

2013 DRAFTING REQUEST

Senate Substitute Amendment (SSA-SB205)

Received: 6/6/2013 Received By: mgallagh
Wanted: As time permits Same as LRB: s0073
For: Robert Cowles (608) 266-0484 By/Representing: Jason
May Contact: Drafter: mgallagh
Subject: Econ. Development - misc. Addl. Drafters:
State Govt - miscellaneous Extra Copies:

Submit via email: YES
Requester's email: Sen.Cowles@legis.wisconsin.gov
Carbon copy (CC) to: michael.gallagher@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

board of directors, powers and duties, including reporting requirements, and financial audits of the Wisconsin Economic Development Corporation

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	mgallagh 6/6/2013	kfollett 6/6/2013	jmurphy 6/6/2013	_____	lparisi 6/6/2013	lparisi 6/6/2013	

FE Sent For:

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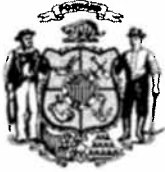
See attached

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/1	mgallagh	1/1/13 6/6	jon 6/6	self			

FE Sent For:

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CORRECTED
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LRB 0073/1

MPG&CMH:sac&cjs:rs

stays

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Companion RMR
- no changes

ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 228

SENATE
B

205 B

June 5, 2013 - Offered by Representative SARGENT.

Regen

1 AN ACT *to renumber and amend* 13.94 (1) (dr); *to amend* 1.14 (1) (b), 13.92 (1)

2 (b) 1. b., 13.94 (1s) (c) 5., 16.004 (17), 16.52 (6) (a), 16.53 (13) (a), 16.545 (9), 16.70

3 (1e), 16.765 (1), 16.765 (2), 16.765 (5), 16.765 (6), 16.765 (7) (intro.), 16.765 (7)

4 (d), 16.765 (8), 16.84 (14), 16.847 (2) (a), 16.855 (16) (b) 1., 16.891 (1) (a), 16.967

5 (1) (a), 16.97 (1m), 19.42 (10) (sm), 19.42 (13) (om), 20.505 (5) (ke), 20.866 (2)

6 (ws), 20.867 (3) (kd), 238.02 (3), 238.02 (4), 238.03 (2) (c), 238.03 (2) (e) and

7 250.20 (1) (k); *to repeal and recreate* 238.02 (1); and *to create* 13.94 (1) (dr)

8 1., 13.94 (1) (dr) 2., 238.02 (1d), 238.02 (1f), 238.02 (1g), 238.02 (1r), 238.02 (5),

9 238.045, 238.07 (2) (am), 238.07 (2) (dm), 238.07 (2) (fm) and 238.07 (2) (gm) of

10 the statutes; **relating to:** board of directors, powers and duties, including

1 reporting requirements, and financial audits of the Wisconsin Economic
2 Development Corporation.

Analysis by the Legislative Reference Bureau

This substitute amendment makes a number of changes to the laws governing the Wisconsin Economic Development Corporation (WEDC), including the following:

1. WEDC administers, develops, and implements economic development programs that have the purpose of encouraging the establishment and growth of businesses in this state. Each year, WEDC submits a report by October 1 to the Joint Legislative Audit Committee and each house of the legislature that provides information about the progress of WEDC's economic development programs during the previous fiscal year. That report must contain a description of each program, a comparison of expected and actual program outcomes, the number of grants or loans made under each program, the amount of each grant or loan, the recipient of each grant or loan, the sum total of all grants and loans awarded by WEDC under an economic development program, and any recommended changes to each program.

The substitute amendment requires WEDC to include all of the following additional information in its annual report:

a. Quantifiable performance measures directly related to the purpose of each economic development program, including an accounting of the location and industry classification, by municipality, of each job created or retained in the state in the previous fiscal year as a result of the program.

b. The amount of tax benefits that WEDC allocated, or verified to the Department of Revenue (DOR), under each program in the previous fiscal year.

c. An identification of each recipient of a tax benefit that WEDC allocated, or verified to DOR, during the previous fiscal year.

d. The total number of recipients of a grant, loan, or tax benefit that satisfied certain reporting obligations to WEDC and a list identifying each recipient of a grant, loan, or tax benefit that failed to satisfy those obligations.

2. Currently, the WEDC board includes six members who are nominated by the governor and appointed with the advice and consent of the senate and who serve at the pleasure of the governor; three members appointed by the speaker of the assembly, consisting of one majority and one minority party representative to the assembly and one person employed in the private sector; and three members appointed by the senate majority leader, consisting of one majority and one minority party senator and one person employed in the private sector.

Under this substitute amendment, the members of the WEDC board nominated by the governor no longer serve at the pleasure of the governor but serve four-year terms. The governor must select nominees from a list of candidates prepared by the WEDC board. In addition, the members of the board appointed by the speaker of the assembly and senate majority leader who are employed in the private sector no longer serve at the pleasure of the speaker or majority leader but serve four-year terms.

3. Under the substitute amendment, the WEDC board must prepare a list of candidates from which the governor may nominate members of the board. The WEDC board must include on the list at least two candidates for each position. In addition, the board must select candidates who have financial management experience, municipal or regional economic development experience, or private sector business experience. The board must also ensure that some of the candidates have expertise in corporate ethics.

4. Currently, the governor serves as chairperson of the WEDC board. Under the substitute amendment, the WEDC board must elect a chairperson. The board must also elect one of its members to serve as a lead director for a two-year term. Under the substitute amendment, the lead director is to provide guidance to the WEDC board, facilitate communication between the board and the corporation, and advise the chairperson of the board and the chief executive officer.

5. Currently, the WEDC chief executive officer is nominated by the governor, and with the advice and consent of the senate appointed, to serve at the pleasure of the governor. This substitute amendment provides that the board shall appoint the chief executive officer and may not delegate to any WEDC employee the power to appoint or terminate the employment of any executive employee of WEDC.

6. The substitute amendment also provides that the WEDC board may not delegate to any WEDC employee the power or duty to develop or implement any internal policy without the board first approving the policy.

7. The substitute amendment requires the WEDC board to establish a finance committee consisting of five board members. The members of the finance committee must elect a chairperson. Under the substitute amendment, no offers of grants, loans, or tax credits may be made by WEDC to any business without the approval of the finance committee.

8. The substitute amendment requires the WEDC board to establish an audit and compliance committee to audit the programs and finances of WEDC and to ensure that WEDC is in compliance with applicable state and federal law. The committee must meet monthly and publish the minutes of its meetings. The committee must also report at each WEDC board meeting on the current compliance of WEDC with applicable state and federal law, the status of any contracts with businesses that are out of compliance with the contract, and what actions have been planned or taken to resolve the compliance issues.

9. The substitute amendment provides that the chairpersons of all committees established by the WEDC board must prepare agendas for committee meetings.

10. The substitute amendment provides that if the WEDC board establishes or incorporates a foundation or other entity to solicit funds for economic development in this state, the board must publish a list of all donors on an Internet site maintained by WEDC and must include the list in its annual report to the legislature. Under the substitute amendment, no person who contributes moneys to the foundation or other entity may participate in any WEDC economic development program for two years from the date of the contribution.

11. Under the substitute amendment, the board must also elect one of its public members to serve as the board's lead director for a two-year term. The lead director

must have significant corporate management experience. Under the substitute amendment, the lead director is to chair meetings of the board in the chairperson's absence, chair the governance committee, described below, serve as a liaison between the chairperson and the other board members, work with the chairperson to ensure adequate committee structure for any committees the board establishes, and carry out other duties as assigned by the board or the governance committee.

12. The substitute amendment further requires WEDC's board to establish a governance committee. In addition to the lead director, who serves as chair of the governance committee, the governance committee must include two of the board's public members. The substitute amendment directs the governance committee to develop principles for the board's oversight of WEDC, oversee the board's operations, recommend membership for committees the board establishes, assist the chairperson and the board to identify qualified candidates to fill vacancies on the board, and facilitate communication between the members of the board and the chief executive officer of WEDC.

13. Under current law, the Legislative Audit Bureau is required to conduct a financial audit of WEDC every two years and a program evaluation audit of the economic development programs administered by WEDC every two years. The substitute amendment requires that the financial audit be conducted annually until June 30, 2019, after which point, the financial audit reverts to being conducted every two years.

14. In addition to other powers specifically enumerated in the statutes, current law grants WEDC all the powers necessary or convenient to carry out its purposes. The substitute amendment limits WEDC's power to establish a nonprofit organization by requiring WEDC to submit any plan to establish a nonprofit organization to the Joint Committee on Finance under passive review.

15. Under current law, with certain exceptions, the Department of Administration (DOA) must purchase, or may delegate the authority to purchase, all necessary materials, supplies, equipment, all other permanent personal property and miscellaneous capital, and contractual services for all agencies. DOA, or its delegated agents, may contract for services that can be performed more economically or efficiently by contract. With exceptions, DOA must award orders and contracts to the lowest responsible bidders or most competitive proposal. If the estimated cost of an expenditure exceeds \$50,000, DOA must solicit bids or competitive sealed proposals. This substitute amendment adds WEDC to the definition of agency for purposes of state procurement so that WEDC is subject to the same laws regulating agency purchasing.

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

1 SECTION 1. 1.14 (1) (b) of the statutes is amended to read:

1 1.14 (1) (b) "State agency" has the meaning given for "agency" under s. 16.70
2 ~~(1e)~~ 16.97 (1m).

3 **SECTION 2.** 13.92 (1) (b) 1. b. of the statutes is amended to read:

4 13.92 (1) (b) 1. b. Any agency, as defined in s. ~~16.70 (1e)~~ 16.97 (1m), created
5 under ch. 13, 14, 15, or 758.

6 **SECTION 3.** 13.94 (1) (dr) of the statutes is renumbered 13.94 (1) (dr) 3. and
7 amended to read:

8 13.94 (1) (dr) 3. Biennially, ~~beginning in 2013~~, conduct a financial audit of the
9 ~~Wisconsin Economic Development Corporation~~ and a program evaluation audit of
10 the economic development programs administered by the Wisconsin Economic
11 Development Corporation under ch. 238.

12 4. The legislative audit bureau shall file a copy of each audit report under this
13 paragraph with the distributees specified in par. (b).

14 **SECTION 4.** 13.94 (1) (dr) 1. of the statutes is created to read:

15 13.94 (1) (dr) 1. Annually, conduct a financial audit of the Wisconsin Economic
16 Development Corporation. This subdivision does not apply after June 30, 2019.

17 **SECTION 5.** 13.94 (1) (dr) 2. of the statutes is created to read:

18 13.94 (1) (dr) 2. Biennially, conduct a financial audit of the Wisconsin Economic
19 Development Corporation. This subdivision applies after June 30, 2019.

20 **SECTION 6.** 13.94 (1s) (c) 5. of the statutes is amended to read:

21 13.94 (1s) (c) 5. The Wisconsin Economic Development Corporation for the cost
22 of the ~~audit~~ audits required to be performed under sub. (1) (dr).

23 **SECTION 7.** 16.004 (17) of the statutes is amended to read:

24 16.004 (17) BUSINESS INTELLIGENCE AND DATA WAREHOUSING SYSTEM. The
25 department may implement an enterprise-wide reporting, data warehousing, and

1 data analysis system applicable to every agency, as defined in s. ~~16.70 (1e)~~ 16.97 (1m),
2 other than the legislative and judicial branches of state government.

3 **SECTION 8.** 16.52 (6) (a) of the statutes is amended to read:

4 16.52 **(6)** (a) Except as authorized in s. 16.74, all purchase orders, contracts,
5 or printing orders for any agency, as defined in s. ~~16.70 (1e)~~ 16.97 (1m), shall, before
6 any liability is incurred thereon, be submitted to the secretary for his or her approval
7 as to legality of purpose and sufficiency of appropriated and allotted funds therefor.
8 In all cases the date of the contract or order governs the fiscal year to which the
9 contract or order is chargeable, unless the secretary determines that the purpose of
10 the contract or order is to prevent lapsing of appropriations or to otherwise
11 circumvent budgetary intent. Upon such approval, the secretary shall immediately
12 encumber all contracts or orders, and indicate the fiscal year to which they are
13 chargeable.

14 **SECTION 9.** 16.53 (13) (a) of the statutes is amended to read:

15 16.53 **(13)** (a) In this subsection, “agency” has the meaning given in s. ~~16.70 (1e)~~
16 16.97 (1m).

17 **SECTION 10.** 16.545 (9) of the statutes is amended to read:

18 16.545 **(9)** To initiate contacts with the federal government for the purpose of
19 facilitating participation by agencies, as defined in s. ~~16.70 (1e)~~ 16.97 (1m), in federal
20 aid programs, to assist those agencies in applying for such aid, and to facilitate
21 influencing the federal government to make policy changes that will be beneficial to
22 this state. The department may assess an agency to which it provides services under
23 this subsection a fee for the expenses incurred by the department in providing those
24 services.

25 **SECTION 11.** 16.70 (1e) of the statutes is amended to read:

1 16.70 (1e) “Agency” means an office, department, agency, institution of higher
2 education, association, society or other body in state government created or
3 authorized to be created by the constitution or any law, which is entitled to expend
4 moneys appropriated by law, including the Wisconsin Economic Development
5 Corporation, the legislature, and the courts, but not including an authority.

6 **SECTION 12.** 16.765 (1) of the statutes is amended to read:

7 16.765 (1) Contracting agencies, the University of Wisconsin Hospitals and
8 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin
9 Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority, the Lower
10 Fox River Remediation Authority, ~~the Wisconsin Economic Development~~
11 ~~Corporation~~, and the Bradley Center Sports and Entertainment Corporation shall
12 include in all contracts executed by them a provision obligating the contractor not
13 to discriminate against any employee or applicant for employment because of age,
14 race, religion, color, handicap, sex, physical condition, developmental disability as
15 defined in s. 51.01 (5), sexual orientation as defined in s. 111.32 (13m), or national
16 origin and, except with respect to sexual orientation, obligating the contractor to take
17 affirmative action to ensure equal employment opportunities.

18 **SECTION 13.** 16.765 (2) of the statutes is amended to read:

19 16.765 (2) Contracting agencies, the University of Wisconsin Hospitals and
20 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin
21 Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority, the Lower
22 Fox River Remediation Authority, ~~the Wisconsin Economic Development~~
23 ~~Corporation~~, and the Bradley Center Sports and Entertainment Corporation shall
24 include the following provision in every contract executed by them: “In connection
25 with the performance of work under this contract, the contractor agrees not to

1 discriminate against any employee or applicant for employment because of age, race,
2 religion, color, handicap, sex, physical condition, developmental disability as defined
3 in s. 51.01 (5), sexual orientation or national origin. This provision shall include, but
4 not be limited to, the following: employment, upgrading, demotion or transfer;
5 recruitment or recruitment advertising; layoff or termination; rates of pay or other
6 forms of compensation; and selection for training, including apprenticeship. Except
7 with respect to sexual orientation, the contractor further agrees to take affirmative
8 action to ensure equal employment opportunities. The contractor agrees to post in
9 conspicuous places, available for employees and applicants for employment, notices
10 to be provided by the contracting officer setting forth the provisions of the
11 nondiscrimination clause”.

12 **SECTION 14.** 16.765 (5) of the statutes is amended to read:

13 16.765 (5) The head of each contracting agency and the boards of directors of
14 the University of Wisconsin Hospitals and Clinics Authority, the Fox River
15 Navigational System Authority, the Wisconsin Aerospace Authority, the Health
16 Insurance Risk-Sharing Plan Authority, the Lower Fox River Remediation
17 Authority, ~~the Wisconsin Economic Development Corporation,~~ and the Bradley
18 Center Sports and Entertainment Corporation shall be primarily responsible for
19 obtaining compliance by any contractor with the nondiscrimination and affirmative
20 action provisions prescribed by this section, according to procedures recommended
21 by the department. The department shall make recommendations to the contracting
22 agencies and the boards of directors of the University of Wisconsin Hospitals and
23 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin
24 Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority, the Lower
25 Fox River Remediation Authority, ~~the Wisconsin Economic Development~~

1 ~~Corporation~~, and the Bradley Center Sports and Entertainment Corporation for
2 improving and making more effective the nondiscrimination and affirmative action
3 provisions of contracts. The department shall promulgate such rules as may be
4 necessary for the performance of its functions under this section.

5 **SECTION 15.** 16.765 (6) of the statutes is amended to read:

6 16.765 (6) The department may receive complaints of alleged violations of the
7 nondiscrimination provisions of such contracts. The department shall investigate
8 and determine whether a violation of this section has occurred. The department may
9 delegate this authority to the contracting agency, the University of Wisconsin
10 Hospitals and Clinics Authority, the Fox River Navigational System Authority, the
11 Wisconsin Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority,
12 the Lower Fox River Remediation Authority, ~~the Wisconsin Economic Development~~
13 ~~Corporation~~, or the Bradley Center Sports and Entertainment Corporation for
14 processing in accordance with the department's procedures.

15 **SECTION 16.** 16.765 (7) (intro.) of the statutes is amended to read:

16 16.765 (7) (intro.) When a violation of this section has been determined by the
17 department, the contracting agency, the University of Wisconsin Hospitals and
18 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin
19 Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority, the Lower
20 Fox River Remediation Authority, ~~the Wisconsin Economic Development~~
21 ~~Corporation~~, or the Bradley Center Sports and Entertainment Corporation, the
22 contracting agency, the University of Wisconsin Hospitals and Clinics Authority, the
23 Fox River Navigational System Authority, the Wisconsin Aerospace Authority, the
24 Health Insurance Risk-Sharing Plan Authority, the Lower Fox River Remediation

1 Authority, ~~the Wisconsin Economic Development Corporation~~, or the Bradley Center
2 Sports and Entertainment Corporation shall:

3 **SECTION 17.** 16.765 (7) (d) of the statutes is amended to read:

4 16.765 (7) (d) Direct the violating party to take immediate steps to prevent
5 further violations of this section and to report its corrective action to the contracting
6 agency, the University of Wisconsin Hospitals and Clinics Authority, the Fox River
7 Navigational System Authority, the Wisconsin Aerospace Authority, the Health
8 Insurance Risk-Sharing Plan Authority, the Lower Fox River Remediation
9 Authority, ~~the Wisconsin Economic Development Corporation~~, or the Bradley Center
10 Sports and Entertainment Corporation.

11 **SECTION 18.** 16.765 (8) of the statutes is amended to read:

12 16.765 (8) If further violations of this section are committed during the term
13 of the contract, the contracting agency, the Fox River Navigational System Authority,
14 the Wisconsin Aerospace Authority, the Health Insurance Risk-Sharing Plan
15 Authority, the Lower Fox River Remediation Authority, ~~the Wisconsin Economic~~
16 ~~Development Corporation~~, or the Bradley Center Sports and Entertainment
17 Corporation may permit the violating party to complete the contract, after complying
18 with this section, but thereafter the contracting agency, the Fox River Navigational
19 System Authority, the Wisconsin Aerospace Authority, the Health Insurance
20 Risk-Sharing Plan Authority, the Lower Fox River Remediation Authority, ~~the~~
21 ~~Wisconsin Economic Development Corporation~~, or the Bradley Center Sports and
22 Entertainment Corporation shall request the department to place the name of the
23 party on the ineligible list for state contracts, or the contracting agency, the Fox River
24 Navigational System Authority, the Wisconsin Aerospace Authority, the Health
25 Insurance Risk-Sharing Plan Authority, the Lower Fox River Remediation

1 Authority, ~~the Wisconsin Economic Development Corporation,~~ or the Bradley Center
2 Sports and Entertainment Corporation may terminate the contract without liability
3 for the uncompleted portion or any materials or services purchased or paid for by the
4 contracting party for use in completing the contract.

5 **SECTION 19.** 16.84 (14) of the statutes is amended to read:

6 16.84 (14) Provide interagency mail delivery service for agencies, as defined
7 in s. ~~16.70 (1e)~~ 16.97 (1m). The department may charge agencies for this service. Any
8 moneys collected shall be credited to the appropriation account under s. 20.505 (1)
9 (kb).

10 **SECTION 20.** 16.847 (2) (a) of the statutes is amended to read:

11 16.847 (2) (a) The department may provide funding to agencies, as defined in
12 s. ~~16.70 (1e)~~ 16.97 (1m), for energy conservation construction projects at state
13 facilities under the jurisdiction of the agencies to enhance the energy efficiency of the
14 facilities. The department shall prescribe standards for evaluation of proposed
15 projects and allocation of available moneys for those projects under this subsection.

16 **SECTION 21.** 16.855 (16) (b) 1. of the statutes is amended to read:

17 16.855 (16) (b) 1. In this paragraph, “agency” has the meaning given in s. ~~16.70~~
18 ~~(1e)~~ 16.97 (1m).

19 **SECTION 22.** 16.891 (1) (a) of the statutes is amended to read:

20 16.891 (1) (a) “Agency” has the meaning given in s. ~~16.70 (1e)~~ 16.97 (1m).

21 **SECTION 23.** 16.967 (1) (a) of the statutes is amended to read:

22 16.967 (1) (a) “Agency” has the meaning given in s. ~~16.70 (1e)~~ 16.97 (1m).

23 **SECTION 24.** 16.97 (1m) of the statutes is amended to read:

24 16.97 (1m) “Agency” ~~has the meaning given in s. 16.70 (1e)~~ means an office,
25 department, agency, institution of higher education, association, society, or other

1 body in state government created or authorized to be created by the constitution or
2 any law, which is entitled to expend moneys appropriated by law, including the
3 legislature and the courts, but not including an authority.

4 **SECTION 25.** 19.42 (10) (sm) of the statutes is amended to read:

5 19.42 (10) (sm) The non-clerical employees of the Wisconsin Economic
6 Development Corporation and the members of the board of directors of the Wisconsin
7 Economic Development Corporation employed in the private sector who are
8 appointed by the speaker of the assembly and the senate majority leader.

9 **SECTION 26.** 19.42 (13) (om) of the statutes is amended to read:

10 19.42 (13) (om) The non-clerical employees of the Wisconsin Economic
11 Development Corporation and the members of the board of directors of the Wisconsin
12 Economic Development Corporation employed in the private sector who are
13 appointed by the speaker of the assembly and the senate majority leader.

14 **SECTION 27.** 20.505 (5) (ke) of the statutes is amended to read:

15 20.505 (5) (ke) *Additional energy conservation construction projects.* All
16 moneys received by the department from agencies, as defined in s. 16.70 (1e) 16.97
17 (1m), in payment of assessments under s. 16.847 (3) for energy cost savings at state
18 facilities, for the purpose of providing additional funding to those agencies for energy
19 conservation construction projects at state facilities under the jurisdiction of the
20 agencies as provided in s. 16.847 (2).

21 **SECTION 28.** 20.866 (2) (ws) of the statutes is amended to read:

22 20.866 (2) (ws) *Administration; energy conservation projects; capital*
23 *improvement fund.* From the capital improvement fund, a sum sufficient for the
24 department of administration to provide funding to agencies, as defined in s. 16.70
25 (1e) 16.97 (1m), for energy conservation construction projects at state facilities under

1 the jurisdiction of the agencies pursuant to s. 16.847 (2). The state may contract
2 public debt in an amount not exceeding \$180,000,000 for this purpose.

3 **SECTION 29.** 20.867 (3) (kd) of the statutes is amended to read:

4 20.867 (3) (kd) *Energy conservation construction projects; principal repayment,*
5 *interest and rebates.* All moneys received by the building commission from agencies,
6 as defined in s. 16.70-(1e) 16.97 (1m), in payment of assessments under s. 16.847 (3),
7 for the purpose of reimbursing s. 20.866 (1) (u) for the payment of principal and
8 interest costs incurred in financing energy conservation construction projects at
9 state facilities, to make the payments determined by the building commission under
10 s. 13.488 (1) (m) that are attributable to the proceeds of obligations incurred in
11 financing energy conservation construction projects at state facilities, and to make
12 payments under an agreement or ancillary arrangement entered into under s. 18.06
13 (8) (a).

14 **SECTION 30.** 238.02 (1) of the statutes is repealed and recreated to read:

15 238.02 (1) There is created an authority, which is a public body corporate and
16 politic, to be known as the “Wisconsin Economic Development Corporation.” The
17 members of the board shall consist of all of the following:

18 (a) The governor.

19 (b) Six members nominated by the governor, and with the advice and consent
20 of the senate appointed, to serve for 4-year terms. The governor shall nominate
21 members from a slate of candidates prepared by the board under sub. (1d), and at
22 least one of the nominees must be an expert in corporate ethics.

23 (c) Three members appointed by the speaker of the assembly, consisting of one
24 majority and one minority party representative to the assembly, appointed as are the
25 members of standing committees in the assembly.

1 (d) One person appointed by the speaker of the assembly who is employed in
2 the private sector for a 4-year term.

3 (e) Three members appointed by the senate majority leader, consisting of one
4 majority and one minority party senator, appointed as are members of standing
5 committees in the senate.

6 (f) One person appointed by the senate majority leader who is employed in the
7 private sector for a 4-year term.

8 (g) The secretaries of administration and revenue, but as nonvoting members.

9 **SECTION 31.** 238.02 (1d) of the statutes is created to read:

10 238.02 (1d) The board shall prepare a list of candidates from which the
11 governor shall nominate members of the board under sub. (1) (b). The board shall
12 include on the list at least 2 candidates for each position. The board must select
13 candidates who have financial management experience, municipal or regional
14 economic development experience, or private sector business experience. The board
15 shall also ensure that some of the candidates have expertise in corporate ethics.

16 **SECTION 32.** 238.02 (1f) of the statutes is created to read:

17 238.02 (1f) From its members, the board shall elect a chairperson. The board
18 shall also elect one of its members, except the chairperson, to serve as a lead director
19 for a 2-year term. The lead director shall provide guidance to the board, facilitate
20 communication between the board and the corporation, and advise the chairperson
21 of the board and the chief executive officer.

22 **SECTION 33.** 238.02 (1g) of the statutes is created to read:

23 238.02 (1g) (a) The board shall elect a lead director to serve for a 2-year term.
24 The lead director shall have significant corporate management experience and shall
25 be one of the members of the board nominated by the governor or one of the members

1 appointed by the speaker of the assembly or senate majority leader who is employed
2 in the private sector.

3 (b) The lead director shall do all of the following:

4 1. Chair meetings of the board in the chairperson's absence.

5 2. Chair the governance committee under sub. (1r).

6 3. Serve as a liaison between the chairperson of the board and the other
7 members of the board.

8 4. Work with the chairperson to ensure an adequate committee structure for
9 any committee the board establishes.

10 5. Carry out any other duties assigned to the lead director by the board or the
11 governance committee.

12 **SECTION 34.** 238.02 (1r) of the statutes is created to read:

13 238.02 (1r) (a) The board shall establish a governance committee. The
14 governance committee shall consist of the lead director and two other members who
15 shall be elected by the board from the members of the board nominated by the
16 governor or the members appointed by the speaker of the assembly and senate
17 majority leader who are employed in the private sector, or both.

18 (b) The governance committee shall do all of the following:

19 1. Develop governance principles for the board's oversight of the corporation.

20 2. Oversee the board's operations.

21 3. Recommend membership for committees the board establishes.

22 4. Assist the chairperson and the board to identify qualified candidates to fill
23 vacancies on the board.

24 5. Facilitate communication between the members of the board and the chief
25 executive officer of the corporation.

1 **SECTION 35.** 238.02 (3) of the statutes is amended to read:

2 238.02 (3) A chief executive officer shall be ~~nominated by the governor, and~~
3 ~~with the advice and consent of the senate~~ appointed by the board, to serve at the
4 pleasure of the ~~governor~~ board. The board may delegate to the chief executive officer
5 any powers and duties the board considers proper, except any power to appoint or
6 terminate the employment of any executive employee of the corporation or to develop
7 or implement any internal policy without the board first approving the policy. The
8 chief executive officer shall receive such compensation as may be determined by the
9 board.

10 **SECTION 36.** 238.02 (4) of the statutes is amended to read:

11 238.02 (4) All powers and duties assigned to the corporation under this chapter
12 shall be exercised or carried out by the board, unless the board delegates the power
13 or duty to an employee of the corporation. The board may not delegate to an employee
14 of the corporation any power to appoint or terminate the employment of any
15 executive employee of the corporation or to develop or implement any internal policy
16 without the board first approving the policy.

17 **SECTION 37.** 238.02 (5) of the statutes is created to read:

18 238.02 (5) (a) The board shall establish a finance committee consisting of 5
19 board members. The members of the finance committee shall elect a chairperson.
20 No offers of grants, loans, or tax credits may be made to any business under this
21 chapter without the approval of the finance committee.

22 (b) The board shall establish an audit and compliance committee to audit the
23 programs and finances of the corporation and to ensure that the corporation is in
24 compliance with applicable state and federal law. The committee shall meet monthly
25 and shall publish the minutes of its meetings. The committee shall report at each

1 board meeting on the current compliance of the corporation with applicable state and
2 federal law, the status of any contracts with businesses that are out of compliance
3 with the contract, and what actions have been planned or taken to resolve the
4 compliance issues.

5 (c) The chairpersons of all committees established by the board shall prepare
6 agendas for committee meetings.

7 (d) If the board establishes or incorporates a foundation or other entity to solicit
8 funds for economic development in this state, the board shall publish a list of all
9 donors on an Internet Web site maintained by the corporation and shall include the
10 list in the report under s. 238.07 (1). No person who contributes moneys to the
11 foundation or other entity may participate in any economic development program
12 under this chapter for 2 years from the date of the contribution.

13 **SECTION 38.** 238.03 (2) (c) of the statutes is amended to read:

14 238.03 (2) (c) Require that each recipient of a grant ~~or~~, loan, or allocation of a
15 tax benefit under the program submit a report to the corporation. Each contract with
16 a recipient of a grant ~~or~~, loan, or allocation of a tax benefit under the program must
17 specify the frequency and format of the report to be submitted to the corporation and
18 the performance measures to be included in the report.

19 **SECTION 39.** 238.03 (2) (e) of the statutes is amended to read:

20 238.03 (2) (e) Annually and independently verify, from a sample of grants and,
21 loans, and allocated tax benefits the accuracy of the information required to be
22 reported under par. (c).

23 **SECTION 40.** 238.045 of the statutes is created to read:

24 **238.045 Establishment of nonprofit organization. (1) DEFINITION.** In this
25 section, “nonprofit organization” means a nonprofit corporation, as defined in s.

1 181.0103 (17), and any organization described in section 501 (c) (3) of the Internal
2 Revenue Code that is exempt from federal income tax under section 501 (a) of the
3 Internal Revenue Code.

4 (2) REQUIREMENTS. (a) The corporation may not establish a nonprofit
5 organization except as provided in par. (b).

6 (b) 1. The chief executive officer of the corporation shall submit any plan for the
7 corporation to establish a nonprofit organization to the joint committee on finance.
8 That plan shall describe in detail the corporation's proposal to establish the nonprofit
9 organization.

10 2. If, within 14 working days after the date the joint committee on finance
11 receives the plan under subd. 1., the cochairpersons of the committee do not notify
12 the chief executive officer of the corporation that the committee has scheduled a
13 meeting to review the plan, the corporation may implement the plan. If, within 14
14 working days after the date the committee receives the plan, the cochairpersons of
15 the committee notify the chief executive officer that the committee has scheduled a
16 meeting to review the plan, the corporation may implement the plan only upon
17 approval by the committee.

18 **SECTION 41.** 238.07 (2) (am) of the statutes is created to read:

19 238.07 (2) (am) Quantifiable performance measures directly related to the
20 purpose of the program including, when applicable, all of the following information:

21 1. An accounting of the location, by municipality, of each job created or retained
22 in the state in the previous fiscal year as a result of the program.

23 2. An accounting of the industry classification, by municipality, of each job
24 created or retained in the state as a result of the program.

25 **SECTION 42.** 238.07 (2) (dm) of the statutes is created to read:

1 238.07 (2) (dm) The total amount of tax benefits that the corporation allocated,
2 and the total amount of tax benefits that the corporation verified to the department
3 of revenue, under the program.

4 **SECTION 43.** 238.07 (2) (fm) of the statutes is created to read:

5 238.07 (2) (fm) An identification of each recipient of a tax benefit that was
6 allocated by the corporation, and each recipient of a tax benefit that was verified by
7 the corporation to the department of revenue, under the program.

8 **SECTION 44.** 238.07 (2) (gm) of the statutes is created to read:

9 238.07 (2) (gm) The number of recipients of a grant, loan, or tax benefit under
10 the program that satisfied the requirements under s. 238.03 (2) (c) and a list that
11 identifies each recipient of a grant, loan, or tax benefit under the program that failed
12 to satisfy those requirements.

13 **SECTION 45.** 250.20 (1) (k) of the statutes is amended to read:

14 250.20 (1) (k) "State agency" has the meaning given in s. ~~16.70 (1e)~~ 16.97 (1m).

15 **SECTION 46. Nonstatutory provisions.**

16 (1) TERM LIMITS AND STAGGERING OF TERMS.

17 (a) The current members of the board of the Wisconsin Economic Development
18 Corporation who are nominated by the governor under section 238.02 (1), 2011 stats.,
19 shall no longer serve at the pleasure of the governor, but shall have terms expiring
20 as follows:

21 1. The terms of 2 members, as determined by the governor, shall expire on July
22 1, 2015.

23 2. The terms of 2 members, as determined by the governor, shall expire on July
24 1, 2016.

