

RESPONSE COMMENTS TO LEGISLATIVE COUNCIL RULES CLEARINGHOUSE REPORT

Clearinghouse comment 2. a. Statutory references in the rule summary are made without abbreviating “section” and “Statutes” because s. 227.14 (2) (a), Stats., directs agencies to prepare that analysis in plain language.

2. c. The rules define “person” in a manner that is consistent with ss. 71.01 (9) and 71.42 (4), Stats., rather than s. 990.01, Stats., because the tax-credit criteria in the rules are directly linked to corresponding tax-credit criteria in ss. 71.07 (2dy), 71.28 (1dy) and 71.47 (1dy), Stats.

Clearinghouse comment 4. Businesses that currently are interested in applying for tax credits (or for any other form of financial assistance) from the Department typically must obtain an application form from one of the Department’s Area Development Managers. The ADMs meet with businesses to discuss specific projects and determine (1) whether they are eligible for Departmental assistance and (2) which program would be most appropriate for the project. In this way, the ADMs act as a filter, ensuring that ineligible projects do not reach the Department’s underwriters for review. Since the tax credit program addressed by these rules is not an entitlement program, this filtering process will not only help Department staff avoid unnecessary, time-consuming work, but also save some businesses the time and expense of preparing either an inappropriate application or an application that has no chance of being approved.

Clearinghouse comment 5a. The use of “up to” in the cited sections and tables gives the Department the flexibility to adjust individual awards in consideration of a variety of factors, including the following:

- The number and quality of jobs being created, including the quality of benefits provided by the employer.
- The number and quality of existing jobs at the project location.
- The amount of capital investment relative to the size of the applicant.
- The impact of the project on the applicant’s future in Wisconsin.
- The importance of the employer to the community in which the project is located.
- The economic demographics of the community in which the project is located.
- The impact of the applicant’s business on other Wisconsin businesses.
- The extent to which other public funds are supporting the project.
- The amount of financial assistance the applicant has previously received from the Department.
- The applicant’s projected Wisconsin income tax liability.

Consideration of these factors allows the Department to tailor each tax credit allocation to the specific needs of the applicant and the local community, and enables the Department to achieve maximum effectiveness with a limited resource. These factors are generally addressed in the application form and the corresponding discussion between a business and one of the Department’s Area Development Managers.

5. b. As part of the standard application, businesses are required to submit financial records for the three preceding years. Department underwriters who review the applications study these financial records and determine whether the capital investment associated with the project is above and beyond the applicant’s normal cost of doing business.