

# Back to Work Wisconsin Special Session

September 2011

*Access to Capital • Regulatory Streamlining • Workforce Development.  
Tax Relief • Transportation and Infrastructure • Litigation Certainty.*

## Access to Capital

### **Assembly Bill 20 – Rep. Barca and Sen. Lassa**

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Relating to: allowing refunds for the early stage seed and angel investment tax credits and making an appropriation.

#### Summary

- Makes the Act 255 Angel Investment Credits refundable.
- Making the credit refundable will make investing in these businesses even more attractive, particularly to out-of-state investors, increasing overall investment in early stage businesses.
- The Angel Investment and Venture Capital Tax Credit programs are designed to encourage investment in small, high-technology businesses that have high growth potential.
- Early-stage businesses conducting pre-commercialization activities related to proprietary technology may be designated as Qualified New Business Ventures.
- Angel investors, angel investment networks and venture capital seed funds may qualify for Wisconsin tax credits by investing in these designated companies.

### **Assembly Bill 90 and Senate Bill 40 – Rep. Clark and Sen. Lassa**

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Relating to: entrepreneurial tax credit access grants, providing an exemption from emergency rule procedures, granting rule-making authority, and making an appropriation.

#### Summary

- Increases access to capital for small businesses by allowing them to use existing state tax credits up front as equity in a financing package.
- Can be claimed by businesses with less than 25 employees or less than \$5 million in annual gross receipts.
- Lenders would need to certify that the proposed loan is for activities covered under the applicable tax credit program.
- Funds would be distributed directly to the lender.

### **Assembly Bill 179 – Rep. Weininger and Sen. Cowles**

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Relating to: authorizing the creation of a multijurisdictional tax incremental financing district.

#### Summary

- Allows any number of cities and villages to jointly participate in the creation of a Tax Incremental Financing District.
- Will give local governments the ability to spur development along jurisdictional border regions, areas which are more likely to be blighted than others.
- The option of multijurisdictional tax incremental financing will prevent disparities and detrimental competition along borders, instead allowing for mutual benefit among participating municipalities.

### **Assembly Bill 211 – Rep. Molepske, Rep. Williams and Sen. Lassa**

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Relating to: an income and franchise tax credit for investments in a community development financial institution.

#### Summary

- Passed the State Assembly with a bipartisan vote.
- Allows the Wisconsin Economic Development Corporation to certify a person making a qualified investment in a registered community development financial institution (CDFI) to receive a tax credit.
- A person receiving the tax credits may claim 10% of the individual's investment (if the investment is at least \$10,000, but not more than \$150,000), or 12% (if the investment is more than \$150,000, but not more than \$500,000).
- WEDC may certify up to \$1 million in tax credits in any calendar year.
- Will help local communities attract investments in CDFIs, which will lead to increased assistance available to community businesses, spurring economic development in their respective community.

### **LRB 1875 – Rep. Petryk, Bernier and Larson and Sen. Leibham**

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Relating to: small business loan guarantees by the Wisconsin Housing and Economic Development Authority.

#### Summary

- WHEDA administers the small business development loan guarantee program that guarantees repayment of a loan, made by a private lender to small business, which can be used for expenses associated with the expansion or acquisition of a business, or the start-up of a small business.
- This legislation increases the cap on the amount of a loan that may be guaranteed under WHEDA to from \$200,000 to \$500,000 or 80% of the loan, increases the size of the business that receives a loan from 50 to 250 full-time employees, and increases the types of communities eligible under this program to now include all the communities in Wisconsin.
- Due to increased input costs, i.e. materials, licensing, etc., costs associated with business projects have increased and this legislation will enable WHEDA to assist in the resulting larger amount loans.

- WHEDA becomes a viable financing option on larger projects that will help create more jobs in Wisconsin – WHEDA’s guarantees will become more attractive to a broader customer base.

### **LRB 1877 – Rep. Nerison and Sen. Schultz**

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Relating to: changes to agricultural production and loan guarantee programs administered by the Wisconsin Housing and Economic Development Authority.

#### Summary

- WHEDA administers agricultural-related loan guarantee programs designed to foster agricultural development, and this legislation will help increase the quality of assistance WHEDA is able to offer to our agricultural producers in Wisconsin.
- This legislation increases the maximum loan principal amount for which a borrower may receive an agricultural production loan guarantee from \$100,000 to \$150,000 and extends the term of an eligible guaranteed loan to 12 months, and also sets the guarantee for an agricultural development loan guarantee at \$500,000 or 80% of the loan, whichever is less.
- Will be able to guarantee more loans needed to finance agricultural development, such as a physical plant, machinery or equipment, or marketing expenses or working capital associated with an agricultural commodity produced in Wisconsin.
- Help increase economic development in the agriculture industry and positively impact the rural areas throughout Wisconsin.

### **LRB 2861 – Sen. Wanggaard and Rep. Marklein**

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Relating to: creation of the Wisconsin Next Generation Reserve Board and Wisconsin next generation reserve fund, authorizing the State of Wisconsin Investment Board to provide certain advice, services, facilities, and loans to state agencies and others, and making appropriations.

#### Summary

- Creates a Next Generation Jobs Board and Reserve fund to foster the growth of small start-up, bioscience businesses in Wisconsin.
- The board would be authorized to make grants, issue loans and make direct investments in Wisconsin bioscience businesses.
- The Reserve fund would be funded with a continuing appropriation in the amount of 95% of the new payroll tax revenues from bioscience businesses.
- The appropriation sunsets after 15 years and is capped at \$50 million annually and \$500 million over the life of the program.

### **Wetland and Habitat Restoration – Sen. Kedzie and Rep. Mursau**

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Changes to wetland water quality certifications which will help streamline the permitting process while maintaining protections for our most valuable wetland resources

#### Summary

- Makes it easier to do business in Wisconsin and maintains wetland protections through clear simple regulatory process.
- Improved and simplified wetland permitting process with clear application requirements and predictable review.
- Achieve an overall increase in wetland acreage through restoration fees, banking and mitigation.
- Improve the overall quality of wetlands in Wisconsin.
- Increase access to lands for outdoor recreational activities by requiring they be open to hunting, fishing, and trapping.
- Provide more consistency with the Army Corp of Engineers by mirroring federal guidelines and regulations.

### **LRB 1446 – Sen. Kedzie and Rep. Mursau**

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Relating to: information required to be published on the Department of Natural Resources Internet Web site; identification of areas of significant scientific value for purposes of regulating the placement of deposits and structures on the beds of navigable waters and the removal of materials from the beds of navigable waters; requirements for the placement of certain piers and wharves; repair and maintenance of boat houses and fixed houseboats; permit exemptions for land grading activities and for persons who place piers and wharves in navigable waters; placement of fill or structures within a bulkhead line; procedures for issuing individual permits, contracts, and general permits and contracts for structures, deposits, and other activities in or near navigable waters; expedited procedures for plan approvals for dams and for water and sewerage systems; and granting rule-making authority.

#### Summary

- Makes a number of reforms in various DNR programs which will allow them to operate more efficiently
- Requires DNR to create publicly accessible electronic data system for ordinary high water marks and navigability determinations
- Grandfathers all existing piers and sets maximum allowable platform size placed after the bill at 200 square ft
- Incorporates timelines for DNR to make determinations during the permitting process
- Allows for web based public notice system for environmental permits

## **LRB 2769 – Rep. Strachota and Sen. Zipperer & Galloway**

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Relating to: various duties of the Department of Revenue, including issuing declaratory judgments, conducting audits and assessments, asserting liability, allowing claims for refunds, awarding the costs of litigation, imposing penalties related to a taxpayer's negligence, and requiring the exercise of rule-making authority.

### Summary

- Changes some Department of Revenue processes to be more taxpayer friendly.
- Allows a taxpayer to rely on any published guidance or advice received from past audits.
- Sets a timeframe for DOR to act on a petition for a declaratory ruling.
- Allows for a decision made by the Tax Appeals Commission to be cited in future commission and court cases.
- Protects taxpayer confidentiality by expanding the prohibition on DOR employees browsing tax returns outside their duties to include any tax information derived from a return or claim.

## **LRB 2854 – Governor Walker**

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Relating to: the film production services tax credit application fee.

### Summary

- Reduces the application fee for the film production services tax credit from 2 percent of the production expenditures or \$5,000, whichever is less to a flat \$500 per application.
- Will make it easier for production companies to apply for the credit and therefore attract more film projects to the state.

### **Assembly Bill 97 – Rep. Ripp and Sen. Lassa**

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Relating to: advanced manufacturing skills grants for technical colleges.

#### Summary

- Increases grants awarded by the Wisconsin Technical College System for advanced manufacturing skills from \$2 million to \$2.4 million
- This program helps companies grow, expand and create new jobs, and helps employees improve their skills and compete for the jobs of tomorrow.
- Truly bipartisan approach – this program was created by the Democrats in the last legislative session.
- The original \$1 million in grants were used rapidly by 103 companies to train 4,135 workers.

### **LRB 2221 – Rep. Radcliffe**

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Relating to: authorizing a school board to grant a vocational high school diploma.

#### Summary

- Permits, but does not mandate, school districts to offer a vocational high school diploma in addition to a traditional high school diploma.
- Allows the school district to develop a vocational program in an area of local interest.
- Allows the district to develop its own curriculum, subject to DPI approval.
- Gives interested students the flexibility they need to learn a vocational skill while still in high school.

**Assembly Bill 145 and Senate Bill 102 – Sen. Leibham and Rep. Klenke**

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Relating to: authorizing the Public Service Commission to approve temporary electric rates to promote economic development.

**Summary**

- An electric public utility, if approved by the PSC, will be able to offer discounted rates to qualifying industrial customer if the PSC determines the discounted rates will promote economic development.
- A current customer may qualify for discounted rates if they demonstrate that it will increase its energy consumption by 5% over its average energy consumption over the previous 36 months.
- A customer may also qualify if they demonstrate that it will be unable to maintain operations in Wisconsin without a discounted rate, and the customer has received local or state economic development assistance or will receive such assistance within two years following the discounted rate request.
- Promotes economic development and industrial expansion by providing temporary utility rate reductions to customers seeking to expand production, or retain production in Wisconsin – provides a program similar to other states to allow Wisconsin to compete for economic expansion.
- A substitute amendment has been drafted to this legislation

**Assembly Bill 220 – Rep. Murtha and Sen. Moulton**

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Relating to: an income and franchise tax credit for workplace wellness programs, granting rule-making authority, and requiring the exercise of rule-making authority.

**Summary**

- Creates an income and franchise tax credit equal to 30% of the cost to operate an employee wellness program and allows it to be collected for 3 years.
- Results in incentives for employers to initiate workplace wellness programs, which increase overall employee health and eventually lower healthcare costs.
- Though workplace wellness programs are already a good investment, savings are not realized for a number of years—this bill lowers the initial costs (through tax credits) that can serve as an impediment for smaller businesses.
- This will help address the growing problem we face with chronic diseases such as obesity and diabetes through nutrition education and exercise as well as provide stress management and smoking cessation programs.

**AB 277 and SB 203 – Rep. Strachota and Sen. Wanggaard**

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Relating to: adopting federal law as it relates to excluding from an employee's income certain payments from an employer related to medical care.

**Summary**

- Conforms the Wisconsin tax code to match the federal provision which excludes employer contributions for health insurance from an employee's gross income for adult dependents.

- Will help simplify an administrative burden on businesses and their employees
- The bill first applies to tax years beginning on January 1, 2011.

### **Senate Bill 171 – Sen. Taylor and Rep. Toles**

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Relating to: exempting from income taxation certain employer-paid fringe benefits for mass transit expenses.

#### Summary

- Creates an individual income tax exemption for the cost of a public transportation pass provided by an employer to an employee, or for the money paid by an employer to an employee to purchase such a pass, of up to \$230 per month.
- This will extend the existing federal income exemption to Wisconsin tax law.
- Will make public transportation more appealing to employers and employees.

### **Assembly Bill 252 and Senate Bill 195 – Rep. Petrowski and Sen. Lazich**

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Relating to: seasonal weight limitations for certain vehicles transporting agricultural crops

#### Summary

- Extends the current exemption for vehicles transporting raw agricultural products to December 31<sup>st</sup>. Currently the Department of Transportation exempts certain vehicles or a combination of vehicles transporting agricultural crops to exceed weight limits by no more than 15 percent without a permit between September 1 and November 30 of each year.
- Allows farmers to cut transportation costs and increase their ability to compete with other states and countries.
- This increased efficiency is that more important at a time when farmers are dealing with rising fuel prices.

### **Assembly Bill 253 and Senate Bill 189 – Rep. Petrowski and Sen. Lazich**

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Relating to: the maximum permissible length of vehicles carrying poles, pipe, girders, and similar materials on highways

#### Summary

- Removes an unnecessary bureaucratic step by eliminating the oversize permit issued by the Department of Transportation for the transportation of poles, pipe, girders and similar materials.
- Would allow utilities, public service corporations, and pipeline companies to transport poles and pipes without approval for individual trips.
- Transport of the same loads, for similar purposes, is allowed under Minnesota statutes without the issuance of an oversize permit.

### **Assembly Bill 254 and Senate Bill 190 – Rep. Petrowski and Sen. Lazich**

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Relating to: the maximum permissible length of single vehicles operated on a highway without an overweight permit

#### Summary

- Increases the maximum permissible length of a single vehicle operated on a highway from 40 to 45 feet.
- Wisconsin is currently the only state in the region that limits most single vehicles to a maximum of 40 feet.
- Increasing the single vehicle length will facilitate crossborder transport and avoid disadvantage to Wisconsin businesses by limiting cargo capacity without compromising safety.

## **LRB 2900 – Rep. Petrowski and Sen. Lazich**

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Relating to: permits for overweight vehicle combinations transporting sealed containers or vehicles in international trade

### Summary

- Allows the Department of Transportation to issue overweight permits for vehicles with six or more axles transporting sealed loads.
- Increases the ability of Wisconsin companies to enter the international market by cutting their transportation costs without damaging the infrastructure. Currently, shippers often have to truck their products to IL or MN to be transported in a sealed container for an international destination. That makes it extremely difficult for Wisconsin producers to compete.
- Subject to federal concurrence, includes operation on the interstate system.
- Consistent with the Wisconsin Truck Size and Weight Study

## **LRB 2901 – Rep. Petrowski and Sen. Lazich**

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Relating to: annual or consecutive month permits for certain overweight vehicle combinations transporting agricultural commodities

### Summary

- Creates a new permit that will allow specific agricultural products originating at a field or farm, destined for a farm, initial processing or storage facility to be transported at 90,000lbs on 6 axles. The current limit is 80,000lbs on 5 axles outside the annual harvest exemption.
- Allows farmers and agriculture producers to cut transportation costs and increase their ability to compete with other states and countries.
- Consistent with the Wisconsin Truck Size and Weight Study

### **LRB 2670 – Rep. Vos and Sen. Zipperer**

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Relating to: factors for determining the reasonableness of attorney fees.

#### Summary

- Requires a court to consider certain factors to determine reasonable attorney fees
- Factors include, but not limited to the following:
  - amount involved in the dispute
  - actual outcome of the dispute
  - novelty and difficulty of the questions involved
  - complexity of the case
- Would limit attorney fees to three times the award with certain limiting factors and exemptions including whether nonmonetary relief is awarded or in cases involving both compensatory damages and nonmonetary relief

### **LRB 2890 – Rep. Kooyenga and Sen. Zipperer**

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Relating to: providing immunity from liability to drug and device manufacturers and sellers under certain circumstances

#### Summary

- This bill provides immunity to manufactures and sellers of medical devices/drugs from lawsuits if their product received approval from the federal Food and Drug Administration at the time the device/drug left the control of the manufacturer or seller.
- Also provides immunity from liability to a manufacturer or seller of a drug/device for any claim based on the failure to warn of the risk of the drug/device if labeling was made available to the consumer, the person who prescribed the drug/device, and the labeling was in compliance with established FDA standards
- Legislation covers defects in design, which undergo a strenuous FDA approval process
- Does not cover defects that occur in the manufacturing process

### **LRB 2939 – Rep. Williams and Sen. Galloway**

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Relating to: duty of care owed to trespassers

#### Summary

- Current law in WI does not hold property owners and outdoor employers liable for trespassers who are injured on their property through no fault of the property owner.
- Under the Third Reinstatement of Torts spreading across the country, landowners have a duty to exercise reasonable care to all entrants on property, including unwanted trespassers.
- This bill would pre-empt courts in WI from adopting this Third Reinstatement
- Current law in WI would be protected

Relating to: interest rates on judgments in certain civil actions

Summary

- Currently, Wisconsin allows interest on judgments involving the recovery of money at the rate of 12% per year from the date of entry judgment. This is one of the highest interest rates in the country and was established in the 1979-1980 legislative session.
- Changes the interest rate on judgments for the recovery of money in certain civil actions to an annual rate of 1 percent plus the prime rate in effect on the day the judgment is entered.
- Improves the legal climate for job creators.