



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2009 Wisconsin Act 332
[2009 Senate Bill 651]

**Loan Program for Clean Energy and
“Green” Manufacturing and Water
Consumption Tax Credit**

Generally, 2009 Wisconsin Act 332 authorizes the Department of Commerce (Commerce) to make loans to manufacturing businesses for activities related to energy efficiency, as well as retooling or expansion related to clean energy and the “green” economy. The Act provides for consistency and cooperation between the Public Service Commission and Commerce, and specifies the payment of certain wages on work performed with loan proceeds provided under the Act. Act 332 also creates a non-refundable water consumption tax credit for certain industrial customers of municipal water utilities.

Loans to Manufacturing Businesses

2009 Wisconsin Act 332 authorizes Commerce to make loans to manufacturing businesses for any of the following activities:

- Implementing energy efficiency measures in their facilities.
- Retooling to manufacture products that support the green economy.
- Expanding or establishing domestic clean energy manufacturing.
- Creating or retaining workers engaged in the preceding activities.

The Act requires Commerce to promulgate rules that do all of the following:

- Set clear job creation or job retention standards for loan recipients.
- Establish minimum energy savings requirements.
- Give priority to existing manufacturing businesses and idle manufacturing facilities.

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature’s Web site at: <http://www.legis.state.wi.us/>.

- Ensure that loans will be distributed throughout the state.

Loan Funding

Funding for loans under the Act comes from current appropriations that fund a variety of economic development programs, including appropriations that receive repayments of loans made by Commerce under other economic development programs and programs created under the Act, and from certain federal moneys received by the state. Under the Act, the Governor must deposit federal moneys that could be used to assist manufacturing businesses in the state retool for, or expand, production of clean energy in an appropriation account that funds loans under the program created by the Act, unless the moneys are otherwise appropriated and subject to applicable federal restrictions.

Wages on Projects Paid by Loan Proceeds

Act 332 requires that employees of a business that receives a loan, and employees of that business's contractors and subcontractors, shall be paid an hourly wage of not less than 150% of the federal minimum wage with regard to work paid for with proceeds from a loan made pursuant to the loan program created by the Act.

Public Service Commission

As overseen by the Public Service Commission (PSC), Act 332 requires energy utility programs to include components for implementing energy efficiency or renewable resource measures in manufacturing business facilities that are consistent with the objectives under the loan program described above.

The Act also requires a person with whom energy utilities contract for administering the energy utility programs to ensure coordination between the loan program and the energy utility programs that are directed towards industrial and manufacturing customers of energy utilities. The Act requires such a person to submit annual reports to the PSC and the department regarding the energy utility programs that are directed towards such customers.

In addition, Act 332 requires the PSC to cooperate with Commerce to ensure coordination between the energy utility programs and the loan program.

Water Consumption Tax Credit

For taxable years beginning after December 31, 2009 and before January 1, 2020, Act 332 creates a non-refundable water consumption income tax credit for certain industrial customers of municipal water utilities. A taxpayer is eligible for the credit if the taxpayer is an industrial customer of a municipal water utility that is located in a federal renewal community zone in the state, if the taxpayer's average annual water consumption from that utility for a 24-month period exceeds 100,000,000 cubic feet. The tax credit is computed by subtracting the taxpayer's 2009 water usage cost from the taxpayer's usage costs for the taxable year. If that amount is positive, the tax credit is equal to the amount multiplied by 0.5, subject to a \$300,000 maximum limit.

Effective date: 2009 Wisconsin Act 332 takes effect on May 27, 2010.

Prepared by: Scott Grosz, Staff Attorney
SG:kms

May 19, 2010