the same, enter into contracts for any
such purpose, enter into contracts for the management and operation of a project or
other health facilities, educational facilities, research facilities, or child care centers
owned by the authority, and designate a participating health institution,
participating educational institution, participating research institution, or participating child
care provider as its agent to determine the location and character
of a project undertaken by the participating health institution, participating
educational institution, participating research institution, or participating child
care provider under this chapter and as the agent of the authority, to construct,
reconstruct, remodel, maintain, manage, enlarge, alter, add to, repair, operate, lease
as lessee or lessor and regulate the same, and as the agent of the authority, to enter
into contracts for any such purpose, including contracts for the management and
operation of such project or other health facilities, educational facilities, research
facilities, or child care centers owned by the authority.

SECTION 38. 231.03 (6) (h) of the statutes is created to read:

231.03 (6) (h) Finance any project undertaken for a research facility by a
participating research institution.

SECTION 39. 231.03 (6) (i) of the statutes is created to read:

231.03 (6) (i) Refinance outstanding debt of any participating research
institutions.
SECTION 40. 231.03 (7) of the statutes is amended to read:

231.03 (7) Fix and revise from time to time and charge and collect rates, rents, fees, and charges for the use of and for the services furnished or to be furnished by a project or other health facilities, educational facilities, research facilities, or child care centers owned by the authority or any portion thereof, contract with any person in respect thereto and coordinate its policies and procedures, and cooperate with recognized health facility, educational facility, research facility, or child care center rate setting mechanisms.

SECTION 41. 231.03 (8) of the statutes is amended to read:

231.03 (8) Adopt rules for the use of a project or other health facility, educational facility, research facility, or child care center or any portion of the project or facility owned, financed, or refinanced in whole or in part by the authority, including any property used as security for a loan secured through, from, or with the assistance of the authority. The authority may designate a participating health institution, participating educational institution, participating research institution, or participating child care provider as its agent to establish rules for the use of a project or other health facilities, educational facilities, research facilities, or child care centers undertaken for that participating health institution, participating educational institution, participating research institution, or participating child care provider. The rules shall ensure that a project, health facility, educational facility, research facility, child care center, or property may not be used primarily for sectarian instruction or study or as a place for devotional activities or religious worship.

SECTION 42. 231.03 (11) of the statutes is amended to read:
231.03 (11) Establish or contract with others to carry out on its behalf a health facility, educational facility, research facility, or child care center project cost estimating service, and make this service available on all projects to provide expert cost estimates and guidance to the participating health institution, participating educational institution, participating research institution, or participating child care provider and to the authority. To implement this service and, through it, to contribute to cost containment, the authority may require such reasonable reports and documents from health facility, educational facility, research facility, or child care center projects as are required for this service and for the development of cost reports and guidelines. The authority shall appoint a technical committee on health facility, educational facility, research facility, or child care center project costs and cost containment.

Section 43. 231.03 (13) of the statutes is amended to read:

231.03 (13) Make loans to any participating health institution, participating educational institution, participating research institution, or, before May 1, 2000, participating child care provider for the cost of a project in accordance with an agreement between the authority and the participating health institution, participating educational institution, participating research institution, or participating child care provider. The authority may secure the loan by a mortgage or other security arrangement on the health facility, educational facility, research facility, or child care center granted by the participating health institution, participating educational institution, participating research institution, or participating child care provider to the authority. The loan may not exceed the total cost of the project as determined by the participating health institution,
SENATE BILL 510

SECTION 43

participating educational institution, participating research institution, or
participating child care provider and approved by the authority.

SECTION 44. 231.03 (14) of the statutes is amended to read:

231.03 (14) Make loans to a health facility, educational facility, research
center for which bonds may be issued under
sub. (6) (b) or (d) or under s. 231.03 (6) (f), 1999 stats., to refinance the health
center’s outstanding
debt. The authority may secure the loan or bond by a mortgage or other security
arrangement on the health facility, educational facility, research facility, or child care
center granted by the participating health institution, participating educational
institution, participating research institution, or participating child care provider to
the authority.

SECTION 45. 231.03 (15) of the statutes is amended to read:

231.03 (15) Mortgage all or any portion of a project and other health facilities,
facilities, educational facilities, research facilities, or child care centers and the site thereof,
whether owned or thereafter acquired, for the benefit of the holders of bonds issued
to finance the project, health facilities, educational facilities, research facilities, or
child care centers or any portion thereof or issued to refund or refinance outstanding
indebtedness of participating health institutions, educational institutions,
参加研究机构，或与参加的儿童保育机构。

SECTION 46. 231.03 (16) of the statutes is amended to read:

231.03 (16) Lease to a participating health institution, participating
educational institution, participating research institution, or participating child
care provider the project being financed or other health facilities, educational
facilities, research facilities, or child care centers conveyed to the authority in connection with such financing, upon such terms and conditions as the authority deems proper, and charge and collect rents therefor, and terminate any such lease upon the failure of the lessee to comply with any of the obligations thereof; and include in any such lease, if desired, provisions that the lessee thereof shall have options to renew the term of the lease for such periods and at such rent as the authority determines or to purchase all or any part of the health facilities, educational facilities, research facilities, or child care centers or that, upon payment of all of the indebtedness incurred by the authority for the financing of such project or health facilities, educational facilities, research facilities, or child care centers or for refunding outstanding indebtedness of a participating health institution, participating educational institution, participating research institution, or participating child care provider, the authority may convey all or any part of the project or such other health facilities, educational facilities, research facilities, or child care centers to the lessees thereof with or without consideration.

SECTION 47. 231.03 (17) of the statutes is amended to read:

231.03 (17) Charge to and apportion among participating health institutions, participating educational institutions, participating research institutions, and participating child care providers its administrative costs and expenses incurred in the exercise of the powers and duties conferred by this chapter.

SECTION 48. 231.03 (18) of the statutes is amended to read:

231.03 (18) Make studies of needed health facilities, educational facilities, research facilities, and child care centers that could not sustain a loan were it made under this chapter and recommend remedial action to the legislature; and do the
same with regard to any laws or rules that prevent health facilities, educational
facilities, research facilities, and child care centers from benefiting from this chapter.

SECTION 49. 231.03 (19) of the statutes is amended to read:

231.03 (19) Obtain, or aid in obtaining, from any department or agency of the
United States or of this state or any private company, any insurance or guaranty
concerning the payment or repayment of, interest or principal, or both, or any part
thereof, on any loan, lease, or obligation or any instrument evidencing or securing
the same, made or entered into under the provisions of this chapter; and
notwithstanding any other provisions of this chapter, to enter into any agreement,
contract, or any other instrument with respect to that insurance or guaranty, to
accept payment in the manner and form provided therein in the event of default by
a participating health institution, participating educational institution,
participating research institution, or participating child care provider, and to assign
the insurance or guaranty as security for the authority’s bonds.

SECTION 50. 231.04 of the statutes is amended to read:

231.04 Expenses. All expenses of the authority incurred in carrying out this
chapter shall be payable solely from funds provided under the authority of this
chapter, and no liability may be incurred by the authority beyond the extent to which
moneys have been provided under this chapter except that, for the purposes of
meeting the necessary expenses of initial organization and operation of the authority
for the period commencing on June 19, 1974 and continuing until such date as the
authority derives moneys from funds provided to it under the authority of this
chapter, the authority may borrow such moneys as it requires to supplement the
funds provided under s. 20.440. Such moneys borrowed by the authority shall
subsequently be charged to and apportioned among participating health
institutions, participating educational institutions, participating research institutions, and participating child care providers in an equitable manner, and repaid with appropriate interest over a reasonable period of time.

SECTION 51. 231.05 (1) of the statutes is amended to read:

231.05 (1) By means of this chapter, it is the intent of the legislature to provide assistance and alternative methods of financing to nonprofit health institutions to aid them in providing needed health services consistent with the state’s health plan, to nonprofit educational institutions to aid them in providing needed educational services, to nonprofit research institutions to aid them in providing needed research facilities, and to nonprofit child care providers to aid them in providing needed child care services.

SECTION 52. 231.06 of the statutes is amended to read:

231.06 Property acquisition. The authority may acquire, directly or by and through a participating health institution, participating educational institution, participating research institution, or participating child care provider as its agent, by purchase or by gift or devise, such lands, structures, property, rights, rights-of-way, franchises, easements, and other interests in lands, including lands lying under water and riparian rights, which are located within this state as it deems necessary or convenient for the construction or operation of a project, upon such terms and at such prices as it considers reasonable and can be agreed upon between it and the owner thereof, and take title thereto in the name of the authority or in the name of a health facility, educational facility, research facility, or child care center as its agent.

SECTION 53. 231.07 (1) (b) of the statutes is amended to read:
231.07 (1) (b) Convey to the participating health institution, participating educational institution, participating research institution, or participating child care provider the authority’s interest in the project and in any other health facility, educational facility, research facility, or child care center leased, mortgaged, or subject to a deed of trust or any other form of security arrangement to secure the bond.

Section 54. 231.07 (2) (a) of the statutes is amended to read:

231.07 (2) (a) The principal of and interest on any bond issued by the authority to finance a project or to refinance or refund outstanding indebtedness of one or more participating health institutions, participating educational institutions, participating research institutions, or participating child care providers, including any refunding bonds issued to refund and refinance the bond, have been fully paid and the bonds retired or if the adequate provision has been made to pay fully and retire the bond; and

Section 55. 231.08 (5) of the statutes is amended to read:

231.08 (5) In addition to the other authorizations under this section, bonds of the authority may be secured by a pooling of leases whereby the authority may assign its rights, as lessor, and pledge rents under 2 or more leases of health facilities, educational facilities, research facilities, or child care centers with 2 or more health institutions, educational institutions, research institutions, or child care providers, as lessees respectively, upon such terms as may be provided for in bond resolutions of the authority.

Section 56. 231.10 (1) of the statutes is amended to read:

231.10 (1) The state is not liable on notes or bonds of the authority and the notes and bonds are not a debt of the state. All notes and bonds of the authority shall
contain on the face thereof a statement to this effect. The issuance of bonds under
this chapter shall not, directly or indirectly or contingently, obligate the state or any
political subdivision thereof to levy any form of taxation therefor or to make any
appropriation for their payment. Nothing in this section prevents the authority from
pledging its full faith and credit or the full faith and credit of a health institution,
educational institution, research institution, or child care provider to the payment
of bonds authorized under this chapter.

SECTION 57. 231.12 of the statutes is amended to read:

231.12 Studies and recommendations. It is the intent and purpose of this
chapter that the exercise by the authority of the powers granted to it shall be in all
respects for the benefit of the people of this state to assist them to provide needed
health facilities, educational facilities, research facilities, and child care centers of
the number, size, type, distribution, and operation that will assure admission and
health care, education, research opportunities, or child care of high quality to all who
need it. The authority shall identify and study all projects which are determined by
health planning agencies to be needed, but which could not sustain a loan were such
to be made to it under this chapter. The authority shall formulate and recommend
to the legislature such amendments to this and other laws, and such other specific
measures as grants, loan guarantees, interest subsidies, or other actions the state
may provide which would render the construction and operation of needed health
facilities, educational facilities, research facilities, and child care centers feasible
and in the public interest. The authority also shall identify and study any laws or
rules which it finds handicaps or bars a needed health facility, educational facility,
research facility, or child care center from participating in the benefits of this chapter,
and recommend to the legislature such actions as will remedy such situation.
**SECTION 58.** 231.13 (1) (intro.) of the statutes is amended to read:

231.13 (1) (intro.) The authority shall collect rents for the use of, or other revenues relating to the financing of, each project. The authority shall contract with a participating health institution, participating educational institution, participating research institution, or participating child care provider for each issuance of bonds. The contract shall provide that the rents or other revenues payable by the health facility, educational facility, research facility, or child care center shall be sufficient at all times to:

**SECTION 59.** 231.13 (2) of the statutes is amended to read:

231.13 (2) The authority shall pledge the revenues derived and to be derived from a project and other related health facilities, educational facilities, research facilities, or child care centers for the purposes specified in sub. (1), and additional bonds may be issued which may rank on a parity with other bonds relating to the project to the extent and on the terms and conditions provided in the bond resolution. Such pledge shall be valid and binding from the time when the pledge is made, the revenues so pledged by the authority shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the authority, irrespective of whether such parties have notice thereof. Neither the bond resolution nor any financing statement, continuation statement, or other instrument by which a pledge is created or by which the authority’s interest in revenues is assigned need be filed or recorded in any public records in order to perfect the lien thereof as against 3rd parties, except that a copy thereof shall be filed in the records of the authority and with the department of financial institutions.
SECTION 60. 231.16 (1) of the statutes is amended to read:

231.16 (1) The authority may issue bonds to refund any outstanding bond of the authority or indebtedness that a participating health institution, participating educational institution, participating research institution, or participating child care provider may have incurred for the construction or acquisition of a project prior to or after April 30, 1980, including the payment of any redemption premium on the outstanding bond or indebtedness and any interest accrued or to accrue to the earliest or any subsequent date of redemption, purchase, or maturity, or to pay all or any part of the cost of constructing and acquiring additions, improvements, extensions, or enlargements of a project or any portion of a project. Except for bonds to refund bonds issued under s. 231.03 (6) (g), no bonds may be issued under this section unless the authority has first entered into a new or amended agreement with a participating health institution, participating educational institution, participating research institution, or participating child care provider to provide sufficient revenues to pay the costs and other items described in s. 231.13.

SECTION 61. 231.20 of the statutes is amended to read:

231.20 Waiver of construction and bidding requirements. In exercising its powers under s. 101.12, the department of commerce or any city, village, town, or county may, within its discretion for proper cause shown, waive any particular requirements relating to public buildings, structures, grounds, works and improvements imposed by law upon projects under this chapter; the requirements of s. 101.13 may not be waived, however. If, however, the prospective lessee so requests in writing, the authority shall, through the participating health institution, participating educational institution, participating research institution, or
practicing child care provider as its agent, call for construction bids in such
manner as is determined by the authority with the approval of the lessee.

**SECTION 62.** 231.23 of the statutes is amended to read:

**231.23 Nonprofit institutions.** It is intended that all nonprofit health and
institutions, educational institutions, research institutions, and child care providers
in this state be enabled to benefit from and participate in this chapter. To this end,
all nonprofit health and institutions, educational institutions, research institutions,
and child care providers operating, or authorized to be operated, under any law of
this state may undertake projects and utilize the capital financing sources and
methods of repayment provided by this chapter, the provisions of any other laws to
the contrary notwithstanding.

**SECTION 63.** 560.126 (1) (intro.) of the statutes, as created by 2007 Wisconsin
Act 20, is amended to read:

560.126 (1) (intro.) The department may award a grant or make a loan from
the appropriations under s. 20.143 (1) (cr), (ie) or, and (tm) to a business or researcher
to fund any of the following projects:

**SECTION 64.** 560.126 (1) (intro.) of the statutes, as affected by 2007 Wisconsin
Act .... (this act), is repealed and recreated to read:

560.126 (1) (intro.) The department may award a grant or make a loan from
the appropriations under s. 20.143 (1) (ie) and (tm) to a business or researcher to fund
any of the following projects:

**SECTION 65.** 560.7995 (3) (b) of the statutes is amended to read:

560.7995 (3) (b) When the department designates an area as an airport
development zone, the department shall establish a limit, not to exceed $3,000,000,
for tax benefits applicable to the airport development zone. The total tax benefits
applicable to all airport development zones may not exceed $9,000,000, less any
amount allocated to technology zones under s. 560.96 (2) (b) and except that the total
amount allocated to all technology zones under s. 560.96 (2) (b) may not exceed
$6,000,000. The department may, after 48 months from the month of any
designation under this section, evaluate the area designated as an airport
development zone and reallocate the amount of available tax benefits.

**SECTION 66.** 560.96 (2) (b) of the statutes is amended to read:

560.96 (2) (b) The designation of an area as a technology zone shall be in effect
for 10 years from the time that the department first designates the area. **However,**
not more than $5,000,000 in tax credits may be claimed in a technology zone,
except that the department may allocate the amount of unallocated airport
development zone tax credits, as provided under s. 560.7995 (3) (b), to technology
zones for which the $5,000,000 maximum allocation is insufficient. The department
may change the boundaries of a technology zone during the time that its designation
is in effect. A change in the boundaries of a technology zone does not affect the
duration of the designation of the area or the maximum tax credit amount that may
be claimed in the technology zone.

**SECTION 67.** 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).

**SECTION 68.** 2007 Wisconsin Act 20, section 9201 (1c) (a) is amended to read:

[2007 Wisconsin Act 20] Section 9201 (1c) (a) **Notwithstanding sections 20.001
(3) (a) to (c) and 25.40 (3) of the statutes, but subject to paragraph (d), the secretary
of administration shall lapse to the general fund or transfer to the general fund from
the unencumbered balances of appropriations to executive branch state agencies,
other than sum sufficient appropriations and appropriations of federal revenues, an
amount equal to $200,000,000 $175,000,000 during the 2007-09 fiscal biennium and
$200,000,000 $150,000,000 during the 2009-11 fiscal biennium. This paragraph
shall not apply to appropriations to the Board of Regents of the University of
Wisconsin System and to the technical college system board.

SECTION 69. Nonstatutory provisions.

(1) DEPARTMENT OF TRANSPORTATION APPROPRIATION LAPSES UNDER ACT 20.

(a) Notwithstanding section 9201 (1c) of 2007 Wisconsin Act 20, as affected by
this act, the secretary of administration may not, under section 9201 (1c) (a) of 2007
Wisconsin Act 20, as affected by this act, do any of the following:

1. Lapse or transfer more than a total of $25,000,000 in fiscal year 2007-08
from the appropriations made to the department of transportation.

2. Lapse or transfer any amount in fiscal year 2007-08 from any appropriation
made to the department of transportation other than the appropriation account
under section 20.395 (3) (bq) of the statutes.

3. Lapse or transfer any amount in fiscal year 2008-09, 2009-10, or 2010-11
from any appropriation made to the department of transportation.

(b) If the secretary of administration has, prior to the effective date of this
subsection, lapsed or transferred moneys under section 9201 (1c) (a) of 2007
Wisconsin Act 20 in a manner that would have been inconsistent with paragraph (a)
1. or 2. if the lapse or transfer occurred after the effective date of this subsection, the
secretary of administration shall do all of the following:

1. If the lapse or transfer would have been inconsistent with paragraph (a) 1.,
the secretary of administration shall transfer, from the general fund to the fund or
appropriation account from which the lapse or transfer was made except with respect
to the appropriation account under under section 20.395 (3) (bq) of the statutes, pro
rata amounts as determined by the secretary totalling the amount by which the lapse
or transfer exceeded $25,000,000.

2. If the lapse or transfer would have been inconsistent with paragraph (a) 2.,
the secretary of administration shall transfer, from the general fund to the fund or
appropriation account from which the lapse or transfer was made, any amount
lapsed or transferred other than an amount lapsed or transferred from the
appropriation account under section 20.395 (3) (bq) of the statutes.

(2) ESTIMATES FOR A CERTAIN DEPARTMENT OF TRANSPORTATION SEGREGATED FUND
REVENUES—SERVICE APPROPRIATION. The secretary of administration and department
of transportation shall estimate additional revenues of $50,000,000 in fiscal year
2007–08, and decreased revenues of $50,000,000 in fiscal year 2008–09, for the
appropriation account under section 20.395 (3) (br) of the statutes, which additional
or decreased revenues are not reflected in the schedule under section 20.005 (3) of
the statutes, as created by 2007 Wisconsin Act 20.

(3) DEPARTMENT OF TRANSPORTATION REQUESTS FOR 2009–11 BIENNIAL BUDGET BILL.
Notwithstanding section 16.42 (1) (e) of the statutes, in submitting information
under section 16.42 of the statutes for purposes of the 2009–11 biennial budget bill,
the department of transportation shall submit a dollar amount for the appropriation
under section 20.395 (3) (bq) of the statutes that is $50,000,000 less than the total
amount appropriated under section 20.395 (3) (bq) of the statutes for the 2008–09
fiscal year, before submitting any information relating to any increase or decrease
in the dollar amount for that appropriation for the 2009–11 fiscal biennium. In
addition, the department of transportation’s submission of information under
section 16.42 of the statutes for purposes of the 2009–11 biennial budget bill shall not
SENATE BILL 510

reflect the modified estimates required under subsection (2) related to the
appropriation account under section 20.395 (3) (br) of the statutes.

SECTION 70. Fiscal changes.

(1) Training in advanced manufacturing skills. In the schedule under section
20.005 (3) of the statutes for the appropriation to the technical college system board
under section 20.292 (1) (dc) of the statutes, as affected by the acts of 2007, the dollar
amount is increased by $5,000,000 for fiscal year 2008–09 to increase funding for
grants to technical college districts under section 38.27 (1) (b) 1. of the statutes.

(2) Appropriation changes for major highway projects. In the schedule under
section 20.005 (3) of the statutes for the appropriation to the department of
transportation under section 20.395 (3) (bq) of the statutes, as affected by the acts
of 2007, the dollar amount is decreased by $20,000,000 for fiscal year 2007–08 and
the dollar amount is increased by $55,000,000 for fiscal year 2008–09 to increase
funding for major development of state trunk and connecting highways.

(3) Appropriation changes for state highway rehabilitation. In the schedule
under section 20.005 (3) of the statutes for the appropriation to the department of
transportation under section 20.395 (3) (cq) of the statutes, as affected by the acts of
2007, the dollar amount is increased by $20,000,000 for fiscal year 2007–08 and the
dollar amount is increased by $20,000,000 for fiscal year 2008–09 to increase funding
for improvement of existing state trunk and connecting highways and construction
and rehabilitation of the national system of interstate and defense highways and
bridges and related appurtenances.

(4) General fund transfer to transportation fund. The secretary of
administration shall transfer $75,000,000 from the general fund to the
transportation fund in fiscal year 2008–09.
(5) **Wisconsin Higher Education Grant Program; Technical College Students.**

In the schedule under section 20.005 (3) of the statutes for the appropriation to the higher educational aids board under section 20.235 (1) (ff) of the statutes, as affected by the acts of 2007, the dollar amount is increased by $1,300,000 for fiscal year 2008–09 to increase funding for the purpose for which the appropriation is made.

**SECTION 71. Initial applicability.**

(1) **Combined Reporting.** The treatment of sections 71.22 (9), 71.255, and 71.26 (3) (x) of the statutes first applies to taxable years beginning on January 1, 2008.

**SECTION 72. Effective dates.** This act takes effect on the day after publication, except as follows:

(1) **Renewable Energy.** The repeal of section 20.143 (1) (cr) of the statutes and the repeal and recreation of section 560.126 (1) (intro.) of the statutes take effect on July 1, 2009.

(2) **Eligibility for Child Care Subsidies.** The treatment of section 49.155 (1m) (c) 1. (intro.), 1c., 1g., 1h., 1m., 2., and 3. of the statutes takes effect on July 1, 2008.