

Appendix A ... segment III

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 -
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☞ Request Made By: MPG

☞ Date: 07/26/2017



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-3907/P2
MES/MPG/JK/ZDW:emw

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

SAV
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re you

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 1.11 (2) (cm), 16.004 (23), 20.835 (2) (cp), 20.923 (4) (c) 2m., 30.056 (2), 66.1105
5 (20), 71.07 (3wm), 71.28 (3wm), 73.0300, 230.08 (2) (xt), 238.396 and 281.36
6 (4m) of the statutes; **relating to:** authorizing the creation of an electronics and
7 information technology manufacturing zone, creating an income and franchise
8 tax credit for businesses that begin operations in such a zone, creating special
9 provisions for tax incremental districts that include such a zone, creating
10 exemptions from wetland and waterway permits for activities in such a zone,
11 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 information technology manufacturing zone. WEDC may certify such a business for additional income and franchise tax credits, subject to certain limitations, if the business makes a significant capital expenditure in the 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.

The bill also 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.

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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:

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 January 1 of the year in which the resolution is adopted, 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.

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.

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

Insert
4-A

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

1 designated under s. 238.396 (1) or within the surrounding county is not a major
2 action for the purposes of par. (c).

3 **SECTION 2.** 16.004 (23) of the statutes is created to read:

4 16.004 (23) ELECTRONICS AND INFORMATION TECHNOLOGY MANUFACTURING ZONE
5 OMBUDSMAN. The secretary shall appoint an electronics and information technology
6 manufacturing zone ombudsman to perform services related to a zone designated
7 under s. 238.396 (1).

8 **SECTION 3.** 20.835 (2) (cp) of the statutes is created to read:

9 20.835 (2) (cp) *Electronics and information technology manufacturing zone*
10 *credit*. A sum sufficient to make the payments under ss. 71.07 (3wm) (d) 2. and 71.28
11 (3wm) (d) 2.

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

13 20.923 (4) (c) 2m. Administration, department of: electronics and information
14 technology manufacturing zone ombudsman.

15 **SECTION 5.** 30.056 of the statutes is renumbered 30.056 (1).

16 **SECTION 6.** 30.056 (2) of the statutes is created to read:

17 30.056 (2) Notwithstanding ss. 30.12, 30.123, 30.19, and 30.195, the
18 department may not require any permit under this chapter for any activity within
19 an electronics and information technology manufacturing zone designated under s.
20 238.396 (1).

21 **SECTION 7.** 66.1105 (2) (f) 1. (intro.) of the statutes is amended to read:

22 66.1105 (2) (f) 1. (intro.) "Project costs" mean any expenditures made or
23 estimated to be made or monetary obligations incurred or estimated to be incurred
24 by the city which are listed in a project plan as costs of public works or improvements
25 within a tax incremental district or, to the extent provided in this subd. 1. (intro.) or

SECTION 7

1 subds. 1. k., 1. m., and 1. n., or sub. (20) (c), without the district, plus any incidental
2 costs, diminished by any income, special assessments, or other revenues, including
3 user fees or charges, other than tax increments, received or reasonably expected to
4 be received by the city in connection with the implementation of the plan. For any
5 tax incremental district for which a project plan is approved on or after July 31, 1981,
6 only a proportionate share of the costs permitted under this subdivision may be
7 included as project costs to the extent that they benefit the tax incremental district,
8 except that expenditures made or estimated to be made or monetary obligations
9 incurred or estimated to be incurred by a 1st class city, to fund parking facilities
10 ancillary to and within one mile from public entertainment facilities, including a
11 sports and entertainment arena, shall be considered to benefit any tax incremental
12 district located in whole or in part within a one-mile radius of such parking facilities.
13 To the extent the costs benefit the municipality outside the tax incremental district,
14 a proportionate share of the cost is not a project cost. "Project costs" include:

15 **SECTION 8.** 66.1105 (4) (gm) 4. c. of the statutes is amended to read:

16 66.1105 (4) (gm) 4. c. Except as provided in subs. (10) (c), (16) (d), (17), and (18)
17 (c) 3., and (20) (b), the equalized value of taxable property of the district plus the
18 value increment of all existing districts does not exceed 12 percent of the total
19 equalized value of taxable property within the city. In determining the equalized
20 value of taxable property under this subd. 4. c. or sub. (17) (c), the department of
21 revenue shall base its calculations on the most recent equalized value of taxable
22 property of the district that is reported under s. 70.57 (1m) before the date on which
23 the resolution under this paragraph is adopted. If the department of revenue
24 determines that a local legislative body exceeds the 12 percent limit described in this
25 subd. 4. c. or sub. (17) (c), the department shall notify the city of its noncompliance,

1 in writing, not later than December 31 of the year in which the department receives
2 the completed application or amendment forms described in sub. (5) (b).

3 **SECTION 9.** 66.1105 (20) of the statutes is created to read:

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

10 1. Notwithstanding the dates specified in sub. (4) (gm) 2., if the resolution
11 described under sub. (4) (gm) is adopted during the period between January 1 and
12 December 1, the creation date shall be the January 1 of the year in which the
13 resolution is adopted. If a resolution is adopted during the period between December
14 2 and December 31, the creation date shall be the next subsequent January 1.

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

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

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1 purposes of the findings requirement in the resolution described under sub. (4) (gm)
2 4. c.

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

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

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

13 **SECTION 10.** 71.05 (6) (a) 15. of the statutes is amended to read:

14 71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the
15 credits computed under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),
16 (3rm), (3rn), (3s), (3t), (3w), (3wm), (3y), (4k), (4n), (5e), (5f), (5h), (5i), (5j), (5k), (5r),
17 (5rm), (6n), and (8r) and not passed through by a partnership, limited liability
18 company, or tax-option corporation that has added that amount to the partnership's,
19 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

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

21 71.07 (**3wm**) ELECTRONICS AND INFORMATION TECHNOLOGY MANUFACTURING ZONE
22 CREDIT. (a) *Definitions.* In this subsection:

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

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

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

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

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

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

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

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

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

18 (b) *Filing claims; payroll.* Subject to the limitations provided in this subsection
19 and s. 238.396, a claimant may claim as a credit against the tax imposed under s.
20 71.02 an amount calculated as follows:

21 1. Determine the zone payroll for full-time employees whose annual wages are
22 greater than the amount determined by multiplying 2,080 by 150 percent of the
23 federal minimum wage in a tier I county or municipality or greater than \$30,000 in
24 a tier II county or municipality and who the claimant employed in the zone in the
25 taxable year.

1 2. Multiply the amount determined under subd. 1. by XX percent.

2 (bm) *Filing supplemental claims.* In addition to claiming the credit under par.
3 (b), and subject to the limitations under this subsection and s. 238.396, a claimant
4 may claim as a credit against the tax imposed under s. 71.02 an amount equal to XX
5 percent of the claimant's significant capital expenditures in the zone in the taxable
6 year, as determined under s. 238.396 (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. Section 71.28 (4) (g) and (h), as it applies to the credit
19 under s. 71.28 (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. 71.02, 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 12.** 71.08 (1) (intro.) of the statutes is amended to read:

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

11 **SECTION 13.** 71.10 (4) (i) of the statutes is amended to read:

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

SECTION 13

1 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under subch.
2 X.

3 **SECTION 14.** 71.21 (4) (a) of the statutes is amended to read:

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

8 **SECTION 15.** 71.26 (2) (a) 4. of the statutes is amended to read:

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

15 **SECTION 16.** 71.28 (3wm) of the statutes is created to read:

16 71.28 (3wm) ELECTRONICS AND INFORMATION TECHNOLOGY MANUFACTURING ZONE
17 CREDIT. (a) *Definitions.* In this subsection:

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

20 2. "Claimant" means a person who is certified to claim tax benefits under s.
21 238.396 (3) and who files a claim under this subsection.

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

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

1 5. “Tier I county or municipality” means a tier I county or municipality, as
2 determined under s. 238.396 (4) (e).

3 6. “Tier II county or municipality” means a tier II county or municipality, as
4 determined under s. 238.396 (4) e).

5 7. “Wages” means wages under section 3306 (b) of the Internal Revenue Code,
6 determined without regard to any dollar limitations.

7 8. “Zone” means a zone designated under s. 238.396 (1).

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

12 (b) *Filing claims; payroll.* Subject to the limitations provided in this subsection
13 and s. 238.396, a claimant may claim as a credit against the tax imposed under s.
14 71.23 an amount calculated as follows:

15 1. Determine the zone payroll for full-time employees whose annual wages are
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 zone in the
19 taxable year.

20 2. Multiply the amount determined under subd. 1. by XX percent.

21 (bm) *Filing supplemental claims.* In addition to claiming the credit under par.
22 (b), and subject to the limitations under this subsection and s. 238.396, a claimant
23 may claim as a credit against the tax imposed under s. 71.23 an amount equal to XX
24 percent of the claimant’s significant capital expenditures in the zone in the taxable
25 year, as determined under s. 238.396 (3m).

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

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

12 (d) *Administration.* 1. Subsection (4) (g) and (h), as it applies to the credit
13 under sub. (4), applies to the credit under this subsection.

14 2. If the allowable amount of the claim under this subsection exceeds the taxes
15 otherwise due on the claimant's income under s. 71.23, the amount of the claim that
16 is not used to offset those taxes shall be certified by the department of revenue to the
17 department of administration for payment by check, share draft, or other draft
18 drawn from the appropriation under s. 20.835 (2) (cp). Notwithstanding s. 71.82, no
19 interest shall be paid on amounts certified under this subdivision.

20 **SECTION 17.** 71.30 (3) (f) of the statutes is amended to read:

21 71.30 (3) (f) The total of farmland preservation credit under subch. IX,
22 farmland tax relief credit under s. 71.28 (2m), dairy manufacturing facility
23 investment credit under s. 71.28 (3p), jobs credit under s. 71.28 (3q), meat processing
24 facility investment credit under s. 71.28 (3r), woody biomass harvesting and
25 processing credit under s. 71.28 (3rm), food processing plant and food warehouse

1 investment credit under s. 71.28 (3rn), enterprise zone jobs credit under s. 71.28
2 (3w), electronics and information technology manufacturing zone credit under s.
3 71.28 (3wm), business development credit under s. 71.28 (3y), film production
4 services credit under s. 71.28 (5f), film production company investment credit under
5 s. 71.28 (5h), beginning farmer and farm asset owner tax credit under s. 71.28 (8r),
6 and estimated tax payments under s. 71.29.

7 **SECTION 18.** 71.34 (1k) (g) of the statutes is amended to read:

8 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
9 corporation under s. 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3p), (3q), (3r),
10 (3rm), (3rn), (3t), (3w), (3wm), (3y), (4), (5), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r),
11 (5rm), (6n), and (8r) and passed through to shareholders.

12 **SECTION 19.** 73.0300 of the statutes is created to read:

13 **73.0300 Disregarded entities.** With regard to a single-owner entity that is
14 disregarded as a separate entity under section 7701 of the Internal Revenue Code,
15 any notice that the department of revenue sends to the owner or to the entity is
16 considered a notice sent to both and both are liable for any amounts due as specified
17 in the notice. This section applies to all laws administered by the department.

18 **SECTION 20.** 230.08 (2) (xt) of the statutes is created to read:

19 230.08 (2) (xt) The electronics and information technology manufacturing zone
20 ombudsman in the department of administration.

21 **SECTION 21.** 238.396 of the statutes is created to read:

22 **238.396 Electronics and information technology manufacturing zone.**

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

Insert
15-17

SECTION 21

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

3 1. Indicators of the area's economic need, which may include data regarding
4 household income, average wages, the condition of property, housing values,
5 population decline, job losses, infrastructure and energy support, the rate of business
6 development, and the existing resources available to the area.

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

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

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

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

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

19 **(3m) ADDITIONAL TAX BENEFITS FOR SIGNIFICANT CAPITAL EXPENDITURES.** If the
20 corporation determines that a business certified under sub. (3) makes a significant
21 capital expenditure in the electronics and information technology manufacturing
22 zone, the corporation may certify the business to receive additional tax benefits in
23 an amount to be determined by the corporation, but not exceeding 10 percent of the
24 business's capital expenditures. The corporation shall, in a manner determined by

1 the corporation, allocate the tax benefits a business is certified to receive under this
2 subsection over the remainder of the time limit of the enterprise zone under sub. (2).

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

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

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

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

11 (b) The corporation may require a business to repay any tax benefits the
12 business claims for a year in which the business failed to maintain employment
13 levels or a significant capital investment in property required by an agreement
14 between the business and the corporation.

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

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

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

24 1. Unemployment rate.

1 2. Percentage of families with incomes below the poverty line established under
2 42 USC 9902 (2).

3 3. Median family income.

4 4. Median per capita income.

5 5. Other significant or irregular indicators of economic distress, such as a
6 natural disaster or mass layoff.

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

9 **SECTION 22.** 281.36 (3b) (b) of the statutes is amended to read:

10 281.36 (3b) (b) No person may discharge dredged material or fill material into
11 a wetland unless the discharge is authorized by a wetland general permit or
12 individual permit issued by the department under this section or the discharge is
13 exempt under sub. (4) or (4m). No person may violate any condition contained in a
14 wetland general or individual permit issued by the department under this section.
15 The department may not issue a wetland general or individual permit under this
16 section unless it determines that the discharge authorized pursuant to the wetland
17 general or individual permit will comply with all applicable water quality standards.

18 **SECTION 23.** 281.36 (3m) (a) of the statutes is amended to read:

19 281.36 (3m) (a) *When permit required.* Any person wishing to proceed with a
20 discharge into any wetland shall submit an application for a wetland individual
21 permit under this subsection unless the discharge has been authorized under a
22 wetland general permit as provided in sub. (3g) or is exempt under sub. (4) or (4m).
23 Before submitting the application, the department shall hold a meeting with the
24 applicant to discuss the details of the proposed discharge and the requirements for
25 submitting the application and for delineating the wetland. An applicant may

ECONOMIC DEVELOPMENT LIAISON ACTIVITIES

1 include in the application a request for a public informational hearing. The
2 application shall be accompanied by the applicable fee specified in sub. (11) or (12)
3 (a).

4 SECTION 24. 281.36 (4m) of the statutes is created to read:

5 281.36 (4m) EXEMPTION; ELECTRONICS AND INFORMATION TECHNOLOGY
6 MANUFACTURING ZONE. The permitting requirement under sub. (3b) does not apply to
7 any discharge into a wetland that is not subject to federal jurisdiction under 33 USC
8 1344 that is located in an electronics and information technology manufacturing
9 zone designated under s. 238.396 (1).

10 SECTION 25. Fiscal changes.

\$250,000 2x

11 (1) ELECTRONICS AND INFORMATION TECHNOLOGY MANUFACTURING ZONE

12 OMBUDSMAN. In the schedule under section 20.005 (3) of the statutes for the
13 appropriation to the department of administration under section 20.505 (1) (a) of the
14 statutes, the dollar amount for fiscal year 2017-18 is increased by \$185,300 and the
15 dollar amount for fiscal year 2018-19 is increased by \$179,300 to increase the
16 authorized FTE positions for the department by 1.0 GPR unclassified electronics and
17 information technology manufacturing zone ombudsman position.

18 (END)

Insert
19-17

for economic development
liaison activities under an
agreement with the Wisconsin
Economic Development Corporation

Insert 2 - A

SALES AND USE TAX EXEMPTION

The bill creates a sales and use tax exemption for the sale of building materials, supplies, and equipment used to construct facilities located in an electronics and information technology manufacturing zone, if the capital expenditures for constructing the facilities may be claimed as income and franchise tax credits. ✓

Insert 4 - A

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill. ✓

Insert 15 - 17

✕
1 **SECTION 1.** 77.54 (65) of the statutes is created to read:
2 77.54 (65) The sales price from the sale of building materials, supplies, and
3 equipment and the sale of services described in s. 77.52 (2) (a) 20. to; and the storage,
4 use, or other consumption of the same property and services by; owners, lessees,
5 contractors, subcontractors, or builders if that property or service is acquired solely
6 for or used solely in, the construction or development of facilities located in an
7 electronics and information technology manufacturing zone created under s. 238.396 ✓
8 and if the capital expenditures for the construction or development of such facilities ✓
9 may be claimed as a credit under s. 71.07 (3wm) (bm) or 71.28 (3wm) (bm).

Insert 19 - 17

10 **SECTION 2. Effective date.**
11 (1) SALES AND USE TAX EXEMPTION. The treatment of section 77.54 (65) of the ✓
12 statutes takes effect on the first day of the 3rd month beginning after publication. ✓

Gallagher, Michael

From: Cramer, Megan J - DOA
Sent: Tuesday, July 18, 2017 1:36 PM
To: Kreye, Joseph; Shovers, Marc; Gallagher, Michael; Wyatt, Zachary
Subject: Electronics and IT Manufacturing Zone - p3 draft

Hi all,

Below are some of the next round of changes for the p3. I hope to have the remainder of the changes to you by the end of the day. If possible, I would greatly appreciate if the p3 draft could be completed by midday on Thursday. I still don't have final numbers for the numerous "XX" placeholders throughout the bill so the placeholders will need to remain in this draft.

P3 drafting instructions:

- MES → • Pg. 6, Line 25: change to "...is created in an area that is created under s. 238.396" - reduce redundancy of having both name of zone and statutory reference
- VZ → • Pg. 15, Lines 7-11: include changes from Governor's errata letter for disregarded entities
- SW → • Pg. 15, lines 19-20: delete line 20. Add "such facilities... certified by WEDC"
- VZ → • Pg. 19, Section 24 (effective date): for the sales and use tax exemption: change to the day after publication and exemption first applies to purchases after WEDC enters into a contract with a business to locate in the zone under s. 238.396.
- Pg. 16, Line 23: XX percent (as placeholder) ✓ MZ

- TIF Changes:
 - MES • If resolution is adopted by locals between Oct 1 and Dec 1, they can elect in which year the TIF is created (Racine County)
 - MES • Delete provision increasing equalized value rule to 16%. Change to language that says incremental value of TIF within zone under 238.396 does not count towards the total equalized value of the local unit of government (Racine and Kenosha county)
 - MES • Increase from 27 to 30 years for both positive increment allocation period and the termination of the TIF (Racine County)

Megan Cramer
Department of Administration
Legislative Liaison
608-267-2872

Kreye, Joseph

From: Cramer, Megan J - DOA
Sent: Tuesday, July 18, 2017 2:20 PM
To: Kreye, Joseph
Subject: RE: Electronics and IT Manufacturing Zone - p3 draft

Jobs Credit Changes:

Pg. 9, Line 9 add: "or that performed outside of the zone, but within the state, and for the benefit of the operations within the zone, as determined by the corporation"

From: Kreye, Joseph A - LEGIS [mailto:joseph.kreye@legis.wisconsin.gov]
Sent: Tuesday, July 18, 2017 2:11 PM
To: Cramer, Megan J - DOA <Megan.Cramer@wisconsin.gov>; Shovers, Marc - LEGIS <marc.shovers@legis.wisconsin.gov>; Gallagher, Mike - LEGIS <michael.gallagher@legis.wisconsin.gov>; Wyatt, Zachary - LEGIS <zachary.wyatt@legis.wisconsin.gov>
Subject: RE: Electronics and IT Manufacturing Zone - p3 draft

Megan,

I also don't think you need the language related to when the sales and use tax exemption applies. The way that exemption is currently drafted should give you the result you're looking for.

Joe

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

From: Cramer, Megan J - DOA
Sent: Tuesday, July 18, 2017 1:36 PM
To: Kreye, Joseph <Joseph.Kreye@legis.wisconsin.gov>; Shovers, Marc <Marc.Shovers@legis.wisconsin.gov>; Gallagher, Michael <Michael.Gallagher@legis.wisconsin.gov>; Wyatt, Zachary <Zachary.Wyatt@legis.wisconsin.gov>
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Megan Cramer
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Legislative Liaison
608-267-2872

Kreye, Joseph

From: Cramer, Megan J - DOA
Sent: Tuesday, July 18, 2017 2:13 PM
To: Kreye, Joseph
Subject: RE: Electronics and IT Manufacturing Zone - p3 draft

<http://www.wispolitics.com/wp-content/uploads/2017/04/Errata04.04.2017.pdf>

Pg. 64

From: Kreye, Joseph A - LEGIS [mailto:joseph.kreye@legis.wisconsin.gov]
Sent: Tuesday, July 18, 2017 2:02 PM
To: Cramer, Megan J - DOA <Megan.Cramer@wisconsin.gov>; Shovers, Marc - LEGIS <marc.shovers@legis.wisconsin.gov>; Gallagher, Mike - LEGIS <michael.gallagher@legis.wisconsin.gov>; Wyatt, Zachary - LEGIS <zachary.wyatt@legis.wisconsin.gov>
Subject: RE: Electronics and IT Manufacturing Zone - p3 draft

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608 266-2263

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Megan Cramer
Department of Administration
Legislative Liaison
608-267-2872

2017-19 Budget Errata Report

Title	Disregarded Entities
Agency	Revenue
Fiscal Change to Bill	None
Position Change to Bill	None
Citation	ss. 180.0622(2), 183.0304(1)
Description of error	The provision as currently drafted is missing necessary language in chapters 180 and 183 to clarify that the owners of certain disregarded entities may be liable for tax-related assessments. Changes are necessary because chapters 180 and 183 currently provide liability protection for members of an LLC and shareholders of an "S" corporation.

Correction of Error	<p>Modify the bill language as follows:</p> <p>180.0622 Liability of shareholders, transferees and others. "180.0622(2) (2) Unless otherwise provided in the articles of incorporation, a shareholder of a corporation is not personally liable for the acts or debts of the corporation, <u>except for a shareholder in a corporation defined under s. 71.365(7) and only to the extent provided for under s. 73.0300, and except</u> that a shareholder may become personally liable by his or her acts or conduct other than as a shareholder."</p> <p>183.0304 Liability of members to 3rd parties. "<u>183.0304(1)</u> (1) The debts, obligations and liabilities of a limited liability company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the limited liability company. Except as provided in ss. <u>73.0300</u>, 183.0502 and 183.0608, a member or manager of a limited liability company is not personally liable for any debt, obligation or liability of the limited liability company, except that a member or manager may become personally liable by his or her acts or conduct other than as a member or manager."</p>
----------------------------	---

Analyst	Robert Wimmer
Team	TLGED

Kreye, Joseph

From: Cramer, Megan J - DOA
Sent: Wednesday, July 19, 2017 9:09 AM
To: Kreye, Joseph; Shovers, Marc; Gallagher, Michael; Wyatt, Zachary
Subject: RE: Electronics and IT Manufacturing Zone - p3 draft

After further discussions please do not include the following in the p3 draft:

- Amend 281.346(4)(c)2m
 - The proposal is consistent with an approved water supply service area plan under s. 281.348 that covers the public water supply system unless the proposal is to provide water to a straddling community that includes an electronics and information technology manufacturing zone designated under s. 238.396(1)

The last changes on PSC regulatory items will be sent no later than noon today. Thanks.

From: Cramer, Megan J - DOA
Sent: Tuesday, July 18, 2017 4:27 PM
To: '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>; Wyatt, Zachary - LEGIS <zachary.wyatt@legis.wisconsin.gov>
Subject: RE: Electronics and IT Manufacturing Zone - p3 draft

All – another list of changes for the p3. I hope to have one additional item related to PSC regulatory items yet today or early tomorrow. Please let me know if you have questions. Thanks!

DNR Related Changes:

- Pages 4 and 5 (section 1): move to section that creates 238.396. Change language to “NO ENVIRONMENTAL IMPACT STATEMENT REQUIRED. The issuance of any permit or approval for a new manufacturing facility within an electronics and information technology manufacturing zone designated under this section is not a major action for the purposes of s. 1.11(c)
- Pg. 5 Line 9: delete
- Pg. 5, Lines 10-14: delete
 - Add language instead that creates a new statutory section as follows:
 - 30.123(6)(f): The construction or maintenance of bridges and the construction or placement and maintenance of culverts that are required for the construction, access or operation of a new manufacturing facility and that affect a portion of a navigable stream within an electronics and information technology manufacturing zone designated under s. 238.396(1)
 - Amend 31.123(6m) of the statutes:
 - The department may decide to require that a person engaged in an activity that is exempt under subs. (6)(d) and (f) apply for an individual permit...
- Create New statute 30.19(1m)(h):
 - Any activity that affects a portion of a navigable stream that is required for the construction, access and operation of a new manufacturing facility within an electronics and information technology zone designated under s. 238.396(1).
- Amend 281.346(4)(c)2m

- The proposal is consistent with an approved water supply service area plan under s. 281.348 that covers the public water supply system unless the proposal is to provide water to a straddling community that includes an electronics and information technology manufacturing zone designated under s. 238.396(1)
- Amend 281.36(3b)(b)
 - No person may discharge dredged material or fill into a wetland unless the discharge is authorized by a wetland general permit or individual permit issued by the department under this section or the discharge is exempt under sub. (4) or (4m)...
- Amend 281.36(3m)(a)
 - Add (4m) in "or is exempt under sub. (4)... or (4m)"
- Amend 281.36(4m) (as created in the draft)
 - EXEMPTION: ELECTRONICS AND INFORMATION TECHNOLOGY MANUFACTURING ZONE. The permitting requirement under sub. (3b) does not apply to any discharge into a wetland that is not subject to federal jurisdiction under 33 USC 1344 that is ~~located~~ related to the construction, access or operation of a new manufacturing facility in an electronics and information technology manufacturing zone designated under s. 238.396(1)

WEDC Related Changes:

- Add definition of "tax benefits" from 238.399(1)(c) into the newly created 238.396 section.
- Increase number of Enterprise Zones under 238.399
 - 238.399(a) of the statutes is amended to read:
 - 238.399 Designation of enterprise zones; criteria. (a) The corporation may designate not more than ~~30~~ 35 enterprise zones.
 - 238.399 (3) (e) of the statutes is created to read:
 - 238.399 (3) (e) If the corporation revokes all certifications for tax benefits within a designated enterprise zone, the corporation may cancel the designation of that enterprise zone. After canceling the designation of an enterprise zone, the corporation may designate a new enterprise zone subject to the limits of this subsection.
 - 238.399 (4) of the statutes is renumbered 238.399 (4) (a).
 - 238.399 (4) (b) of the statutes is created to read:
 - 238.399 (4) (b) If an enterprise zone designation expires under par. (a), the corporation may designate a new enterprise zone subject to the limits of sub. (3).
 - 238.399 (5m) of the statutes is amended to read:
 - 238.399 (5m) ADDITIONAL TAX BENEFITS FOR SIGNIFICANT CAPITAL EXPENDITURES. If the corporation determines that a business certified under sub. (5) makes a significant capital expenditure in the enterprise zone, the corporation may certify the business to receive additional tax benefits in an amount to be determined by the corporation, but not exceeding 10 percent of the business' capital expenditures. The corporation shall, in a manner determined by the corporation, allocate the tax benefits a business is certified to receive under this subsection over the remainder of the time limit of the enterprise zone under sub. (4) (a).
- Create two new statutory sections related to current tax credits under current enterprise zone law:
 - Wis. Stat. Sec. 238.399(5)(f) "A financial services technology business that, after completing a competitive corporate relocation process, retains its corporate headquarters in Wisconsin and employs at least 93% of the full-time employees identified in the base year during the duration of the zone."
 - Wis. Stat. 71.28(3w)(bm)5. "In addition to credits under subd. 3., and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., a claimant, that has retained the minimum number of full-time employees determined by the corporation under Wis. Stat. s. 238.399(5)(f) and maintained zone payroll for those full-time employees for the taxable year equal to or greater than the base year, may claim as a credit against the tax imposed under s. 71.23, an amount equal to the

percentage as determined by the corporation, of the claimant's zone payroll paid in the twelve months prior to the certification date to the claimant's full-time employees in the enterprise zone whose annual wages are greater than the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality. The annual credit for which a claimant may claim under this subdivision shall not exceed \$2,000,000. A claimant may claim a credit under this subdivision for no more than 5 consecutive taxable years.

From: Kreye, Joseph A - LEGIS [<mailto:joseph.kreye@legis.wisconsin.gov>]
Sent: Tuesday, July 18, 2017 2:02 PM
To: Cramer, Megan J - DOA <Megan.Cramer@wisconsin.gov>; Shovers, Marc - LEGIS <marc.shovers@legis.wisconsin.gov>; Gallagher, Mike - LEGIS <michael.gallagher@legis.wisconsin.gov>; Wyatt, Zachary - LEGIS <zachary.wyatt@legis.wisconsin.gov>
Subject: RE: Electronics and IT Manufacturing Zone - p3 draft

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I don't seem to have the errata for disregarded entities.

Joe

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

From: Cramer, Megan J - DOA
Sent: Tuesday, July 18, 2017 1:36 PM
To: Kreye, Joseph <Joseph.Kreye@legis.wisconsin.gov>; Shovers, Marc <Marc.Shovers@legis.wisconsin.gov>; Gallagher, Michael <Michael.Gallagher@legis.wisconsin.gov>; Wyatt, Zachary <Zachary.Wyatt@legis.wisconsin.gov>
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Megan Cramer
Department of Administration
Legislative Liaison
608-267-2872

Kreye, Joseph

From: Gallagher, Michael
Sent: Wednesday, July 19, 2017 11:44 AM
To: Kreye, Joseph; Shovers, Marc; Wyatt, Zachary
Cc: Kunkel, Mark; McKean, Aaron
Subject: RE: Electronics and IT Manufacturing Zone - p3 draft

Whichever of you handle this last should pass it on to Mark Kunkle or Aaron McKean for the PSC piece.

Thanks.

From: Cramer, Megan J - DOA
Sent: Wednesday, July 19, 2017 11:40 AM
To: Kreye, Joseph <Joseph.Kreye@legis.wisconsin.gov>; Shovers, Marc <Marc.Shovers@legis.wisconsin.gov>; Gallagher, Michael <Michael.Gallagher@legis.wisconsin.gov>; Wyatt, Zachary <Zachary.Wyatt@legis.wisconsin.gov>
Subject: RE: Electronics and IT Manufacturing Zone - p3 draft

This should be it for the p3. Thanks again for all your work on this!

PSC Related Changes:

Amend Wis. Stat. § 196.491(1)(f) to read:

(f) Except as provided in subs. (2) (b) 8. and (3) (d) 3m., "high-voltage transmission line" means a conductor of electric energy exceeding one mile in length designed for operation at a nominal voltage of 100 kilovolts or more, together with associated facilities, and does not include transmission line relocations that are within an electronic and IT manufacturing zone, as defined in s. 238.396, or that the commission determines are necessary to facilitate highway or airport projects.

designated under 238.396(1m)

Create Wis. Stat. § 196.49(5g)(ar)3. to read:

3. The project is a relocation of existing public utility facilities within an electronic and IT manufacturing zone, as defined in s. 238.396.

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Sent: Wednesday, July 19, 2017 9:09 AM
To: '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>; Wyatt, Zachary - LEGIS <zachary.wyatt@legis.wisconsin.gov>
Subject: RE: Electronics and IT Manufacturing Zone - p3 draft

After further discussions please do not include the following in the p3 draft:

- Amend 281.346(4)(c)2m
 - The proposal is consistent with an approved water supply service area plan under s. 281.348 that covers the public water supply system unless the proposal is to provide water to a straddling community that includes an electronics and information technology manufacturing zone designated under s. 238.396(1)

The last changes on PSC regulatory items will be sent no later than noon today. Thanks.

From: Cramer, Megan J - DOA

Sent: Tuesday, July 18, 2017 4:27 PM

To: '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>; Wyatt, Zachary - LEGIS <zachary.wyatt@legis.wisconsin.gov>

Subject: RE: Electronics and IT Manufacturing Zone - p3 draft

All – another list of changes for the p3. I hope to have one additional item related to PSC regulatory items yet today or early tomorrow. Please let me know if you have questions. Thanks!

DNR Related Changes:

- Pages 4 and 5 (section 1): move to section that creates 238.396. Change language to “NO ENVIRONMENTAL IMPACT STATEMENT REQUIRED. The issuance of any permit or approval for a new manufacturing facility within an electronics and information technology manufacturing zone designated under this section is not a major action for the purposes of s. 1.11(c)
- Pg. 5 Line 9: delete
- Pg. 5, Lines 10-14: delete
 - Add language instead that creates a new statutory section as follows:
 - 30.123(6)(f): The construction or maintenance of bridges and the construction or placement and maintenance of culverts that are required for the construction, access or operation of a new manufacturing facility and that affect a portion of a navigable stream within an electronics and information technology manufacturing zone designated under s. 238.396(1)
 - Amend 31.123(6m) of the statutes:
 - The department may decide to require that a person engaged in an activity that is exempt under subs. (6)(d) and (f) apply for an individual permit...
- Create New statute 30.19(1m)(h):
 - Any activity that affects a portion of a navigable stream that is required for the construction, access and operation of a new manufacturing facility within an electronics and information technology zone designated under s. 238.396(1).
- Amend 281.346(4)(c)2m
 - The proposal is consistent with an approved water supply service area plan under s. 281.348 that covers the public water supply system unless the proposal is to provide water to a straddling community that includes an electronics and information technology manufacturing zone designated under s. 238.396(1)
- Amend 281.36(3b)(b)
 - No person may discharge dredged material or fill into a wetland unless the discharge is authorized by a wetland general permit or individual permit issued by the department under this section or the discharge is exempt under sub. (4) or (4m)...
- Amend 281.36(3m)(a)
 - Add (4m) in “or is exempt under sub. (4)... or (4m)”
- Amend 281.36(4m) (as created in the draft)
 - EXEMPTION: ELECTRONICS AND INFORMATION TECHNOLOGY MANUFACTURING ZONE. The permitting requirement under sub. (3b) does not apply to any discharge into a wetland that is not subject to federal jurisdiction under 33 USC 1344 that is ~~located~~ related to the construction, access or operation of a new manufacturing facility in an electronics and information technology manufacturing zone designated under s. 238.396(1)

WEDC Related Changes:

- Add definition of “tax benefits” from 238.399(1)(c) into the newly created 238.396 section.
- Increase number of Enterprise Zones under 238.399
 - 238.399(a) of the statutes is amended to read:
 - 238.399 Designation of enterprise zones; criteria. (a) The corporation may designate not more than ~~30~~ 35 enterprise zones.
 - 238.399 (3) (e) of the statutes is created to read:
 - 238.399 (3) (e) If the corporation revokes all certifications for tax benefits within a designated enterprise zone, the corporation may cancel the designation of that enterprise zone. After canceling the designation of an enterprise zone, the corporation may designate a new enterprise zone subject to the limits of this subsection.
 - 238.399 (4) of the statutes is renumbered 238.399 (4) (a).
 - 238.399 (4) (b) of the statutes is created to read:
 - 238.399 (4) (b) If an enterprise zone designation expires under par. (a), the corporation may designate a new enterprise zone subject to the limits of sub. (3).
 - 238.399 (5m) of the statutes is amended to read:
 - 238.399 (5m) ADDITIONAL TAX BENEFITS FOR SIGNIFICANT CAPITAL EXPENDITURES. If the corporation determines that a business certified under sub. (5) makes a significant capital expenditure in the enterprise zone, the corporation may certify the business to receive additional tax benefits in an amount to be determined by the corporation, but not exceeding 10 percent of the business' capital expenditures. The corporation shall, in a manner determined by the corporation, allocate the tax benefits a business is certified to receive under this subsection over the remainder of the time limit of the enterprise zone under sub. (4) (a).
- Create two new statutory sections related to current tax credits under current enterprise zone law:
 - Wis. Stat. Sec. 238.399(5)(f) “A financial services technology business that, after completing a competitive corporate relocation process, retains its corporate headquarters in Wisconsin and employs at least 93% of the full-time employees identified in the base year during the duration of the zone.”
 - Wis. Stat. 71.28(3w)(bm)5. “In addition to credits under subd. 3., and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., a claimant, that has retained the minimum number of full-time employees determined by the corporation under Wis. Stat. s. 238.399(5)(f) and maintained zone payroll for those full-time employees for the taxable year equal to or greater than the base year, may claim as a credit against the tax imposed under s. 71.23, an amount equal to the percentage as determined by the corporation, of the claimant's zone payroll paid in the twelve months prior to the certification date to the claimant's full-time employees in the enterprise zone whose annual wages are greater than the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality or greater than \$30,000 in a tier II county or municipality. The annual credit for which a claimant may claim under this subdivision shall not exceed \$2,000,000. A claimant may claim a credit under this subdivision for no more than 5 consecutive taxable years.

From: Kreye, Joseph A - LEGIS [<mailto:joseph.kreye@legis.wisconsin.gov>]

Sent: Tuesday, July 18, 2017 2:02 PM

To: Cramer, Megan J - DOA <Megan.Cramer@wisconsin.gov>; Shovers, Marc - LEGIS

<marc.shovers@legis.wisconsin.gov>; Gallagher, Mike - LEGIS <michael.gallagher@legis.wisconsin.gov>; Wyatt, Zachary - LEGIS <zachary.wyatt@legis.wisconsin.gov>

Subject: RE: Electronics and IT Manufacturing Zone - p3 draft

Hi Megan,

I don't seem to have the errata for disregarded entities.

Joe

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

From: Cramer, Megan J - DOA
Sent: Tuesday, July 18, 2017 1:36 PM
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Hi all,

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Megan Cramer
Department of Administration
Legislative Liaison
608-267-2872

Kreye, Joseph

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To: Kreye, Joseph; Shovers, Marc; Gallagher, Michael; Wyatt, Zachary
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Not done - it's not redundant

Megan Cramer
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