

# Appendix A ... segment II

## LEGISLATIVE REFERENCE BUREAU DRAFTING HISTORY RESEARCH APPENDIX

☞ The drafting file for 2017 LRB-3907 (For: DOA)  
has been copied/transferred to the drafting file for  
**2017 LRB-4050** (For: Gov. Office)



☞ Are These “Companion Bills” ?? ... No

**RESEARCH APPENDIX -**  
**PLEASE KEEP WITH THE DRAFTING FILE**

☞ Request Made By: MPG

☞ Date: 07/26/2017



State of Wisconsin  
2017 - 2018 LEGISLATURE

LRB-3907(P1)  
MES/MPG/JK/ZDW:emw

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Handwritten scribble and the number 172 circled.

SAV  
MPC  
RMPV

Regan

1     **AN ACT to renumber** 30.056; **to amend** 66.1105 (2) (f) 1. (intro.), 66.1105 (4) (gm)

2             4. c., 71.05 (6) (a) 15., 71.08 (1) (intro.), 71.10 (4) (i), 71.21 (4) (a), 71.26 (2) (a)

3             4., 71.30 (3) (f), 71.34 (1k) (g), 281.36 (3b) (b) and 281.36 (3m) (a); and **to create**

4             20.835 (2) (cp), 30.056 (2), 66.1105 (20), 71.07 (3wm), 71.28 (3wm), 238.396 and

5             281.36 (4m) of the statutes; **relating to:** authorizing the creation of an

6             electronics and information technology manufacturing zone, creating an

7             income and franchise tax credit for businesses that begin operations in such a

8             zone, creating special provisions for tax incremental districts that include such

9             a zone, creating exemptions from wetland and waterway permits for activities

10            in such a zone, and making an appropriation.

**Analysis by the Legislative Reference Bureau**

This bill authorizes the Wisconsin Economic Development Corporation to create not more than one electronics and information technology manufacturing zone.

**TAX CREDITS**

Under the bill, WEDC may certify certain businesses to claim income and franchise tax credits if a business begins operations in the electronics and

WEDC may certify such a business for additional MES/MPG/JK/ZDW:emw income and franchise tax credits, subject to certain limitations if the business makes a significant (capital) expenditure in the zone.

information technology manufacturing zone. If the amount of the credit exceeds the taxpayer's tax liability, the taxpayer receives a refund equal to the excess amount. WEDC may seek repayment of tax credits under circumstances specified in the bill, and WEDC must revoke a certification to claim tax credits if a certified business does any of the following:

1. Supplies false or misleading information to obtain the tax credits.
2. Leaves the electronics and information technology manufacturing zone to conduct substantially the same business outside of the zone.
3. Ceases operations in the electronics and information technology manufacturing zone and does not renew operation of the business or a similar business in the zone within 12 months.

Current A

**TAX INCREMENTAL FINANCING DISTRICTS**

If WEDC creates an electronics and information technology manufacturing zone, and a city or village creates a tax incremental financing district (TID) which includes the zone, the bill also creates special provisions that apply only to such TIDs.

Under the current tax incremental financing program, a city or village may create a TID in part of its territory to foster development under certain conditions. Currently, towns and counties also have a limited ability to create a TID under certain limited circumstances. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, adoption of a resolution, submission of documents to the Department of Revenue within specified time frames, and the preparation and adoption by the local planning commission of a proposed project plan for the TID.

Generally, if a resolution creating a TID is adopted between January 2 and September 30, the TID is considered to have been created on the previous January 1, and if a resolution creating a TID is adopted between October 1 and December 31, its creation date is considered to be the next subsequent January 1. In addition, forms required by DOR must be submitted to the department by October 31 of the year in which the TID is created.

Also under current law, once a TID has been created, the DOR calculates the "tax incremental base" value of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID.

The project costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Also under current law, a city or village may not generally make expenditures for project costs later than five years before the unextended

termination date of the TID. Under certain circumstances, the life of the TID, the expenditure period, and the allocation period may be extended.

Generally under current law, expenditures for project costs must be spent within the boundaries of the TID, although some limited exceptions allow expenditures to be made within a one-half mile radius of the TID's boundaries. Also, with regard to TIDs created after September 30, 2004, the territory of which is mostly suitable for industrial sites or mixed-use development, the TIDs must generally terminate not later than 20 years after their creation.

Subject to a number of exceptions, under current law, the equalized value of taxable property of a new or amended TID plus the value increment of all existing TIDs may not exceed 12 percent of the total equalized value of taxable property in the city or village.

Under this bill, for TIDs that are created in an area that includes an electronics and information technology manufacturing zone, a number of exceptions apply to the normal provisions that apply to TIDs, including the following:

*in the year in which the resolution is adopted*

1. The TID that is created must be an industrial site or mixed-use TID.
2. If the resolution creating the TID is adopted between January 1 and December 1, the TID is considered to have been created on the ~~next~~ <sup>next</sup> subsequent January 1, and the forms required by DOR must be submitted before December 31 of the year in which the resolution is adopted.
3. The 12 percent rule regarding the total equalized value for taxable property in the city or village is a 16 percent rule.
4. The city or village creating the TID may incur expenditures for project costs for any territory that is located in the same county in which the TID is located, provided the expenditure benefits the TID.
5. Instead of limiting to 20 years the period during which DOR may allocate positive tax increments, the allocation period is 27 years.
6. Instead of requiring the TID to terminate no later than 20 years after creation, the TID must terminate within 27 years after it is created.

**ENVIRONMENTAL IMPACT STATEMENTS**

Under current law, all state agencies are required to prepare environmental impact statements for every recommendation or report on proposals for legislation and other major actions significantly affecting the quality of the human environment. Under the bill, a determination regarding the issuance of any permit or approval for any activity within an electronics and information technology manufacturing zone or within the surrounding county is not a major action for the purpose of the environmental impact statement requirement.

**WETLANDS AND WATERWAY PERMITS EXEMPTION**

Under current law, subject to exceptions, no person may discharge dredged material or fill material into a wetland unless the discharge is authorized by a wetland general permit or individual permit, or the discharge is exempt from permitting requirements. Current law requires the Department of Natural Resources to issue wetland general permits for discharges of dredged or fill material into certain wetlands. For a discharge into a wetland that is not authorized under a wetland general permit, current law requires a person to apply for and obtain a

wetland individual permit. Before DNR may issue a wetland individual permit, it must require the restoration, enhancement, creation, or preservation of other wetlands to compensate for adverse impacts to a wetland resulting from the discharge, also known as mitigation.

Under this bill, a person may, without a permit, discharge dredged material or fill material into a wetland that is not subject to federal jurisdiction under the Clean Water Act and that is located in an electronics and information technology manufacturing zone or within the surrounding county.

Under current law, subject to exceptions, no person may do any of the following without a permit issued by DNR: 1) deposit any material or place any structure upon the bed of any navigable water where no bulkhead line has been established or beyond a lawfully established bulkhead line; 2) construct or maintain a bridge or construct, place, or maintain a culvert in, on, or over navigable waters; 3) construct, dredge, or enlarge any artificial water body that connects with an existing navigable waterway; 4) construct or enlarge any part of an artificial water body that is or will be located within 500 feet of the ordinary high-water mark of, but that does not or will not connect with, an existing navigable waterway; 5) grade or remove topsoil from the bank of any navigable waterway where the area exposed by the grading or removal will exceed 10,000 square feet; and 6) change the course of or straighten a navigable stream.

Under the bill, DNR may not require a permit for any of these activities if they occur within an electronics and information technology manufacturing zone or within the surrounding county.

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

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

1           **SECTION 1.** 1.11 (2) (cm) of the statutes is created to read:  
2           1.11 (2) (cm) Determine that the issuance of any permit or approval for any  
3 activity within an electronics and information technology manufacturing zone  
4 designated under s. 238.396 (1) or within the surrounding county is not a major  
5 action for the purposes of par. (c).

6           **SECTION 2.** 20.835 (2) (cp) of the statutes is created to read:

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1           20.835 (2) (cp) *Electronics and information technology manufacturing zone*  
2           *credit*. A sum sufficient to make the payments under ss. 71.07 (3wm) (d) 2. and 71.28  
3           (3wm) (d) 2.

4           **SECTION 3.** 30.056 of the statutes is renumbered 30.056 (1).

5           **SECTION 4.** 30.056 (2) of the statutes is created to read:

6           30.056 (2) Notwithstanding ss. 30.12, 30.123, 30.19, and 30.195, the  
7           department may not require any permit under this chapter for any activity within  
8           an electronics and information technology manufacturing zone designated under s.  
9           238.396 (1) or within the surrounding county

10          **SECTION 5.** 66.1105 (2) (f) 1. (intro.) of the statutes is amended to read:

11          66.1105 (2) (f) 1. (intro.) "Project costs" mean any expenditures made or  
12          estimated to be made or monetary obligations incurred or estimated to be incurred  
13          by the city which are listed in a project plan as costs of public works or improvements  
14          within a tax incremental district or, to the extent provided in this subd. 1. (intro.) or  
15          subds. 1. k., 1. m., and 1. n., or sub. (20) (c), without the district, plus any incidental  
16          costs, diminished by any income, special assessments, or other revenues, including  
17          user fees or charges, other than tax increments, received or reasonably expected to  
18          be received by the city in connection with the implementation of the plan. For any  
19          tax incremental district for which a project plan is approved on or after July 31, 1981,  
20          only a proportionate share of the costs permitted under this subdivision may be  
21          included as project costs to the extent that they benefit the tax incremental district,  
22          except that expenditures made or estimated to be made or monetary obligations  
23          incurred or estimated to be incurred by a 1st class city, to fund parking facilities  
24          ancillary to and within one mile from public entertainment facilities, including a  
25          sports and entertainment arena, shall be considered to benefit any tax incremental

Insert  
3-3

1 district located in whole or in part within a one-mile radius of such parking facilities.  
2 To the extent the costs benefit the municipality outside the tax incremental district,  
3 a proportionate share of the cost is not a project cost. "Project costs" include:

4 **SECTION 6.** 66.1105 (4) (gm) 4. c. of the statutes is amended to read:

5 66.1105 (4) (gm) 4. c. Except as provided in subs. (10) (c), (16) (d), (17), and (18)  
6 (c) 3., and (20) (b), the equalized value of taxable property of the district plus the  
7 value increment of all existing districts does not exceed 12 percent of the total  
8 equalized value of taxable property within the city. In determining the equalized  
9 value of taxable property under this subd. 4. c. or sub. (17) (c), the department of  
10 revenue shall base its calculations on the most recent equalized value of taxable  
11 property of the district that is reported under s. 70.57 (1m) before the date on which  
12 the resolution under this paragraph is adopted. If the department of revenue  
13 determines that a local legislative body exceeds the 12 percent limit described in this  
14 subd. 4. c. or sub. (17) (c), the department shall notify the city of its noncompliance,  
15 in writing, not later than December 31 of the year in which the department receives  
16 the completed application or amendment forms described in sub. (5) (b).

17 **SECTION 7.** 66.1105 (20) of the statutes is created to read:

18 **66.1105 (20) DISTRICTS WITHIN AN ELECTRONICS AND INFORMATION TECHNOLOGY**  
19 **MANUFACTURING ZONE.** (a) *Creation.* With regard to a tax incremental district that  
20 is created in an area that includes an electronics and information technology  
21 manufacturing zone that is created under s. 238.396, the district may only be a  
22 district that is suitable for industrial sites or mixed-use development, as described  
23 in sub. (4) (gm) 4. a., and all of the following apply:

24 1. Notwithstanding the dates specified in sub. (4) (gm) 2., if the resolution  
25 described under sub. (4) (gm) is adopted during the period between January 1 and

of the year in which  
the resolution is  
adopted

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December 1, the creation date shall be the ~~next subsequent~~ January 1. If a resolution is adopted during the period between December 2 and December 31, the creation date shall be the ~~second~~ <sup>next</sup> subsequent January 1.

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2. Notwithstanding the October 31 deadline for the city clerk's submission of the forms described in sub. (5) (b), the city clerk shall complete and submit the required forms for a tax incremental district described in this subsection on or before December 31 of the year the resolution under subd. 1. is adopted if it is adopted between January 1 and December 1, or, if the resolution under subd. 1. is adopted between December 2 and December 31, the forms must be completed and submitted on or after the next subsequent April 1 and before the next subsequent December 1 of the year the resolution is adopted.

(b) *Exception to the 12 percent limit.* Notwithstanding the 12 percent limit findings requirement described under sub. (4) (gm) 4. c., the limit for a city that creates a tax incremental district described under this subsection is 16 percent for purposes of the findings requirement in the resolution described under sub. (4) (gm) 4. c.

(c) *Expenditures.* With regard to a tax incremental district described under this subsection, the creating city may incur project costs for any territory that is located in the same county as the district, provided that the expenditure benefits the district.

(d) *Allocation of positive increments.* Notwithstanding the 20-year limit for allocating positive tax increments described in sub. (6) (a) 7., for a tax incremental district described under this subsection, that limit shall be 27 years for purposes of sub. (6) (a) 7.



1 (e) *Termination.* Notwithstanding the 20-year termination requirement  
2 specified in sub. (7) (am) 2., for a tax incremental district described under this  
3 subsection, that limit shall be 27 years for purposes of sub. (7) (am) 2.

4 **SECTION 8.** 71.05 (6) (a) 15. of the statutes is amended to read:

5 71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the  
6 credits computed under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),  
7 (3rm), (3rn), (3s), (3t), (3w), (~~3wm~~), (3y), (4k), (4n), (5e), (5f), (5h), (5i), (5j), (5k), (5r),  
8 (5rm), (6n), and (8r) and not passed through by a partnership, limited liability  
9 company, or tax-option corporation that has added that amount to the partnership's,  
10 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

11 **SECTION 9.** 71.07 (3wm) of the statutes is created to read:

12 71.07 (~~3wm~~) ELECTRONICS AND INFORMATION TECHNOLOGY MANUFACTURING ZONE  
13 CREDIT. (a) *Definitions.* In this subsection:

14 1. "Base year" means the taxable year beginning during the calendar year prior  
15 to the calendar year in which the zone in which the claimant is located takes effect.

16 2. "Claimant" means a person who is certified to claim tax benefits under s.  
17 238.396 (3) and who files a claim under this subsection.

18 3. "Full-time employee" means a full-time employee, as defined in s. 238.399  
19 (1) (am).

20 4. "State payroll" means the amount of payroll apportioned to this state, as  
21 determined under s. 71.25 (8).

22 5. "Tier I county or municipality" means a tier I county or municipality, as  
23 determined under s. 238.396 (4) (e).

24 6. "Tier II county or municipality" means a tier II county or municipality, as  
25 determined under s. 238.396 (4) e).

1           7. "Wages" means wages under section 3306 (b) of the Internal Revenue Code,  
2 determined without regard to any dollar limitations.

3           8. "Zone" means a zone designated under s. 238.396 (1).

4           9. "Zone payroll" means the amount of state payroll that is attributable to  
5 wages paid to full-time employees for services that are performed in the zone. "Zone  
6 payroll" does not include the amount of wages paid to any full-time employees that  
7 exceeds \$100,000.

8           (b) *Filing claims; payroll.* Subject to the limitations provided in this subsection  
9 and s. 238.396, a claimant may claim as a credit against the tax imposed under s.  
10 71.02 an amount calculated as follows: *zone payroll for*

11           1. Determine the *zone payroll for* number of full-time employees whose annual wages are  
12 greater than the amount determined by multiplying 2,080 by 150 percent of the  
13 federal minimum wage in a tier I county or municipality or greater than \$30,000 in  
14 a tier II county or municipality and who the claimant employed in the zone in the  
15 taxable year, minus the number of full-time employees whose annual wages were  
16 greater than the amount determined by multiplying 2,080 by 150 percent of the  
17 federal minimum wage in a tier I county or municipality or greater than \$30,000 in  
18 a tier II county or municipality and who the claimant employed in the area that  
19 comprises the zone in the base year.

20           2. Multiply the claimant's zone payroll for the taxable year by the amount  
21 determined under subd. 1.

22           3. Multiply the amount determined under subd. 2 by the percentage  
23 determined by the Wisconsin Economic Development Corporation under s. 238.396.

24           (bm) *Filing supplemental claims.* In addition to claiming the credit under par.

25 (b), and subject to the limitations under this subsection and s. 238.396, a claimant

*XX percent*

1 may claim as a credit against the tax imposed under s. 71.02 an amount equal to 10  
2 percent of the claimant's significant capital expenditures in the zone in the taxable  
3 year, as determined by the Wisconsin Economic Development Corporation under s.  
4 238.396 (4) (d). (3M)

5 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option  
6 corporations may not claim the credit under this subsection, but the eligibility for,  
7 and the amount of, the credit are based on their payment of amounts described under  
8 pars. (b) and (bm). A partnership, limited liability company, or tax-option  
9 corporation shall compute the amount of credit that each of its partners, members,  
10 or shareholders may claim and shall provide that information to each of them.  
11 Partners, members of limited liability companies, and shareholders of tax-option  
12 corporations may claim the credit in proportion to their ownership interests.

13 2. No credit may be allowed under this subsection unless the claimant includes  
14 with the claimant's return a copy of the claimant's certification for tax benefits under  
15 s. 238.396 (3).

16 (d) *Administration.* 1. Section 71.28 (4) (g) and (h), as it applies to the credit  
17 under s. 71.28 (4), applies to the credit under this subsection.

18 2. If the allowable amount of the claim under this subsection exceeds the taxes  
19 otherwise due on the claimant's income under s. 71.02, the amount of the claim that  
20 is not used to offset those taxes shall be certified by the department of revenue to the  
21 department of administration for payment by check, share draft, or other draft  
22 drawn from the appropriation under s. 20.835 (2) (cp). Notwithstanding s. 71.82, no  
23 interest shall be paid on amounts certified under this subdivision.

24 **SECTION 10.** 71.08 (1) (intro.) of the statutes is amended to read:

1           71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married  
2 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under  
3 ss. 71.07 (1), (2dx), (2dy), (3m), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w),  
4 (3wm), (3y), (4k), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (5n), (6), (6e), (8r), (9e), (9m), and  
5 (9r), 71.28 (1dx), (1dy), (2m), (3), (3n), (3t), (3w), (3wm), and (3y), 71.47 (1dx), (1dy),  
6 (2m), (3), (3n), (3t), (3w), and (3y), 71.57 to 71.61, and 71.613 and subch. VIII and  
7 payments to other states under s. 71.07 (7), is less than the tax under this section,  
8 there is imposed on that natural person, married couple filing jointly, trust or estate,  
9 instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

10           **SECTION 11.** 71.10 (4) (i) of the statutes is amended to read:

11           71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland  
12 preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and  
13 beyond under s. 71.613, homestead credit under subch. VIII, farmland tax relief  
14 credit under s. 71.07 (3m), dairy manufacturing facility investment credit under s.  
15 71.07 (3p), jobs tax credit under s. 71.07 (3q), meat processing facility investment  
16 credit under s. 71.07 (3r), woody biomass harvesting and processing credit under s.  
17 71.07 (3rm), food processing plant and food warehouse investment credit under s.  
18 71.07 (3rn), business development credit under s. 71.07 (3y), film production services  
19 credit under s. 71.07 (5f), film production company investment credit under s. 71.07  
20 (5h), veterans and surviving spouses property tax credit under s. 71.07 (6e),  
21 enterprise zone jobs credit under s. 71.07 (3w), electronics and information  
22 technology manufacturing zone credit under s. 71.07 (3wm), beginning farmer and  
23 farm asset owner tax credit under s. 71.07 (8r), earned income tax credit under s.  
24 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under subch.  
25 X.

**SECTION 12**

1           **SECTION 12.** 71.21 (4) (a) of the statutes is amended to read:

2           71.21 (4) (a) The amount of the credits computed by a partnership under s.  
3           71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w),  
4           (3wm), (3y), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), and (8r) and  
5           passed through to partners shall be added to the partnership's income.

6           **SECTION 13.** 71.26 (2) (a) 4. of the statutes is amended to read:

7           71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dm),  
8           (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (3wm), (5e), (5f),  
9           (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), and (9s) and not passed through by a  
10          partnership, limited liability company, or tax-option corporation that has added that  
11          amount to the partnership's, limited liability company's, or tax-option corporation's  
12          income under s. 71.21 (4) or 71.34 (1k) (g).

13          **SECTION 14.** 71.28 (3wm) of the statutes is created to read:

14          71.28 (3wm) ELECTRONICS AND INFORMATION TECHNOLOGY MANUFACTURING ZONE  
15          CREDIT. (a) *Definitions.* In this subsection:

16           1. "Base year" means the taxable year beginning during the calendar year prior  
17          to the calendar year in which the zone in which the claimant is located takes effect.

18           2. "Claimant" means a person who is certified to claim tax benefits under s.  
19          238.396 (3) and who files a claim under this subsection.

20           3. "Full-time employee" means a full-time employee, as defined in s. 238.399  
21          (1) (am).

22           4. "State payroll" means the amount of payroll apportioned to this state, as  
23          determined under s. 71.25 (8).

24           5. "Tier I county or municipality" means a tier I county or municipality, as  
25          determined under s. 238.396 (4) (e).

1           6. "Tier II county or municipality" means a tier II county or municipality, as  
2 determined under s. 238.396 (4) e).

3           7. "Wages" means wages under section 3306 (b) of the Internal Revenue Code,  
4 determined without regard to any dollar limitations.

5           8. "Zone" means a zone designated under s. 238.396 (1).

6           9. "Zone payroll" means the amount of state payroll that is attributable to  
7 wages paid to full-time employees for services that are performed in the zone. "Zone  
8 payroll" does not include the amount of wages paid to any full-time employees that  
9 exceeds \$100,000.

10           (b) *Filing claims; payroll.* Subject to the limitations provided in this subsection  
11 and s. 238.396, a claimant may claim as a credit against the tax imposed under s.  
12 71.23 an amount calculated as follows:

*zone payroll for*

13           1. Determine the number of full-time employees whose annual wages are  
14 greater than the amount determined by multiplying 2,080 by 150 percent of the  
15 federal minimum wage in a tier I county or municipality or greater than \$30,000 in  
16 a tier II county or municipality and who the claimant employed in the zone in the  
17 taxable year, minus the number of full-time employees whose annual wages were  
18 greater than the amount determined by multiplying 2,080 by 150 percent of the  
19 federal minimum wage in a tier I county or municipality or greater than \$30,000 in  
20 a tier II county or municipality and who the claimant employed in the area that  
21 comprises the zone in the base year.

22           2. Multiply the claimant's zone payroll for the taxable year by the amount  
23 determined under subd. 1.

24           3. Multiply the amount determined under subd. 2 by the percentage  
25 determined by the Wisconsin Economic Development Corporation under s. 238.396.

2

*XX percent*

1 (bm) *Filing supplemental claims.* In addition to claiming the credit under par.

2 (b), and subject to the limitations under this subsection and s. 238.396, a claimant

3 may claim as a credit against the tax imposed under s. 71.23 an amount equal to 10

4 percent of the claimant's significant capital expenditures in the zone in the taxable

5 year, as determined by the Wisconsin Economic Development Corporation under s.

6 238.396 (4) (d). (3m)

7 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option

8 corporations may not claim the credit under this subsection, but the eligibility for,

9 and the amount of, the credit are based on their payment of amounts described under

10 pars. (b) and (bm). A partnership, limited liability company, or tax-option

11 corporation shall compute the amount of credit that each of its partners, members,

12 or shareholders may claim and shall provide that information to each of them.

13 Partners, members of limited liability companies, and shareholders of tax-option

14 corporations may claim the credit in proportion to their ownership interests.

15 2. No credit may be allowed under this subsection unless the claimant includes

16 with the claimant's return a copy of the claimant's certification for tax benefits under

17 s. 238.396 (3).

18 (d) *Administration.* 1. Subsection (4) (g) and (h), as it applies to the credit

19 under sub. (4), applies to the credit under this subsection.

20 2. If the allowable amount of the claim under this subsection exceeds the taxes

21 otherwise due on the claimant's income under s. 71.23, the amount of the claim that

22 is not used to offset those taxes shall be certified by the department of revenue to the

23 department of administration for payment by check, share draft, or other draft

24 drawn from the appropriation under s. 20.835 (2) (cp). Notwithstanding s. 71.82, no

25 interest shall be paid on amounts certified under this subdivision.

1           **SECTION 15.** 71.30 (3) (f) of the statutes is amended to read:

2           71.30 (3) (f) The total of farmland preservation credit under subch. IX,  
3 farmland tax relief credit under s. 71.28 (2m), dairy manufacturing facility  
4 investment credit under s. 71.28 (3p), jobs credit under s. 71.28 (3q), meat processing  
5 facility investment credit under s. 71.28 (3r), woody biomass harvesting and  
6 processing credit under s. 71.28 (3rm), food processing plant and food warehouse  
7 investment credit under s. 71.28 (3rn), enterprise zone jobs credit under s. 71.28  
8 (3w), electronics and information technology manufacturing zone credit under s.  
9 71.28 (3wm), business development credit under s. 71.28 (3y), film production  
10 services credit under s. 71.28 (5f), film production company investment credit under  
11 s. 71.28 (5h), beginning farmer and farm asset owner tax credit under s. 71.28 (8r),  
12 and estimated tax payments under s. 71.29.

13           **SECTION 16.** 71.34 (1k) (g) of the statutes is amended to read:

14           71.34 (1k) (g) An addition shall be made for credits computed by a tax-option  
15 corporation under s. 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3p), (3q), (3r),  
16 (3rm), (3rn), (3t), (3w), (3wm), (3y), (4), (5), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r),  
17 (5rm), (6n), and (8r) and passed through to shareholders.

18           **SECTION 17.** 238.396 of the statutes is created to read:

19           **238.396 Electronics and information technology manufacturing zone.**

20           **(1) DESIGNATION OF ZONES; CRITERIA.** (a) The corporation may designate not more than  
21 one electronics and information technology manufacturing zone.

22           (b) In determining whether to designate an area under par. (a), the corporation  
23 shall consider all of the following:

24           1. Indicators of the area's economic need, which may include data regarding  
25 household income, average wages, the condition of property, housing values,

Amend B  
15-17A



1 population decline, job losses, infrastructure and energy support, the rate of business  
2 development, and the existing resources available to the area.

3 2. The effect of designation on other initiatives and programs to promote  
4 economic and community development in the area, including job retention, job  
5 creation, job training, and creating high-paying jobs.

6 (c) The corporation shall specify whether an electronics and information  
7 technology manufacturing zone designated under par. (a) is located in a tier I county  
8 or municipality or a tier II county or municipality.

9 (d) The corporation shall, to the extent possible, give preference to the greatest  
10 economic need.

Handwritten notes in a vertical box: H-91, P-555, with an arrow pointing to line 14.

11 (2) TIME LIMIT. A designation under sub. (1) shall remain in effect for no more  
12 than XX years.

13 (3) CERTIFICATION. The corporation may certify for tax benefits a business that  
14 begins operations in an electronics and information technology manufacturing zone.

15 (4) OTHER DUTIES. (a) The corporation shall revoke a certification under sub.  
16 (3) if the business does any of the following:

17 1. Supplies false or misleading information to obtain tax benefits.

18 2. Leaves the electronics and information technology manufacturing zone to  
19 conduct substantially the same business outside of the zone.

20 3. Ceases operations in the electronics and information technology  
21 manufacturing zone and does not renew operation of the business or a similar  
22 business in the zone within 12 months.

23 (b) The corporation may require a business to repay any tax benefits the  
24 business claims for a year in which the business failed to maintain employment

1 levels or a significant capital investment in property required by an agreement  
2 between the business and the corporation.

3 (c) The corporation shall determine the maximum amount of the tax benefits  
4 that a certified business may claim and shall notify the department of revenue of this  
5 amount.

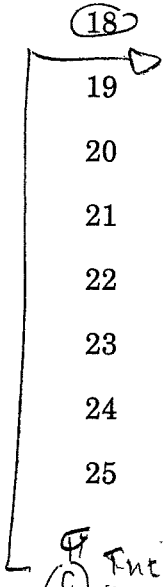
6 (d) The corporation shall annually verify the information submitted to the  
7 corporation under ss. 71.07 (3wm) and 71.28 (3wm).

8 (e) The corporation shall adopt policies and procedures defining a tier I county  
9 or municipality and a tier II county or municipality. The corporation may consider  
10 all of the following information when establishing the definitions required under this  
11 paragraph:

- 12 1. Unemployment rate.
- 13 2. Percentage of families with incomes below the poverty line established under  
14 42 USC 9902 (2).
- 15 3. Median family income.
- 16 4. Median per capita income.
- 17 5. Other significant or irregular indicators of economic distress, such as a  
18 natural disaster or mass layoff.

19 SECTION 18. 281.36 (3b) (b) of the statutes is amended to read:

20 281.36 (3b) (b) No person may discharge dredged material or fill material into  
21 a wetland unless the discharge is authorized by a wetland general permit or  
22 individual permit issued by the department under this section or the discharge is  
23 exempt under sub. (4) or (4m). No person may violate any condition contained in a  
24 wetland general or individual permit issued by the department under this section.  
25 The department may not issue a wetland general or individual permit under this



(f) The corporation shall adopt policies and procedures defining "significant capital expenditure" for purposes of sub. (3m)

1 section unless it determines that the discharge authorized pursuant to the wetland  
2 general or individual permit will comply with all applicable water quality standards.

3 **SECTION 19.** 281.36 (3m) (a) of the statutes is amended to read:

4 281.36 (3m) (a) *When permit required.* Any person wishing to proceed with a  
5 discharge into any wetland shall submit an application for a wetland individual  
6 permit under this subsection unless the discharge has been authorized under a  
7 wetland general permit as provided in sub. (3g) or is exempt under sub. (4) or (4m).  
8 Before submitting the application, the department shall hold a meeting with the  
9 applicant to discuss the details of the proposed discharge and the requirements for  
10 submitting the application and for delineating the wetland. An applicant may  
11 include in the application a request for a public informational hearing. The  
12 application shall be accompanied by the applicable fee specified in sub. (11) or (12)  
13 (a).

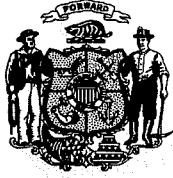
14 **SECTION 20.** 281.36 (4m) of the statutes is created to read:

15 281.36 (4m) EXEMPTION; ELECTRONICS AND INFORMATION TECHNOLOGY  
16 MANUFACTURING ZONE. The permitting requirement under sub. (3b) does not apply to  
17 any discharge into a wetland that is not subject to federal jurisdiction under 33 USC  
18 1344 that is located in an electronics and information technology manufacturing  
19 zone designated under s. 238.396 (1) or within the surrounding county.

20

(END)

Insert  
18-19



State of Wisconsin  
2017 - 2018 LEGISLATURE

LRB-1341/P1  
JK:jld

DOA:.....Wimmer, BB0189 - Disregarded entity collections

**FOR 2017-2019 BUDGET -- NOT READY FOR INTRODUCTION**

1 **AN ACT ...; relating to:** the budget.

*Analysis by the Legislative Reference Bureau*

**TAXATION**

**OTHER TAXATION**

This bill provides that, with regard to a single-owner entity that is disregarded as a separate entity for federal tax purposes, any notice that DOR sends to the owner or to the entity is considered a notice sent to both and both are liable for any amounts due as specified in the notice. The bill applies to all laws administered by DOR.

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

Insert  
15-17A

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

2 **SECTION 1.** 73.0300 of the statutes is created to read:  
3 **73.0300 Disregarded entities.** With regard to a single-owner entity that is  
4 disregarded as a separate entity under section 7701 of the Internal Revenue Code,  
5 any notice that the department of revenue sends to the owner or to the entity is



1 considered a notice sent to both and both are liable for any amounts due as specified  
2 in the notice. This section applies to all laws administered by the department.

3

(END)

*end of 15-17*

**2017-2018 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-3907/P2ins  
MPG:...

**INSERT 16-14**

1        ✓ **(3m)** ADDITIONAL TAX BENEFITS FOR SIGNIFICANT CAPITAL EXPENDITURES. If the  
2        corporation determines that a business certified under sub. ✓(3) makes a significant  
3        capital expenditure in the electronics and information technology manufacturing  
4        zone, the corporation may certify the business to receive additional tax benefits in  
5        an amount to be determined by the corporation, but not exceeding 10 percent of the  
6        business's capital expenditures. The corporation shall, in a manner determined by  
7        the corporation, allocate the tax benefits a business is certified to receive under this  
8        subsection over the remainder of the time limit of the enterprise zone under sub. ✓(2).

**END INSERT 16-14**

2017-2018 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-3907/P2insRC  
RAC:...

*also*  
*A*  
**Insert Analysis**

The bill requires the secretary of administration to appoint an electronics and information technology manufacturing zone ombudsman in the unclassified service of the state civil service to perform services related to an electronics and information technology manufacturing zone.

**Insert 4-5:** *X*

SECTION 1. 16.004 (23) of the statutes is created to read:

16.004 (23) *(CS) Electronics and information technology manufacturing zone ombudsman.*  
The secretary shall appoint an electronics and information technology manufacturing zone ombudsman to perform services related to a zone designated under s. 238.396 (1). *✓*

**Insert 5-3:** *X*

SECTION 2. 20.923 (4) (c) 2m. of the statutes is created to read:

20.923 (4) (c) 2m. Administration, department of: electronics and information technology manufacturing zone ombudsman.

**Insert 15-17:** *B* *X*

SECTION 3. 230.08 (2) (xt) of the statutes is created to read:

230.08 (2) (xt) The electronics and information technology manufacturing zone ombudsman in the department of administration.

**Insert 18-19:**

**SECTION 4. Fiscal changes.**

(1) ELECTRONICS AND INFORMATION TECHNOLOGY *X* MANUFACTURING ZONE OMBUDSMAN.

*\** In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of administration under section 20.505 (1) (a) of the statutes, the dollar amount for fiscal year 2017-18 is increased by \$185,300 and the dollar amount for fiscal year 2018-19 is increased by \$179,300 to increase the authorized FTE *✓*

\*

positions for the department by 1.0 GPR unclassified electronics and information technology manufacturing zone ombudsman position.



## Kreye, Joseph

---

**From:** Cramer, Megan J - DOA  
**Sent:** Friday, July 14, 2017 2:43 PM  
**To:** Wyatt, Zachary; Kreye, Joseph; Shovers, Marc; Gallagher, Michael  
**Subject:** RE: DOA Drafting - Electronics & IT Manufacturing Zone DNR Changes

One final change for the /p2. Joe – I know when we talked earlier you thought you could have a draft by the end of the day, but with this change I completely understand if it will have to wait until Monday morning.

Instead of the 1.0 FTE position that I included earlier in the drafting instructions can you please use the language below? Please let me know if there are questions on this.

Fiscal changes.

(1) Economic Development Liaison Activities. In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of administration under section 20.505 (1) (a) of the statutes, the dollar amount for fiscal year 2017-18 is increased by \$250,000 for economic development liaison activities under an agreement with the Wisconsin economic development corporation. In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of administration under section 20.505 (1) (a) of the statutes, the dollar amount for fiscal year 2018-19 is increased by \$250,000 for economic development liaison activities under an agreement with the Wisconsin economic development corporation.

---

**From:** Wyatt, Zachary - LEGIS [mailto:zachary.wyatt@legis.wisconsin.gov]  
**Sent:** Friday, July 14, 2017 8:15 AM  
**To:** Cramer, Megan J - DOA <Megan.Cramer@wisconsin.gov>; Kreye, Joseph A - LEGIS <joseph.kreye@legis.wisconsin.gov>; Shovers, Marc - LEGIS <marc.shovers@legis.wisconsin.gov>; Gallagher, Mike - LEGIS <michael.gallagher@legis.wisconsin.gov>  
**Subject:** RE: DOA Drafting - Electronics & IT Manufacturing Zone DNR Changes

Megan,

Do you want to retain the “surrounding county” language for the environmental impact statement exemption?

Zack

---

**From:** Cramer, Megan J - DOA  
**Sent:** Thursday, July 13, 2017 4:49 PM  
**To:** Kreye, Joseph <Joseph.Kreye@legis.wisconsin.gov>; Wyatt, Zachary <Zachary.Wyatt@legis.wisconsin.gov>; Shovers, Marc <Marc.Shovers@legis.wisconsin.gov>; Gallagher, Michael <Michael.Gallagher@legis.wisconsin.gov>  
**Subject:** RE: DOA Drafting - Electronics & IT Manufacturing Zone DNR Changes

Additional drafting instructions below. There will likely be 2-3 more items that I will send to you tomorrow morning. Thanks for the help and timeliness on this.

- DNR Section:
- For WEPA exemption, limit to just the Electronics and IT manufacturing zone, not the surrounding county.

- TIF
- Allow TIF for the zone to have a January 1, 2017 creation date (Marc – per voicemail I left you earlier today)
- Creation of an Ombudsman Position
- 1.0 FTE unclassified position at DOA at an ESG 3 Level. Total GPR for salary/fringe/supplies/services should be as indicated in the chart below. This funding should be included in s. 20.505((1)(a), General Program Operations. If you need a specific title for the position, please use “Electronics and IT Manufacturing Zone Ombudsman.”

	First Year	Second Year
INDEF AGENCY APPT-20.923(4) ESG 3 Salary	\$ 99,800	\$ 99,800
INDEF AGENCY APPT-20.923(4) ESG 3 Fringe Benefits	\$ 39,500	\$ 39,500
Subtotal Salary and Fringe Benefits	\$ 139,300	\$ 139,300
Routine Supplies and Services	\$ 10,000	\$ 10,000
Extraordinary Travel	\$ 30,000	\$ 30,000
Ongoing Supplies and Services	\$ 40,000	\$ 40,000
One-time Supplies and Services	\$ 6,000	\$ -
Subtotal, Supplies and Services	\$ 46,000	\$ 40,000
Total Costs	\$ 185,300	\$ 179,300

-----Original Message-----

From: Kreye, Joseph A - LEGIS [mailto:joey.kreye@legis.wisconsin.gov]  
 Sent: Thursday, July 13, 2017 1:25 PM  
 To: Cramer, Megan J - DOA <Megan.Cramer@wisconsin.gov>  
 Cc: Wyatt, Zachary - LEGIS <zachary.wyatt@legis.wisconsin.gov>; Shovers, Marc - LEGIS <marc.shovers@legis.wisconsin.gov>; Gallagher, Mike - LEGIS <michael.gallagher@legis.wisconsin.gov>  
 Subject: RE: DOA Drafting - Electronics & IT Manufacturing Zone DNR Changes

Thanks Megan. Just let us know as soon as you can when you have additional instructions.

Joe

---

From: Cramer, Megan J - DOA  
 Sent: Thursday, July 13, 2017 1:17 PM  
 To: Kreye, Joseph  
 Cc: Wyatt, Zachary; Shovers, Marc; Gallagher, Michael  
 Subject: RE: DOA Drafting - Electronics & IT Manufacturing Zone DNR Changes

All – below are some items for a /p2 draft. I hope to have remaining edits/changes for this draft to you by the end of the day. I’m hoping you can have the /p2 draft done by mid-morning on Monday (or earlier) if at all possible. Exact percentages have still not been finalized, so please continue to have XX percent as placeholders for the time being.

Let me know if you have any questions! Thanks!

Changes to draft:

- \* Pg. 9, Line 11: change to "Determine the zone payroll for full-time employees..."
- \* Pg. 9, Lines 15-21: delete starting with "minus the number" through the end of line 21.
- \* Pg. 9, Line 22: change to "under subd. 1"
- \* Pg. 9, Lines 22-23: Replace percentage language with "XX percent"
- \* Pg. 10, Lines 1-2: Replace 10 percent with XX percent
- \* Pg. 13, Line 13: change to "Determine the zone payroll for full-time employees..."
- \* Pg. 13, Lines 17-23: delete starting with "minus the number" through the end of line 23.
- \* Pg. 13, Line 24: Change to "under subd. 1"
- \* Pg. 13, Lines 24-25: Replace percentage language with "XX percent"
- \* Pg. 14, Lines 3-4: Replace 10 percent with XX percent

Additional Items to add to draft:

- \* Under the Electronics and IT Manufacturing Zone, add in 238.399(5m) language relating to capital expenditures tax credits.
- \* Include language from the Governor's budget related to disregarded notice and liability of disregarded entities and automatically applying to the new credits in the draft (Item 27 of the General Fund Taxes portion of the LFB summary)
- \* Create an exemption under 16.47(2) for the passage of this bill, which otherwise requires the budget bill to be passed prior to other bills with significant fiscal impacts.

From: Kreye, Joseph A - LEGIS [<mailto:joseph.kreye@legis.wisconsin.gov>]  
 Sent: Monday, July 10, 2017 11:28 AM  
 To: Cramer, Megan J - DOA <[Megan.Cramer@wisconsin.gov](mailto:Megan.Cramer@wisconsin.gov)>  
 Cc: Wyatt, Zachary - LEGIS <[zachary.wyatt@legis.wisconsin.gov](mailto:zachary.wyatt@legis.wisconsin.gov)>; Shovers, Marc - LEGIS <[marc.shovers@legis.wisconsin.gov](mailto:marc.shovers@legis.wisconsin.gov)>; Gallagher, Mike - LEGIS <[michael.gallagher@legis.wisconsin.gov](mailto:michael.gallagher@legis.wisconsin.gov)>  
 Subject: RE: DOA Drafting - Electronics & IT Manufacturing Zone DNR Changes

Thanks Megan.

From: Cramer, Megan J - DOA  
 Sent: Monday, July 10, 2017 11:27 AM  
 To: Kreye, Joseph <[Joseph.Kreye@legis.wisconsin.gov](mailto:Joseph.Kreye@legis.wisconsin.gov)<<mailto:Joseph.Kreye@legis.wisconsin.gov>>>  
 Cc: Wyatt, Zachary <[Zachary.Wyatt@legis.wisconsin.gov](mailto:Zachary.Wyatt@legis.wisconsin.gov)<<mailto:Zachary.Wyatt@legis.wisconsin.gov>>>; Shovers, Marc <[Marc.Shovers@legis.wisconsin.gov](mailto:Marc.Shovers@legis.wisconsin.gov)<<mailto:Marc.Shovers@legis.wisconsin.gov>>>; Gallagher, Michael <[Michael.Gallagher@legis.wisconsin.gov](mailto:Michael.Gallagher@legis.wisconsin.gov)<<mailto:Michael.Gallagher@legis.wisconsin.gov>>>  
 Subject: Re: DOA Drafting - Electronics & IT Manufacturing Zone DNR Changes

Hi Joe,

I'm out of the office today but available via email all day if there are questions.

For the new tax credit, 71.07 should be included but 71.47 does not need to be.

Thanks.

On Jul 10, 2017, at 10:58 AM, Kreye, Joseph A - LEGIS <[joseph.kreye@legis.wisconsin.gov](mailto:joseph.kreye@legis.wisconsin.gov)<<mailto:joseph.kreye@legis.wisconsin.gov>>> wrote:

Hi Megan,

I left you a voicemail earlier this morning regarding this question, but I thought I'd try to reach you via email.

The instructions for the tax credit are based on the enterprise zone credit under s. 71.28 (3w) that applies only to corporations. The current enterprise zone credit also allows sole proprietors, partners, members of an LLC, and shareholders of a tax-option corporation to claim the credit under s. 71.07 (3w) and insurers to claim the credit under s. 71.47 (3w).

Do you want the same tax treatment for individuals and insurers under the new tax credit to be the same as that under the current enterprise zone credit?

Joe

Joseph T. Kreye  
Legal Services Manager  
Legislative Reference Bureau  
608 266-2263

From: Cramer, Megan J - DOA  
Sent: Friday, July 07, 2017 11:52 AM  
To: Wyatt, Zachary <[Zachary.Wyatt@legis.wisconsin.gov](mailto:Zachary.Wyatt@legis.wisconsin.gov)>>  
Cc: Shovers, Marc <[Marc.Shovers@legis.wisconsin.gov](mailto:Marc.Shovers@legis.wisconsin.gov)>>; Gallagher, Michael <[Michael.Gallagher@legis.wisconsin.gov](mailto:Michael.Gallagher@legis.wisconsin.gov)>>; Kreye, Joseph <[Joseph.Kreye@legis.wisconsin.gov](mailto:Joseph.Kreye@legis.wisconsin.gov)>>  
Subject: DOA Drafting - Electronics & IT Manufacturing Zone DNR Changes

All,

I'm looping Zach Wyatt in for some changes as it relates to DNR and DOT programs for the Enterprise and IT Manufacturing Zone bill that you are all working on. Below are drafting instructions for the DNR portion. I hope to have the DOT piece to you by the end of the day. Please call or email with any questions.

WEPA Exemption:

- \* No Environmental Impact Statement Required.
- \* A decision to issue any permit or approval for any activity within the Electronics and Information Technology Manufacturing Zone and the surrounding county, as defined in XXXXXXXXX (new zone statutory reference) does not constitute a major state action under s. 1.11(2).

Waterway and Wetlands Exemption:

- \* Exemption from Waterway and Wetland Permitting.
- \* No permit or approval is required under ss.30.12, 30.123, 30.19, 30.195, or 281.36 for any activity within the Electronics and Information Technology Manufacturing Zone and the surrounding county as defined in XXXXXXXXX (new zone statutory reference).

Thanks,  
Megan

Megan Cramer  
Department of Administration

Legislative Liaison  
608-267-2872