

2019 DRAFTING REQUEST

Bill

For: **Administration-Budget** Drafter: **elunder**
 By: **Quinn** Secondary Drafters:
 Date: **2/4/2019** May Contact:

Same as LRB:

Submit via email: **YES**
 Requester's email:
 Carbon copy (CC) to: **doasbostatlanguage@wisconsin.gov**

Pre Topic:

DOA:.....Quinn, BB0261 -

Topic:

WEDC accountability provisions

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	elunder 2/11/2019	kfollett 2/13/2019			
/P1	elunder 2/17/2019	kfollett 2/18/2019	dwalker 2/13/2019		State
/P2	elunder 2/21/2019	ccarmich 2/21/2019	dwalker 2/18/2019		State
/P3			dwalker 2/21/2019		State

FE Sent For: **<END>**

Lunder, Erika

From: Cathlene Hanaman <cathleneh@gmail.com>
Sent: Saturday, February 2, 2019 4:56 PM
To: Gallagher, Michael; Lunder, Erika
Subject: Fwd: Statutory Language Drafting Request - 2019-21

Sent from my iPhone

Begin forwarded message:

Biennial Budget: 2019-21

Topic: WEDC Accountability Provisions

Tracking Code: BB0261

SBO Team: TLGED

SBO Analyst: Quinn, Brian D - DOA

Phone: (608) 266-1923

E-mail: brian.quinn@wisconsin.gov

Agency Acronym: 192

Agency Number: 192

Priority: Medium

Intent:

1. Require WEDC to post a searchable database of all final contracts and final amendments to contracts on its website.
2. Require WEDC to place terms in its tax credit contracts for awards in excess of \$5 million that the recipient must notify WEDC of any material changes in project plans relative to the contracted plans and that the recipient must provide any necessary related updates to expected job creation and expenditure timelines.
3. Require WEDC to notify the Joint Committee on Finance when there are material changes to its tax credit contracts over \$5 million, either due to disclosures by the business mentioned under point 2 above or due to amendments to contracts.

Attachments: False

Please send completed drafts to SBOSatlanguage@spmail.enterprise.wistate.us



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1757(?)
EKL...
(P1)

DOA:.....Quinn, BB0261 - WEDC accountability provisions

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

IN: 2/11
DUE: 2/13

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

Analysis by the Legislative Reference Bureau
COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

Under this bill, any WEDC contract under which a taxpayer may be eligible to claim total tax benefits in excess of \$5,000,000 must require the taxpayer to notify WEDC of any material change to the project and the effect of the material change on the contract's performance goals or requirements. The bill requires WEDC to notify the Joint Committee on Finance of these material changes and any other material change to a contract under which a taxpayer may be eligible to claim total tax benefits in excess of \$5,000,000 that is due to an amendment to the contract. The bill also requires that WEDC's website contain a searchable database of all final contracts, including amendments, that provide a grant, loan, or tax benefit.

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

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

2 SECTION 1. 238.116 of the statutes is created to read:

JCF

Internet site

(B)

1 **238.116 Reporting of material changes in contracts for tax benefits. (1)**

2 Each contract the corporation executes with a taxpayer under which the taxpayer
3 may be eligible to claim tax benefits in excess of \$5,000,000 during the term of the
4 contract shall include a requirement that the taxpayer promptly notify the
5 corporation of all of the following:

6 (a) Each material change to a project subject to the contract.

7 (b) All effects of each material change under par. (a) on the contract's
8 performance goals or requirements, including job retention, creation, or training and
9 capital expenditures.

10 (B) (2) The corporation shall notify the joint committee on finance of any material
11 change for which the corporation receives notice under sub. (1) and, for any contract
12 under which a taxpayer may be eligible to claim tax benefits in excess of \$5,000,000
13 during the term of the contract, of any material change due to an amendment to the
14 contract.

15 SECTION 2. 238.08 of the statutes is renumbered 238.08 (1).

16 SECTION 3. 238.08 (2) of the statutes is created to read:

17 238.08 (2) The corporation shall maintain on its ^{the Internet} website a searchable,
18 electronic database that allows any person to inspect all final contracts, including
19 final amendments to these contracts, under which the corporation agrees to provide
20 a grant, loan, or tax benefit.

21 SECTION 9349. Initial applicability; Wisconsin Economic Development
22 Corporation.

Lunder, Erika

From: Quinn, Brian D - DOA
Sent: Sunday, February 17, 2019 3:05 PM
To: Lunder, Erika
Subject: WEDC Accountability Provisions - LRB 1757/P1

Erika,

On this draft, one required change and one possible change.

Required – Specify that, for the electronic database of contracts, WEDC shall post final contracts or amended contracts no later than 30 days after those final contracts or amendments to contracts are executed.

Possible – Under 238.116 (1)(b), I think it might be beneficial to also include that one of the effects is any shift in the timing of the achievement of any of those metrics so that there isn't a possible loophole where a recipient can say that they still intend to achieve their goals, but just not on the same timeline. What are your thoughts about that modification?

Thanks!

Brian Quinn
Executive Policy and Budget Analyst - Advanced
Wisconsin Department of Administration
Division of Executive Budget and Finance
(608)-266-1923



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1757/P1
EKL:kjf

DOA:.....Quinn, BB0261 - WEDC accountability provisions

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau
COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

Under this bill, any WEDC contract under which a taxpayer may be eligible to claim total tax benefits in excess of \$5,000,000 must require the taxpayer to notify WEDC of any material change to the project and the effect of the material change on the contract's performance goals or requirements. The bill requires WEDC to notify JCF of these material changes and any other material change to a contract under which a taxpayer may be eligible to claim total tax benefits in excess of \$5,000,000 that is due to an amendment to the contract. The bill also requires that WEDC's Internet site contain a searchable database of all final contracts, including amendments, that provide a grant, loan, or tax benefit.

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

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

2 **SECTION 1.** 238.116 of the statutes is created to read:

1. Disclosure of WEDC contracts and changes to projects

①

238.116 Reporting of material changes in contracts for tax benefits. (1)

Each contract the corporation executes with a taxpayer under which the taxpayer may be eligible to claim tax benefits in excess of \$5,000,000 during the term of the contract shall include a requirement that the taxpayer promptly notify the corporation of all of the following:

(a) Each material change to a project subject to the contract.

(b) All effects of each material change under par. (a) on the contract's performance goals or requirements, including job retention, creation, or training and capital expenditures.

and any effect on the timing of the taxpayer's achievement of the performance goals or requirements

(2) The corporation shall notify the joint committee on finance of any material change for which the corporation receives notice under sub. (1) and, for any contract under which a taxpayer may be eligible to claim tax benefits in excess of \$5,000,000 during the term of the contract, of any material change due to an amendment to the contract.

SECTION 2. 238.08 of the statutes is renumbered 238.08 (1).

SECTION 3. 238.08 (2) of the statutes is created to read:

238.08 (2) The corporation shall maintain on its Internet site a searchable, electronic database that allows any person to inspect all final contracts, including final amendments to these contracts, under which the corporation agrees to provide a grant, loan, or tax benefit.

SECTION 9349. Initial applicability; Wisconsin Economic Development Corporation.

The corporation shall add a final contract or final amendment to the database no later than 30 days after the contract or amendment is executed.



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1757/P2

EKL:kjt *cdk*

P3

DOA:.....Quinn, BB0261 - WEDC accountability provisions

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

*D-NOTE
+ INSERT*

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

Analysis by the Legislative Reference Bureau
COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

1. Disclosure of WEDC contracts and changes to projects

Under this bill, any WEDC contract under which a taxpayer may be eligible to claim total tax benefits in excess of \$5,000,000 must require the taxpayer to notify WEDC of any material change to the project and the effect of the material change on the contract's performance goals or requirements. The bill requires WEDC to notify JCF of these material changes and any other material change to a contract under which a taxpayer may be eligible to claim total tax benefits in excess of \$5,000,000 that is due to an amendment to the contract. The bill also requires that WEDC's Internet site contain a searchable database of all final contracts, including amendments, that provide a grant, loan, or tax benefit.

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

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

1 SECTION 1. 238.116 of the statutes is created to read:

2 **238.116 Reporting of material changes in contracts for tax benefits. (1)**

3 Each contract the corporation executes with a taxpayer under which the taxpayer
4 may be eligible to claim tax benefits in excess of \$5,000,000 during the term of the
5 contract shall include a requirement that the taxpayer promptly notify the
6 corporation of all of the following:

7 (a) Each material change to a project subject to the contract.

8 (b) All effects of each material change under par. (a) on the contract's
9 performance goals or requirements, including job retention, creation, or training and
10 capital expenditures, and any effect on the timing of the taxpayer's achievement of
11 the performance goals or requirements.

12 (2) The corporation shall notify the joint committee on finance of any material
13 change for which the corporation receives notice under sub. (1) and, for any contract
14 under which a taxpayer may be eligible to claim tax benefits in excess of \$5,000,000
15 during the term of the contract, of any material change due to an amendment to the
16 contract.

(and amended to read:)

17 SECTION 2. 238.08 of the statutes is renumbered 238.08 (1)

INS 2-18 →

18 SECTION 3. 238.08 (2) of the statutes is created to read:

19 238.08 (2) The corporation shall maintain on its Internet site a searchable,
20 electronic database that allows any person to inspect all final contracts, including
21 final amendments to these contracts, under which the corporation agrees to provide
22 a grant, loan, or tax benefit. The corporation shall add a final contract or final
23 amendment to the database no later than 30 days after the contract or amendment
24 is executed.

INS 2-24 (→)

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1757/P2dn

EKL *kip*

cdc

[date]

Brian Quinn:

This draft reconciles LRB-1757/P2 ✓ and LRB-1796/P1 ✓. Both of these drafts should continue to appear in the compiled bill.

Erika Lunder
Legislative Attorney
(608) 504-5819
erika.lunder@legis.wisconsin.gov

1 to administer ~~the development zone program~~ economic development programs under
2 subch. II of ch. 238.

3 SECTION 2. 71.78 (5) of the statutes is amended to read:

4 71.78 (5) AGREEMENT WITH DEPARTMENT. Copies of returns and claims specified
5 in sub. (1) and related schedules, exhibits, writings or audit reports shall not be
6 furnished to the persons listed under sub. (4), except persons under sub. (4) (e), (k),
7 (n), (o) and (q) or under an agreement between the department of revenue and
8 another agency of government or the Wisconsin Economic Development Corporation.

9 SECTION 3. 238.08 of the statutes is amended to read:

INS
2-18:

238.08 (1)
6

10 238.08 Records of the corporation. All records of the corporation are open
11 to the public as provided in s. 19.35 (1) except those records relating to pending
12 grants, loans, or economic development projects that, in the opinion of the
13 corporation, must remain confidential to protect the competitive nature of the grant,
14 loan, or project and except records received from the department of revenue pursuant
15 to an agreement under s. 71.78 (5).

16

(END)

**2019-2020 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1757/P2ins
EKL:kjf

1

INS 2-24

****NOTE: This is reconciled s. 238.08(1). This SECTION has been affected by drafts with the following LRB numbers: -1757/p2 and -1796/p1.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1757/P3dn
EKL:cde

February 21, 2019

Brian Quinn:

This draft reconciles LRB-1757/P2 and LRB-1796/P1. Both of these drafts should continue to appear in the compiled bill.

Erika Lunder
Legislative Attorney
(608) 504-5819
erika.lunder@legis.wisconsin.gov



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1757/P3
EKL:kjf&cde

DOA:.....Quinn, BB0261 - WEDC accountability provisions

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau
COMMERCE AND ECONOMIC DEVELOPMENT
ECONOMIC DEVELOPMENT

1. Disclosure of WEDC contracts and changes to projects

Under this bill, any WEDC contract under which a taxpayer may be eligible to claim total tax benefits in excess of \$5,000,000 must require the taxpayer to notify WEDC of any material change to the project and the effect of the material change on the contract's performance goals or requirements. The bill requires WEDC to notify JCF of these material changes and any other material change to a contract under which a taxpayer may be eligible to claim total tax benefits in excess of \$5,000,000 that is due to an amendment to the contract. The bill also requires that WEDC's Internet site contain a searchable database of all final contracts, including amendments, that provide a grant, loan, or tax benefit.

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

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

1 **SECTION 1.** 238.116 of the statutes is created to read:

2 **238.116 Reporting of material changes in contracts for tax benefits. (1)**

3 Each contract the corporation executes with a taxpayer under which the taxpayer
4 may be eligible to claim tax benefits in excess of \$5,000,000 during the term of the
5 contract shall include a requirement that the taxpayer promptly notify the
6 corporation of all of the following:

7 (a) Each material change to a project subject to the contract.

8 (b) All effects of each material change under par. (a) on the contract's
9 performance goals or requirements, including job retention, creation, or training and
10 capital expenditures, and any effect on the timing of the taxpayer's achievement of
11 the performance goals or requirements.

12 **(2)** The corporation shall notify the joint committee on finance of any material
13 change for which the corporation receives notice under sub. (1) and, for any contract
14 under which a taxpayer may be eligible to claim tax benefits in excess of \$5,000,000
15 during the term of the contract, of any material change due to an amendment to the
16 contract.

17 **SECTION 2.** 238.08 of the statutes is renumbered 238.08 (1) and amended to
18 read:

19 **238.08 (1)** All records of the corporation are open to the public as provided in
20 s. 19.35 (1) except those records relating to pending grants, loans, or economic
21 development projects that, in the opinion of the corporation, must remain
22 confidential to protect the competitive nature of the grant, loan, or project and except
23 records received from the department of revenue pursuant to an agreement under
24 s. 71.78 (5).

***NOTE: This is reconciled s. 238.08(1). This SECTION has been affected by drafts with the following LRB numbers: -1757/p2 and -1796/p1.

1 **SECTION 3.** 238.08 (2) of the statutes is created to read:

2 238.08 (2) The corporation shall maintain on its Internet site a searchable,
3 electronic database that allows any person to inspect all final contracts, including
4 final amendments to these contracts, under which the corporation agrees to provide
5 a grant, loan, or tax benefit. The corporation shall add a final contract or final
6 amendment to the database no later than 30 days after the contract or amendment
7 is executed.

8 **SECTION 9349. Initial applicability; Wisconsin Economic Development**
9 **Corporation.**

10 (1) REPORTING OF MATERIAL CHANGES TO CONTRACTS. The treatment of s. 238.116
11 first applies to contracts entered into, modified, or renewed on the effective date of
12 this subsection.

13

(END)