

Appendix A ... segment IV

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/P2
MES/MPG/JK/ZDW:emw

TWLJ

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Today 7-19 (H)

193

repeal

INSERT 1-10 MDIC

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), 20.835 (2) (cp), 30.056 (2), 66.1105 (20), 71.07 (3wm), 71.28 (3wm),
5 73.0300, 77.54 (65), 238.396 and 281.36 (4m) of the statutes; relating to:
6 authorizing the creation of an electronics and information technology
7 manufacturing zone, creating an income and franchise tax credit for businesses
8 that begin operations in such a zone, creating special provisions for tax
9 incremental districts that include such a zone, creating exemptions from
10 wetland and waterway permits for activities in such a zone, and making an
11 appropriation.

making changes to the enterprise zone tax credit program
certain

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

and makes changes to the enterprise zone tax credit program currently administered by WEDC

Insert A-1

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.

Insert A2

SALES AND USE TAX EXEMPTION

as certified by WEDC

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.

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.

TID that

The bill creates special provisions that apply to certain tax incremental financing districts (TID)

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.

Following

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" ^{and} 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:

the creating city or village may decide if the

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.

or on the next subsequent January

3. The 12 percent rule regarding the total equalized value for taxable property in the city or village ~~is a 12 percent rule~~ *does not apply*

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 ~~20~~ ³⁰ years.

6. Instead of requiring the TID to terminate no later than ~~20~~ ³⁰ years after creation, the TID must terminate within ~~20~~ ³⁰ years after it is created.

following

STET

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

a new manufacturing facility

INS ANL

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.

(NSA-3)

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.

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

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

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SECTION 1. 1.11 (2) (cm) of the statutes is created to read:

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

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

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

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

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

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

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

66.1105 (2) (f) 1. (intro.) "Project costs" mean any expenditures made or estimated to be made or monetary obligations incurred or estimated to be incurred by the city which are listed in a project plan as costs of public works or improvements within a tax incremental district or, to the extent provided in this subd. 1. (intro.) or subds. 1. k., 1. m., and 1. n., or sub. (20) (c), without the district, plus any incidental costs, diminished by any income, special assessments, or other revenues, including user fees or charges, other than tax increments, received or reasonably expected to be received by the city in connection with the implementation of the plan. For any tax incremental district for which a project plan is approved on or after July 31, 1981, only a proportionate share of the costs permitted under this subdivision may be

1 included as project costs to the extent that they benefit the tax incremental district,
2 except that expenditures made or estimated to be made or monetary obligations
3 incurred or estimated to be incurred by a 1st class city, to fund parking facilities
4 ancillary to and within one mile from public entertainment facilities, including a
5 sports and entertainment arena, shall be considered to benefit any tax incremental
6 district located in whole or in part within a one-mile radius of such parking facilities.
7 To the extent the costs benefit the municipality outside the tax incremental district,
8 a proportionate share of the cost is not a project cost. "Project costs" include:

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

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

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

23 66.1105 (20) DISTRICTS WITHIN AN ELECTRONICS AND INFORMATION TECHNOLOGY
24 MANUFACTURING ZONE. (a) *Creation.* With regard to a tax incremental district that
25 is created in an area that includes an electronics and information technology

SECTION 7

by the local legislative body in the resolution

1 manufacturing zone that is created under s. 238.396, the district may only be a
2 district that is suitable for industrial sites or mixed-use development, as described
3 in sub. (4) (gm) 4. a., and all of the following apply:

4 1. Notwithstanding the dates specified in sub. (4) (gm) 2., if the resolution
5 described under sub. (4) (gm) is adopted during the period between January 1 and
6 December 1, the creation date shall be ^{either} the January 1 of the year in which the
7 resolution is adopted. ^{or the next subsequent January 1, as specified,} If a resolution is adopted during the period between December
8 2 and December 31, the creation date shall be the next subsequent January 1.

9 2. Notwithstanding the October 31 deadline for the city clerk's submission of
10 the forms described in sub. (5) (b), the city clerk shall complete and submit the
11 required forms for a tax incremental district described in this subsection ^{INS 7-11} on or before
12 December 31 of the year the resolution under subd. 1. is adopted if it is adopted
13 between January 1 and December 1, or, if the resolution under subd. 1. is adopted
14 between December 2 and December 31, the forms must be completed and submitted
15 on or after the next subsequent April 1 and before the next subsequent December 1
16 of the year the resolution is adopted.

17 (b) *Exception to the 12 percent limit.* Notwithstanding the 12 percent limit
18 findings requirement described under sub. (4) (gm) 4. c., ^{INS 7-18} the limit for a city that
19 ~~creates a tax incremental district described under this subsection~~ is 16 percent ^{for}
20 purposes of the findings requirement in the resolution described under sub. (4) (gm)
21 4. c.

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

1 (d) *Allocation of positive increments.* Notwithstanding the 20-year limit for
2 allocating positive tax increments described in sub. (6) (a) 7., for a tax incremental
3 district described under this subsection, that limit shall be ~~27~~³⁰ years for purposes of
4 sub. (6) (a) 7.

5 (e) *Termination.* Notwithstanding the 20-year termination requirement
6 specified in sub. (7) (am) 2., for a tax incremental district described under this
7 subsection, that limit shall be ~~27~~³⁰ years for purposes of sub. (7) (am) 2.

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

9 71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the
10 credits computed under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),
11 (3rm), (3rn), (3s), (3t), (3w), (3wm), (3y), (4k), (4n), (5e), (5f), (5h), (5i), (5j), (5k), (5r),
12 (5rm), (6n), and (8r) and not passed through by a partnership, limited liability
13 company, or tax-option corporation that has added that amount to the partnership's,
14 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

Insert
8-14/14

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

16 71.07 (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).

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

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

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

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

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

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

1. Determine the zone payroll for full-time employees 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 and who the claimant employed in the zone in the taxable year.
2. Multiply the amount determined under subd. 1. by XX percent.

(bm) *Filing supplemental claims.* In addition to claiming the credit under par. (b), and subject to the limitations under this subsection and s. 238.396, a claimant may claim as a credit against the tax imposed under s. 71.02 an amount equal to XX percent of the claimant's significant capital expenditures in the zone in the taxable 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. Section 71.28 (4) (g) and (h), as it applies to the credit
13 under s. 71.28 (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. 71.02, 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 10.** 71.08 (1) (intro.) of the statutes is amended to read:

21 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
22 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
23 ss. 71.07 (1), (2dx), (2dy), (3m), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w),
24 (3wm), (3y), (4k), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (5n), (6), (6e), (8r), (9e), (9m), and
25 (9r), 71.28 (1dx), (1dy), (2m), (3), (3n), (3t), (3w), (3wm), and (3y), 71.47 (1dx), (1dy),

1 (2m), (3), (3n), (3t), (3w), and (3y), 71.57 to 71.61, and 71.613 and subch. VIII and
2 payments to other states under s. 71.07 (7), is less than the tax under this section,
3 there is imposed on that natural person, married couple filing jointly, trust or estate,
4 instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

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

6 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
7 preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and
8 beyond under s. 71.613, homestead credit under subch. VIII, farmland tax relief
9 credit under s. 71.07 (3m), dairy manufacturing facility investment credit under s.
10 71.07 (3p), jobs tax credit under s. 71.07 (3q), meat processing facility investment
11 credit under s. 71.07 (3r), woody biomass harvesting and processing credit under s.
12 71.07 (3rm), food processing plant and food warehouse investment credit under s.
13 71.07 (3rn), business development credit under s. 71.07 (3y), film production services
14 credit under s. 71.07 (5f), film production company investment credit under s. 71.07
15 (5h), veterans and surviving spouses property tax credit under s. 71.07 (6e),
16 enterprise zone jobs credit under s. 71.07 (3w), electronics and information
17 technology manufacturing zone credit under s. 71.07 (3wm), beginning farmer and
18 farm asset owner tax credit under s. 71.07 (8r), earned income tax credit under s.
19 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under subch.
20 X.

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

22 71.21 (4) (a) The amount of the credits computed by a partnership under s.
23 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w),
24 (3wm), (3y), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), and (8r) and
25 passed through to partners shall be added to the partnership's income.

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

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

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

9 71.28 (3wm) ELECTRONICS AND INFORMATION TECHNOLOGY MANUFACTURING ZONE
10 CREDIT. (a) *Definitions.* In this subsection:

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

13 2. "Claimant" means a person who is certified to claim tax benefits under s.
14 238.396 (3) and who files a claim under this subsection.

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

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

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

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

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

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

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

5 (b) *Filing claims; payroll.* Subject to the limitations provided in this subsection
6 and s. 238.396, a claimant may claim as a credit against the tax imposed under s.
7 71.23 an amount calculated as follows:

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

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

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

19 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
20 corporations may not claim the credit under this subsection, but the eligibility for,
21 and the amount of, the credit are based on their payment of amounts described under
22 pars. (b) and (bm). A partnership, limited liability company, or tax-option
23 corporation shall compute the amount of credit that each of its partners, members,
24 or shareholders may claim and shall provide that information to each of them.

SECTION 14

1 Partners, members of limited liability companies, and shareholders of tax-option
2 corporations may claim the credit in proportion to their ownership interests.

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

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

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

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

15 71.30 (3) (f) The total of farmland preservation credit under subch. IX,
16 farmland tax relief credit under s. 71.28 (2m), dairy manufacturing facility
17 investment credit under s. 71.28 (3p), jobs credit under s. 71.28 (3q), meat processing
18 facility investment credit under s. 71.28 (3r), woody biomass harvesting and
19 processing credit under s. 71.28 (3rm), food processing plant and food warehouse
20 investment credit under s. 71.28 (3rn), enterprise zone jobs credit under s. 71.28
21 (3w), electronics and information technology manufacturing zone credit under s.
22 71.28 (3wm), business development credit under s. 71.28 (3y), film production
23 services credit under s. 71.28 (5f), film production company investment credit under
24 s. 71.28 (5h), beginning farmer and farm asset owner tax credit under s. 71.28 (8r),
25 and estimated tax payments under s. 71.29.

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

2 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
3 corporation under s. 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3p), (3q), (3r),
4 (3rm), (3rn), (3t), (3w), (3wm), (3y), (4), (5), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r),
5 (5rm), (6n), and (8r) and passed through to shareholders.

6 SECTION 17. 73.0300 of the statutes is created to read:

7 73.0300 Disregarded entities. With regard to a single-owner entity that is
8 disregarded as a separate entity under section 7701 of the Internal Revenue Code,
9 any notice that the department of revenue sends to the owner or to the entity is
10 considered a notice sent to both and both are liable for any amounts due as specified
11 in the notice. This section applies to all laws administered by the department.

12 SECTION 18. 77.54 (65) of the statutes is created to read:

13 77.54 (65) The sales price from the sale of building materials, supplies, and
14 equipment and the sale of services described in s. 77.52 (2) (a) 20. to; and the storage,
15 use, or other consumption of the same property and services by; owners, lessees,
16 contractors, subcontractors, or builders if that property or service is acquired solely
17 for or used solely in, the construction or development of facilities located in an
18 electronics and information technology manufacturing zone created under s. 238.396
19 and if the capital expenditures for the construction or development of such facilities
20 may be claimed as a credit under s. 71.07 (3wm) (bm) or 71.28 (3wm) (bm).

21 SECTION 19. 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
15-20

1905
15-21
MAY

Insert 15-22

as certified by the Wisconsin
Economic Development Corporation

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

m

XX
=

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^e 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).

8-18-18
Insert

9 **SECTION 20.** 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 21.** 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

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 22. 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 ²located in an electronics and information technology manufacturing
9 zone designated under s. 238.396 (1).

*related to the construction, access, or operation of
a new manufacturing facility*

10 SECTION 23. Fiscal changes.

11 (1) ECONOMIC DEVELOPMENT LIAISON ACTIVITIES. In the schedule under section
12 20.005 (3) of the statutes for the appropriation to the department of administration
13 under section 20.505 (1) (a) of the statutes, the dollar amount for fiscal year 2017-18
14 is increased by \$250,000 and the dollar amount for fiscal year 2018-19 is increased
15 by \$250,000 for economic development liaison activities under an agreement with
16 the Wisconsin Economic Development Corporation.

17 SECTION 24. Effective date.

18 (1) SALES AND USE TAX EXEMPTION. The treatment of section 77.54 (65) of the
19 statutes takes effect on the first day of the 3rd month beginning after publication.

20 (END)

*insert
19-19*

1

INSERT 1-10:

and Public Service Commission certificates

2

INSERT A-MDK:

This

PUBLIC SERVICE COMMISSION CERTIFICATES

(The bill exempts projects for relocating existing public utility facilities within an electronics and information technology manufacturing zone from obtaining a certificate of authority from ^{the} Public Service Commission, which current law generally requires before beginning certain public utility projects, including construction and improvement projects. The bill also exempts transmission line relocations within such a zone from obtaining a certificate of public convenience and necessity from the PSC, which current law generally requires before beginning construction of high-voltage transmission lines and associated facilities.

3

INSERT 15-21:

4

SECTION 1. 196.49 (5g) (ar) 3. of the statutes is created to read:

5

196.49 (5g) (ar) 3. The project is a relocation of existing public utility facilities within an electronic^s and information technology manufacturing zone designated under s. 238.396 (1m).

6

7

SECTION 2. 196.491 (1) (f) of the statutes is amended to read:

8

196.491 (1) (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^s and information technology manufacturing zone designated under s. 238.396 (1m) or that the commission determines are necessary to facilitate highway or airport projects.

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History: 1975 c. 68, 199; 1979 c. 221, 361; 1983 a. 53 s. 114; 1983 a. 192, 401; 1985 a. 182 s. 57; 1989 a. 31; 1993 a. 184; 1995 a. 27 ss. 9116 (5), 9126 (19); 1995 a. 227, 409; 1997 a. 27, 35, 204; 1999 a. 9; 1999 a. 150 s. 672; 2001 a. 16; 2003 a. 33, 89; 2005 a. 24, 29; 2007 a. 20 s. 9121 (6) (a); 2009 a. 40, 378, 379; 2011 a. 32, 155; 2011 a. 260 s. 81; 2013 a. 1, 10, 125, 173; 2015 a. 148, 344.

2017-2018 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3907/P3insMES
MES/MPG/JK/ZDW:emw

INS ANL

or between the ^{a following} ~~next subsequent~~ April 1 and the ^{a following} ~~next subsequent~~ December 1,
depending on the TID's creation date
INS 7-13

either:

a. On or before December 31 of the year the resolution under subd. 1. is adopted
if the resolution is adopted between January 1^o and December 1, and the resolution
specifies that the district's creation date is January 1 of the year in which the
resolution is adopted.

b. On or after the next subsequent April 1 and before the next subsequent
December 1 of the year the resolution under subd. 1. is adopted if the resolution is
~~STET~~ adopted ~~either~~ between January 1^o and December 1^o and the resolution specifies that
the district's creation date is the next subsequent January 1^o or the resolution is
under subd. 1) is adopted between December 2 and December 31. ~~STET~~

INS 7-18

the equalized value of taxable property of a tax incremental district described
under this subsection does not count in the calculation of the 12 percent limit.

Insert A-1

Electronics and information technology manufacturing zone

Insert A-2

Enterprise zones

Under current law, WEDC may designate areas within the state as "enterprise zones." WEDC may certify a business in an enterprise zone to receive income and franchise tax credits if the business creates or retains jobs in the enterprise zone, subject to several limitations. The bill makes the following changes to the enterprise zone tax credit program:

1. Authorizes WEDC to increase the number of designated enterprise zones from 30 to 35.
2. Authorizes WEDC to cancel the designation of an enterprise zone if WEDC revokes all certifications for tax credits within the zone. WEDC may designate a new enterprise zone if it cancels an existing zone designation.
3. Authorizes WEDC to designate a new enterprise zone if an existing enterprise zone expires. Under current law, an enterprise zone designation expires after 12 years.

Insert A-3

^{ethis} Under ~~the~~ bill, the construction or ^{or placement and} 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 are exempt from the permitting requirement. However, DNR may require a permit if DNR determines that conditions specific to the site require restrictions in order to prevent significant adverse impacts to the public rights and interests, environmental pollution, or material injury to the riparian rights of any riparian owner. ^{No ft}

The bill also provides that 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 ^{manufacturing} zone is exempt from the permitting requirement.

Insert 5 - 15

- 1 **SECTION 1.** 30.123 (6) (f) of the statutes is created to read:
- 2 30.123 (6) (f) The construction or maintenance of bridges and the construction
- 3 or placement and maintenance of culverts that are required for the construction,
- 4 access, or operation of a new manufacturing facility and that affect a portion of a

1 navigable stream within an electronics and information technology manufacturing
2 zone designated under s. 238.396 (1m).

3 **SECTION 2.** 30.123 (6m) (intro.) of the statutes is amended to read:

4 30.123 **(6m)** (intro.) PERMITS IN LIEU OF EXEMPTIONS. The department may
5 decide to require that a person engaged in an activity that is exempt under sub. (6)
6 (d) or (f) apply for an individual permit or seek authorization under a general permit
7 if the department has conducted an investigation and visited the site of the activity
8 and has determined that conditions specific to the site require restrictions on the
9 activity in order to prevent any of the following:

History: 1977 c. 190; Stats. 1977 s. 30.122; 1977 c. 272; Stats. 1977 s. 30.123; 1987 a. 374; 2003 a. 118; 2011 a. 167; 2013 a. 1; 2015 a. 55.

10 **SECTION 3.** 30.19 (1m) (h) of the statutes is created to read:

11 30.19 **(1m)** (h) Any activity that affects a portion of a navigable stream and
12 that is required for the construction, access, and operation of a new manufacturing
13 facility within an electronics and information technology ^{manufacturing} zone designated under s.
14 238.396 (1m).
^

Insert 8 - 14

15 **SECTION 4.** 71.07 (3w) (bm) 5. of the statutes is created to read:

16 71.07 **(3w)** (bm) 5. In addition to the credits under par. (b) and subs. 1. to 4.,
17 and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799,
18 2009 stats., a claimant that has retained the minimum number of full-time
19 employees determined under s. 238.399 (5) (f) and maintained zone payroll for those
20 full-time employees for the taxable year equal to or greater than the base year^e
21 claim as a credit against the tax imposed under s. 71.02 or 71.08^e an amount equal
22 to the percentage, as determined by the Wisconsin Economic Development
23 Corporation, of the claimant's zone payroll paid in the 12 months prior to the

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

Insert 9 - 9

8 or that are performed outside of the zone, but within the state, and for the
9 benefit of the operations within the zone, as determined by the Wisconsin Economic
10 Development Corporation

Insert 12 - 7

11 **SECTION 5.** 71.28 (3w) (bm) 5. of the statutes is created to read:

12 71.28 (3w) (bm) 5. In addition to the credits under par. (b) and subs. 1. to 4.,
13 and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799,
14 2009 stats., a claimant that has retained the minimum number of full-time
15 employees determined under s. 238.399 (5) (f) and maintained zone payroll for those
16 full-time employees for the taxable year equal to or greater than the base year, may
17 claim as a credit against the tax imposed under s. 71.23 an amount equal to the
18 percentage, as determined by the Wisconsin Economic Development Corporation, of
19 the claimant's zone payroll paid in the 12 months prior to the certification date to the
20 claimant's full-time employees in the enterprise zone whose annual wages are
21 greater than the amount determined by multiplying 2,080 by 150 percent of the
22 federal minimum wage in a tier I county or municipality or greater than \$30,000 in

1 a tier II county or municipality. The amount that the claimant may claim as credit
2 under this subdivision for a taxable year shall not exceed \$2,000,000. A claimant
3 may claim a credit under this subdivision for no more than 5 consecutive taxable
4 years.

Insert 13 - 2

5 or that are performed outside ^eof the zone, but within the state, and for the
6 benefit of the operations within the zone, as determined by the Wisconsin Economic
7 Development Corporation

Insert 15 - 20

8 **SECTION 6.** 180.0622 (2) of the statutes is amended to read:

9 180.0622 (2) Unless otherwise provided in the articles of incorporation, a
10 shareholder of a corporation is not personally liable for the acts or debts of the
11 corporation, except for a shareholder in a corporation defined under s. 71.365 (7), and
12 only to the extent provided for under s. 73.300, and except that a shareholder may
13 become personally liable by his or her acts or conduct other than as a shareholder.

History: 1989 a. 303; 2001 a. 102; 2005 a. 474.

14 **SECTION 7.** 183.0304 (1) of the statutes is amended to read:

15 183.0304 (1) The debts, obligations and liabilities of a limited liability
16 company, whether arising in contract, tort or otherwise, shall be solely the debts,
17 obligations and liabilities of the limited liability company. Except as provided in ss.
18 73.0300, 183.0502, and 183.0608, a member or manager of a limited liability
19 company is not personally liable for any debt, obligation or liability of the limited

1 liability company, except that a member or manager may become personally liable
2 by his or her acts or conduct other than as a member or manager.

History: 1993 a. 112; 1995 a. 400.

Insert 15-22

3 (1) DEFINITION. In this section, "tax benefits" means the income and franchise
4 tax credits under ss. 71.07 (3wm) and 71.28 (3wm).

Insert 18-8

5 (5) NO ENVIRONMENTAL IMPACT STATEMENT REQUIRED. The issuance of any permit
6 or approval for a new manufacturing facility within an electronics and information
7 technology manufacturing zone designated under this section is not a major action
8 for the purposes of s. 1.11 (c).
(2)

9 SECTION 8. 238.399 (3) (a) of the statutes is amended to read:
10 238.399 (3) (a) The corporation may designate not more than 30 35 enterprise
11 zones.

History: 2005 a. 361; 2007 a. 20, 97, 100; 2009 a. 11, 28, 266, 267; 2011 a. 26; 2011 a. 32 s. 3437; Stats. 2011 s. 238.399; 2013 a. 20; 2013 a. 166 ss. 54, 60, 76; 2015 a. 55.

12 SECTION 9. 238.399 (3) (e) of the statutes is created to read:

13 238.399 (3) (e) If the corporation revokes all certifications for tax benefits
14 within a designated enterprise zone, the corporation may cancel the designation of
15 that enterprise zone. After canceling the designation of an enterprise zone, the
16 corporation may designate a new enterprise zone subject to the limits of this
17 subsection.

18 SECTION 10. 238.399 (4) of the statutes is renumbered 238.399 (4) (a).

19 SECTION 11. 238.399 (4) (b) of the statutes is created to read:

20 238.399 (4) (b) If an enterprise zone designation expires under par. (a), the
21 corporation may designate a new enterprise zone subject to the limits of sub. (3).

1 **SECTION 12.** 238.399 (5) (f) of the statutes is created to read:

2 238.399 (5) (f) A financial services technology business that, after completing
3 a competitive corporate relocation process, retains its corporate headquarters in this
4 state and retains at least 93 percent of its full-time employees in this state who were
5 identified as being full-time employees of the business in the base year, as
6 determined by the corporation.

7 **SECTION 13.** 238.399 (5m) of the statutes is amended to read:

8 238.399 (5m) **ADDITIONAL TAX BENEFITS FOR SIGNIFICANT CAPITAL EXPENDITURES.**
9 If the corporation determines that a business certified under sub. (5) makes a
10 significant capital expenditure in the enterprise zone, the corporation may certify
11 the business to receive additional tax benefits in an amount to be determined by the
12 corporation, but not exceeding 10 percent of the business' capital expenditures. The
13 corporation shall, in a manner determined by the corporation, allocate the tax
14 benefits a business is certified to receive under this subsection over the remainder
15 of the time limit of the enterprise zone under sub. (4) (a).

Insert 19 - 19

16 **SECTION 14. Initial applicability.**

17 (1) **SALES AND USE TAX EXEMPTION.** The treatment of section 77.54 (65) of the
18 statutes first applies to purchases made after the Wisconsin Economic Development
19 Corporation enters into a contract with a business to locate in an electronics and
20 information technology manufacturing zone.

Kreye, Joseph

From: Cramer, Megan J - DOA
Sent: Wednesday, July 19, 2017 5:15 PM
To: Kreye, Joseph; Shovers, Marc; Gallagher, Michael; Wyatt, Zachary
Subject: RE: Electronics and IT Manufacturing Zone - p3 draft

Last changes (all DNR statutes) for the p3 that I will need tomorrow. Let me know if there are questions.

✓ **30.12(1g)(m) of the statues is created to read:**

(m) Any structure or deposit of material related to the construction, access or operation of a new manufacturing facility in a navigable stream located within an electronics and information technology manufacturing zone designated under s. 238.396(1)

✓ **30.195(7) of the statutes is amended to read:**

(7) APPLICATION OF SECTION. This section does not apply:

(a) To municipal or county owned lands in counties having a population of 750,000 or more

(b) To any activity located in an electronics and information technology manufacturing zone designated under s. 238.396(1) and that is related to the construction, access or operation of a new manufacturing facility

✓ **Additional amended language from previous directions I sent regarding amended 281.36(4m):**

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 in an electronics and information technology manufacturing zone designated under s. 238..396(1) if the following conditions are met:

1. The discharge is related to the construction, access or operation of a new manufacturing facility
2. Any adverse impacts to functional values of wetlands are compensated at a compensation ration of 2:1, which means 2 acres of compensation for each acre of impacted wetland, through any of the following methods generally consistent with rules developed under this section:
 - a. Purchasing credits from a mitigation bank located in this state
 - b. Participating in the in lieu fee subprogram under sub. (3r)
 - c. Completing mitigation within the state
 - d. Participating in the escrow subprogram under sub. (3s)

From: Cramer, Megan J - DOA
Sent: Wednesday, July 19, 2017 11:40 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

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.

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.

From: Cramer, Megan J - DOA

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
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: 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:

- 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
 - Pg. 15, Lines 7-11: include changes from Governor's errata letter for disregarded entities
 - Pg. 15, lines 19-20: delete line 20. Add "such facilities... certified by WEDC"
 - 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)
-
- TIF Changes:
 - If resolution is adopted by locals between Oct 1 and Dec 1, they can elect in which year the TIF is created (Racine County)
 - Delete provision increasing equalized value rule to 16%. Change to language that says incremental value of TID within zone under 238.396 does not count towards the total equalized value of the local unit of government (Racine and Kenosha county)
 - 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