

GENERAL FUND TAXES/REVENUE/PUBLIC FINANCE AUTHORITY

Omnibus Motion

[LFB Papers #285 thru #301, #310 thru #313, #540, #541, #545, and #546]

Motion:

Move to modify the bill as follows:

**Income and Franchise Taxes**

1. *Income Tax Rate Reduction*. Delete the income tax rate and bracket changes recommended by the Governor (Alternative 4 in LFB Paper #285). Compared to the bill, estimate increased tax revenues of \$104.4 million in 2017-18 and \$99.1 million in 2018-19.

2. *Alternative Minimum Tax (AMT)*. Eliminate the state AMT, effective in tax year 2019. Estimate decreased tax revenues of \$1.75 million in 2018-19, and \$7 million annually thereafter.

3. *Earned Income Tax Credit (EITC)*. Delete the modifications recommended by the Governor to: (a) increase the rate of the state EITC for families with one child (Alternative 4 in LFB Paper #287); (b) enhance the state EITC for claimants who become married (Alternative 3 in LFB Paper #288); (c) create a state EITC for noncustodial parents (Alternative 2 in LFB Paper #289); and (d) deny eligibility for the credit to claimants who have disqualified losses in excess of \$15,000 (Alternative 2 in LFB Paper #290). In addition, decrease funding by \$2,100,000 GPR in 2017-18 and increase funding by \$450,000 GPR in 2018-19 to cover the cost of the credit under current law (Modification in LFB Paper #286).

4. *Manufacturing and Agriculture Credit (MAC)*. Modify the Governor's recommendation regarding the interaction of the MAC and the credit for taxes paid to another state to clarify that the taxpayer could choose to claim either the MAC or the other state's tax credit, but not both (Modification in LFB Paper #291).

5. *Charitable Contributions from IRAs*. As under federal law, allow persons over 70½ years of age to exclude from taxable income up to \$100,000 distributed from an individual retirement account to a charitable organization, effective in tax year 2018.

6. *Refundable Business Tax Credit Claims*. Require that claims for the refundable enterprise zone, business development, and electronics and information technology manufacturing zone tax credits be filed with, and paid by, the Wisconsin Economic Development Corporation (WEDC) from the existing GPR appropriations for the credits using policies and procedures developed by the WEDC Board. Specify that this provision

would first apply to credit claims filed on January 1, 2018. In addition, require credits earned by pass-through entities to be claimed by, and paid to, the business entity instead of the individual owners of the business, effective with credits earned by pass-through entities on January 1, 2018. For credits earned on or after that date, prohibit partners, members of limited liability companies (LLCs), and shareholders of tax-option (S) corporations from claiming the credits individually. Specify that WEDC may recover such credits that have been revoked or that are otherwise invalid from either the pass-through entity or the individual owners of the entity.

7. *Limit on Enterprise Zones.* Eliminate the Governor's proposal to allow WEDC to designate new enterprise zones if an existing zone designation expires or if WEDC revokes all certifications for tax benefits within a designated zone and cancels the designation of that zone. In addition, eliminate the current law limit that WEDC may not designate more than 30 zones and, instead, specify that WEDC may not verify businesses as eligible to claim enterprise zone credits of more than \$80.6 million in the 2017-19 biennium and each succeeding biennium. Permit WEDC to exceed the biennial limit if a larger limit is approved by the Joint Committee on Finance under a 14-day passive review process.

8. *Enterprise Zone and Jobs Tax Credit Reestimates.* Reduce estimated expenditures for the enterprise zones tax credit and the jobs tax credit under current law by \$8.0 million in 2016-17 and increase estimated expenditures by \$4.7 million in 2017-18 and \$11.45 million in 2018-19 (Modification in LFB Paper #295).

9. *Historic Rehabilitation Tax Credit.* Delete all of the Governor's recommendations regarding the state supplement to the federal historic rehabilitation tax credit except for the provision that would specify if a person that claims the state credit is required to repay any amount of the federal credit for the same qualified rehabilitation expenditures on which the state credit was claimed, that person would have to repay a proportionate amount of the state credit (Alternative 5 in LFB Paper #296). Limit the amount of historic credits that WEDC can certify a person to receive to no more than \$5 million for all rehabilitation projects undertaken on the same parcel, beginning with certifications on July 1, 2018. In addition, prohibit WEDC from certifying nonprofit entities that are not defined under section 501(c)(3) of the Internal Revenue Code as eligible to claim the credit unless WEDC submits a request to certify the entity to the Joint Committee on Finance under a 14-day passive review process. Reduce estimated state tax revenues under the bill by \$3.0 million in 2017-18 and \$13.8 million in 2018-19.

10. *Reallocation of Angel and Early Stage Seed Credits.* Delete the Governor's recommendation to permit WEDC to request a reallocation of nonrefundable investment credits that were unused in the immediately preceding calendar year, rather than credits that are unused in the current calendar year, to the refundable business development credit. Repeal the current law provision allowing WEDC to request a reallocation of unused investment credits to the business development credit under a 14-day passive review of the Joint Committee on Finance. Instead, permit WEDC to request an increase of up to \$10 million annually to the \$22 million statutory limit for the amount of business development credits that may be allocated. Require WEDC to provide evidence in its request as to why the request is necessary to accomplish its statewide economic development objectives (Alternative 2 in LFB Paper #297).

11. *Investment Limit for Qualified New Business Ventures (QNBVs)*. Delete the Governor's proposed increase in the investment limit from \$8 million to \$12 million for QNBVs certified by WEDC under the angel and early stage seed investment credit programs (Alternative 3 in LFB Paper #298).

12. *Deductions Used to Calculate the Itemized Deduction Credit (IDC)*. Delete the Governor's recommendation regarding calculation of the IDC for persons subject to the federal alternative minimum tax.

13. *Interest Paid on Refundable Tax Credits*. Specify that the Governor's proposal to prohibit DOR from paying interest on jobs, business development, and enterprise zone tax credit claims would first apply to refunds issued on the bill's general effective date (Modification in LFB Paper #299).

14. *Assessments to Recover Revoked Tax Credits*. Permit DOR to make an assessment to recover all or a part of any tax credit claimed by the taxpayer that was revoked by WEDC within one year of receiving notice of the revocation from WEDC (Modification in LFB Paper #300). [Under the Governor's bill, DOR could make such an assessment if WEDC revoked the tax credit allocation and provided DOR notice of the revocation within one year of providing notice of the revocation to the taxpayer].

15. *Adoption Deduction*. Allow the \$5,000 state deduction for adoption expenses to be claimed for adoptions finalized in other states and countries, effective in tax year 2017.

16. *Credit for Taxes Paid to Other States*. Effective in tax year 2017, modify the credit for taxes paid to other states by limiting the amount of the credit that may be claimed to the amount of taxes that would be paid if the same income was taxed under the Wisconsin individual income tax. Specify that the Wisconsin credit shall not exceed the amount determined by multiplying the net Wisconsin income tax by the ratio derived by dividing the income subject to tax in the other state that is also subject to tax in Wisconsin while a resident of Wisconsin by the person's Wisconsin adjusted gross income or Wisconsin taxable income for estates and trusts. Define net tax as the gross Wisconsin income tax, including the minimum tax, less all nonrefundable credits, except the credit for taxes paid to other states. Specify that the income taxed by the other state must also be considered income for Wisconsin tax purposes, that amounts declared and paid under the income tax law of another state be considered a net income tax paid to that other state only in the year in which the income tax return for that state is required to be filed, and that income and franchise taxes paid to another state by a tax-option corporation, partnership, or limited liability company that is treated as a partnership may be claimed as a credit by the corporation's shareholders, that partnership's partners, or that limited liability company's members who are residents of Wisconsin and who otherwise qualify under the credit. For Wisconsin residents with income taxed in the four surrounding states, allow those residents to calculate the credit for that income without the proposed limitation.

17. *Reporting Requirement for Captive Insurance Companies*. Delete the Governor's recommended reporting requirement for captive insurance companies that are combined group members. Compared to the bill, estimate decreased state tax revenues of \$1,000,000 annually

beginning in 2017-18.

18. *Disregarded Entity Notification.* Delete the Governor's provisions regarding notices provided to owners of single-owner entities that are disregarded as separate entities for tax purposes.

19. *Working Families Tax Credit.* Eliminate the working families tax credit beginning in tax year 2017.

20. *Income Tax Exclusion for Olympians.* Exclude from the individual income tax, regardless of the individual's federal adjusted gross income, the value of any Olympic, Paralympic, or Special Olympics medal won by an individual and the amount of any payment an individual receives from the U.S. Olympic Committee or from the Special Olympics Board of Directors, but only to the extent that the payment is made because the individual won an Olympic, Paralympic, or Special Olympics medal. Extend the exclusion retroactively to tax year 2016 and to tax years thereafter.

21. *Apportionment for Broadcasters.* Specify that, under laws governing the individual income tax and corporate income/franchise tax, a "broadcaster" means a television or radio station licensed by the Federal Communications Commission, a television or radio broadcast network, a cable television network, or a television distribution company, but does not include a cable service provider, a direct broadcast satellite system, or an internet content distributor. Specify that a broadcaster's gross receipts from advertising are in this state only if the advertiser's commercial domicile is in this state. Specify that a broadcaster's gross royalties and other gross receipts received for the use or license of intangible property are sales in this state only if the commercial domicile of the purchaser or licensee is in this state and the purchaser or licensee has a direct connection or relationship with the broadcaster pursuant to a contract under which the royalties or receipts are derived. Specify that these provisions do not apply to the gross receipts of members of a combined group that are not broadcasters.

Adjust the amount of a broadcaster's gross receipts from advertising and from the license or use of intangible property as follows:

a. Determine the amount of the numerator of the sales factor for a broadcaster under the provisions described above.

b. Multiply 1% by the total amount of domestic gross receipts of the broadcaster from advertising and royalties and other gross receipts received for the use or license of intangible property.

c. Determine the numerator of the sales factor for a broadcaster by substituting the amount determined under "b" for the total amount determined under "a."

d. Except as provided under "e," specify that, if the amount of the numerator determined under "c" is more than the amount determined under "a," substitute the amount of total gross receipts determined under "b" for the total amount of gross receipts determined under "a," and the amount of the numerator for a broadcaster must be the amount determined under "c."

e. If the amount of the numerator computed under "c" is more than 140% of the amount determined under "a," adjust the total amount of gross receipts under "a" so that the amount of the numerator for a broadcaster is 140% of the numerator otherwise determined under "a."

Permit DOR to promulgate rules regarding how broadcasters must adjust their gross receipts in a manner consistent with these provisions.

Specify that these provisions first apply to taxable years beginning on January 1, 2019. Estimate decreased general fund tax revenues of \$3.2 million in 2018-19 and \$13.0 million in 2019-20 and reduced segregated revenues from the economic development surcharge of \$120,000 in 2018-19 and \$470,000 in 2019-20. Increase estimated sum sufficient GPR expenditures in WEDC's operations and programs appropriation by \$120,000 in 2018-19.

22. *Make Research Credit Partially Refundable.* Modify the nonrefundable research expense credits (including the engine and energy efficiency credits), as computed under current law, to be split into two components. Specify that one component of the research credit be a nonrefundable credit equal to 90% of the current credit amount, which could be claimed and used in the same manner as under current law. Specify that the other component of the credit be a refundable credit equal to 10% of the current credit amount. Specify that these provisions first apply to new research credit claims beginning in tax year 2018. Estimate increased used credits of \$2.1 million in 2018-19, \$7.5 million in 2019-20, and \$9.0 million in 2020-21.

23. *Business Development Tax Credit.* Make a technical correction to add a cross-reference in the corporate income/franchise tax statutes governing the business development tax credit that was omitted when the credit was created under the 2015-17 biennial budget bill.

24. *Modification to Business Tax Credit Statutes.* Modify the definition of "tax benefits" under WEDC's statutes for its refundable business tax credit programs to specify that the credits are intended to become a permanent part of the working capital structure of the business that claims the credits. Under the corporate tax statutes, modify the state reference to Section 118 of the Internal Revenue Code such that the amount of the credits that are not included in federal taxable income are added to federal taxable income for state tax purposes. Specify that these provisions first apply to taxable years beginning on January 1, 2017.

25. *Illinois Income Tax Reciprocity.* Estimate the annual payment to Illinois under the income tax reciprocity agreement to be \$64,000,000 GPR in 2017-18 and \$90,500,000 GPR in 2018-19. Compared to base level funding, these amounts are higher by \$1,400,000 GPR in 2017-18 and by \$27,900,000 GPR in 2018-19. Compared to the Governor's bill, the revised estimate is lower by \$2,046,000 in 2017-18 and higher by \$22,833,000 in 2018-19. The revision for 2017-18 is a current-law reestimate and the revision for 2018-19 reflects the impact of the recent income tax increase enacted by Illinois. In addition, reduce estimated individual income tax revenues by \$12,900,000 in 2017-18 and \$17,200,000 in 2018-19 to reflect increased claims of the credit for taxes paid to other states by Wisconsin residents who earn nonwage income in Illinois.

### **Sales and Excise Taxes**

26. *Sales Tax Holiday.* Eliminate the proposed sales tax holiday under the bill

(Alternative 7 in LFB Paper #310).

27. *Retailer's Sale of Food Prepared Offsite.* Specify that food consisting of more than 50% yogurt that is prepared by a retailer away from its retail establishment in a building assessed as manufacturing property at which no sales of prepared food are made and subsequently sold by the retailer at its retail establishment would be exempt from the sales tax.

28. *Occasional Sales Exemption.* Approve the Governor's recommendation regarding the sales tax exemption for occasional sales with a modification to reduce the estimated revenue loss from \$169,900 to \$84,900 in 2017-18 (Modification in LFB Paper #313).

29. *Penalty for Overcollection of Sales Tax.* Delete the Governor's recommendation to provide a penalty for a seller's overcollection of sales tax and failure to return refunded sales tax to the buyer.

30. *Sales Tax on Building Materials for Technical Colleges and University of Wisconsin.* Effective July 1, 2018, create a sales and use tax exemption for tangible personal property sold to construction contractors who, in the fulfillment of a contract for real estate construction activities, transfer the property to technical colleges or the University of Wisconsin. Estimate a revenue loss of \$2,500,000 in 2018-19 and annually thereafter.

31. *Sales Tax on Amusement Devices.* Provide a sales and use tax exemption for video and electronic games sold in a tangible form to a person in the business of providing taxable services through an amusement device if the video or electronic game is used exclusively for the amusement device and is invoiced as a separate item from the amusement device. Further, provide an exemption for tangible personal property sold to a person in the business of providing a taxable service through an amusement device if the tangible personal property is used exclusively as a prize awarded or transferred through the use of an amusement device. Specify that these provisions would take effect on the first day of the third month beginning after publication of the budget bill.

32. *Sales Tax on Tournament or League Entrance Fees.* Effective on the first day of the third month beginning after publication of the bill, provide a sales and use tax exemption for tournament or league entrance fees advertised and set aside as prize money.

33. *Sales Tax on Beekeeping.* Effective on the first day of the third month beginning after publication of the bill, provide that beekeeping (the business of moving, raising, producing, and other management of bees or bee products) is considered the business of farming, regardless of the number of hives of bees managed, for purposes of sales and use tax exemptions for: (a) tractors and machines used in the business of farming; (b) other business inputs (including bees, beehives, and bee combs as well as containers for fruits, vegetables bee products, grain, hay, silage, and animal wastes) if used exclusively in the business of farming; (c) electricity sold for farming; (d) fuel sold for use in farming; and (e) drugs used on farm livestock or bees. Further, provide that a retailer includes a person selling drugs for bees to a veterinarian. Under the current administrative code, as it relates to the sales tax, "farming" includes the raising of bees and the production of honey products by a beekeeper having 50 or more hives.

34. *Sales Tax on Farm-Raised Fish.* Specify that sales of farm-raised fish to a fish farm

that is registered with the Department of Agriculture, Trade, and Consumer Protection are exempt from the sales tax, effective on the day after publication of the budget bill.

35. *Private Label Credit Cards.* Delay the effective date for 2013 Act 229 from July 1, 2017, to July 1, 2018, instead of to September 1, 2019, as recommended by the Governor.

36. *Sales Tax Exemption for Broadcast Equipment.* Effective July 1, 2019, exempt broadcast transmitters, satellite dishes, and communications towers, including the material used to construct the tower, from the sales and use tax if the tower is used primarily for transmitting or receiving commercial radio or television program material. Specify that a motor vehicle licensed for highway use is also exempt if it used exclusively in the origination of commercial radio or television program material. In addition, create an exemption for leased space on a communications tower if the space is used exclusively for transmitting or receiving commercial radio or television program material. Specify that "program material" means material transmitted by a commercial radio or television station that is generally available to the public free of charge without a subscription or service agreement, including material used in origination.

37. *Use of Statistical Sampling.* Require DOR to promulgate rules to establish criteria applicable to sales and use tax field audits for which an auditor uses a statistical sampling method whereby the auditor randomly selects a sample of transactions and uses probability theory to evaluate the sample results. Require DOR to establish such criteria to provide that any person with less than \$10 million in annual sales during any year at issue in a field audit may choose to have the audit conducted using statistical sampling. In addition, require DOR to establish criteria specifying the number of transactions necessary to qualify for statistical sampling and the maximum sample size. Require DOR to promulgate emergency rules for the period of time before the effective date of the permanent rule without requiring DOR to provide a finding of emergency. Specify that this provision takes effect on the first day of the sixth month beginning after publication of the bill.

38. *Sales Tax on Internet Access Services.* Repeal the statute imposing the sales tax on internet access services, effective on July 1, 2020 (beginning on that date, federal law will prohibit states from imposing the sales tax on such services).

39. *Cigarette Discount.* Increase the cigarette tax stamp discount from 0.7% to 0.8% for cigarettes manufacturers, bonded direct marketers, and distributors, effective on the first day of the third month beginning after publication of the bill.

### **Tax Administration**

37. *DOR Position and Expenditure Reductions.* Modify the Governor's recommendation to eliminate 9.25 vacant information technology positions and associated expenditures by restoring funding for fringe benefits of \$178,300 GPR in each year to reflect the correct fringe rate for these positions (Modification in LFB Paper #541).

38. *Additional Tax Enforcement Positions.* Reestimate increased tax revenues from the additional tax enforcement positions included in the bill at \$24.0 million in 2017-18 and \$32.0 million in 2018-19 to reflect the October 1, 2017, start date for the new positions (Alternative 1 in LFB Paper #545).

## **Public Finance Authority**

39. *Modifications to Statutes Governing Conduit Revenue Bonds.* Make the following changes to current law governing the Public Finance Authority (PFA):

a. Specify that the PFA may adopt policies and procedures, in addition to bylaws as under current law, and may amend the bylaws, policies, and procedures;

b. Provide that PFA may own or operate property and may gift or otherwise transfer property, and specify that property includes real, personal, tangible or intangible property;

c. Provide that in addition to being able to employ or appoint agents, employees, finance professionals, and special advisors, PFA can employ counsel;

d. Provide that the PFA may purchase bonds issued by or on behalf of, or held by, a subunit of a political subdivision, as well as the federal government or a subunit of the federal government. In addition, clarify current law allowing bond purchases of any state to include a department, authority, or agency of such a state;

e. Define business entity as any nonprofit or for-profit corporation, limited liability company, partnership, or other business organization or entity. Authorize the PFA to create one or more business entity of which it is the sole controlling owner, member, manager, or partner, provided that the purpose of the business entity is to carry out or assist PFA to carry out all or part of the powers of PFA with respect to projects located outside of the state. Specify that control may consist of the power to appoint a majority of, or veto any proposed appointment to, the governing body of such a business entity. Provide that such a business entity have such powers, consistent with the laws of the jurisdiction in which it is organized, as are delegated to it by the PFA and set forth in its organizational documents or resolution. Specify that a business entity may be created or organized under the laws of any state or territory of the United States. Specify that such a business entity and the PFA could make loans to, borrow money from, and acquire or assign or transfer property to or from one another or any participant in a PFA financing. Provide that such a business entity would be subject to the same exemptions and immunities that apply to PFA. Provide that any business entity established would be a legal entity separate and distinct from PFA, and its assets, liabilities and funds could neither be consolidated nor commingled with those PFA or any other business entity created by PFA. Provide that PFA would not be held accountable for the actions, omissions, debts or liabilities of any business entity nor would any business entity be held accountable for the actions, omissions, debts or liabilities of PFA or any other business entity established under this provision.

f. Modify the definition of "participant" under the PFA statutes to include the business entities under item e.

g. Modify the definition of "political subdivision" under the PFA statues include tribal governments.

h. Modify current law references to the "face" of a bond, to instead refer to the "form" of the bond;

- i. Provide that a bond resolution, trust agreement or indenture, or other agreement for providing for issuance of the bonds, may provide that facsimile, electronic, or digital signatures of any person authorized to execute documents, including bonds, on behalf of PFA would be deemed the legal equivalent of a manual signature on specified documents or all documents and would be valid and binding for all purposes;
- j. Modify current law relating to establishing an alternative to specifying the matters required to be specified in a bond resolution, to provide that PFA may delegate authority to the matters appropriate for inclusion, rather than which of the matters are included;
- k. Modify current law requiring that the bond resolution specify the maximum interest to be borne by the bonds, to indicate that the interest rate be expressed as a numerical percentage and without regard to any penalty, default, or taxable rate applicable to the bonds.
- l. Delete a reference to "as provided in the resolution" from current law relating to early mandatory or optional redemption or tender;
- m. Specify that current law relating to a trust agreement or indenture would apply to other agreements providing for issuance of the bonds, and allow the pledge or assignment of tangible or intangible collateral, including contractual rights;
- n. Delete the current law requirement that PFA disclose to any person who purchases a tax exempt bond issued by PFA, that interest paid on the bond is exempt from taxation;
- o. Extend current law that exempts PFA board members from personal liability on the bonds, so that this exemption would apply to an officer, employee, or agent of PFA. Expand this exemption to also apply to any contract entered into by PFA, and provide that it would apply to the business entity under item e;
- p. Extend current law that specifies that the state and the political subdivisions who are parties to the agreement creating PFA are not liable for PFA bonds or contracts, to also apply to any political subdivision within or outside this state approving the issuance of bonds, and that liability would also not apply to bonds or contracts of the business entity under item e;
- q. Extend current law that specifies that the bonds of PFA are not a debt of the state and the political subdivisions who are parties to the agreement creating PFA to also apply to any political subdivision within or outside this state approving the issuance of bonds. Specify that all bonds contain a statement to this effect, but eliminate the current requirement that it be on the face of the bonds;
- r. Delete a current law requirement that PFA have debt covenants audited at least every two years;
- s. Provide that projects not located in this state related to the PFA could not be considered public projects of this state and would not be subject to state law governing public projects;

t. Provide that current law governing local approval of financing by PFA be modified to include approval by an applicable elected representative of the political subdivision, if any, as defined in section 147 (f)(2)(e) of the Internal Revenue Code (IRC), except that for a 1<sup>st</sup> class city, or a county in which a 1<sup>st</sup> class city is located, such approval could only be given by the governing body of the city or county. In addition, specify that except for financing a capital improvement project in Wisconsin, PFA would not need approval under current law or the process described above, if the financing is approved in accordance with section 147(f) of the IRC.

u. Specify that bonds issued by PFA are not considered issued for the purpose of financing a capital improvement project if the bond proceeds are used for any of the following purposes: (a) to finance a facility placed in service for federal tax purposes by the participant or a related person prior to PFA bond issuance, and no more than 10% of the bond proceeds are used to finance the construction, expansion, rehabilitation, renovation, or remodeling of capital improvements; (b) to finance the acquisition of a facility, by a participant or PFA, if no more than 10% of the bond proceeds are used to finance the construction, expansion, rehabilitation, renovation or remodeling of the facility; or (c) to finance PFA's purchase either of bonds issued by a different issuer or of leases or contracts from a 3<sup>rd</sup> party provider, and those bonds, leases, or contracts are or were used to finance in whole or in part the construction, expansion, rehabilitation, renovation, or remodeling of real or tangible personal property.

v. Modify current law allowing projects to be located outside of the United States or its territories if the borrower is incorporated in the U.S., to instead allow such a project if any participant or the borrower is organized under the laws of any state or territory of the U.S. Delete a current law provision that specifies that to the extent current law applies to a borrower, it also applies to a participant if the participant is a nongovernmental entity.

w. Modify current law specifying that any action challenging bond issuance by PFA must be filed in circuit court within 30 days of PFA adopting the authorizing resolution for the bonds, to add the phrase: "or be barred". Specify that current law that generally governs the validity of municipal obligations would not apply to PFA.

x. Authorize eminent domain to a commission created by contract under current law governing intergovernmental cooperation among Wisconsin entities that are acting under the provision of the PFA statute. Under current law, this provision applies to municipal interstate cooperation.

y. Specify that a commission created under the PFA state means an entity created to exercise the powers under the PFA statutes, rather than only issuing bonds under those statutes.

z. Authorize PFA in connection with a project located outside this state directly, or through a business entity created under item e, to participate in any new markets or other tax credit, subsidy, grant, loan, or credit enhancement program, as well as any federal, state or local government program established for the purpose of fostering economic development, including disaster relief, clean or renewable energy, housing assistance, water efficiency, transportation, or any economic development in which PFA or a business entity created under item e is eligible to

participate, regardless of whether bonds are issued. Specify that under this provision, PFA may exercise its powers relating to property transfers, accepting gifts, collecting fees, making loans, mortgaging property, assigning its interests, or obtaining insurance for debt repayment, or may delegate those powers to a business entity created under item e.

aa. Require a commission and any entity created under item e., within 30 days of the close of a calendar quarter to file a report with the Secretary of the Department of Administration (DOA) and the Legislative Audit Bureau showing the amount of bonds issued by the commission or that entity in the previous quarter, the names of the borrowers and the project associated with the bonds, the types of bonds issued, the location of the project, and a statement of the bond issuance fees that the commission or entity received in relation to each of those bond issues. In addition, modify current law that requires the commission to notify the Department of Revenue whenever it issues a bond, to also require such notification to the Department of Administration.

bb. Require a commission to establish a code of ethics for members of the board, employees, contract staff and agents, and file the code of ethics with DOA. Require any amendments to the code to be provided to DOA within 30 days of adoption of the amendment. In addition, define the position of member of the board of a commission to be a local public office for purposes of current law establishing a code of ethics for public officials and employees.

cc. Specify that a commission would be considered an "authority" as defined for purposes of the open records law, which would have the effect of applying the open records law to a commission.

dd. Specify that a commission would be considered a "governmental body" under the open meetings law, which would have the effect of applying the open meetings law to a commission.

ee. Authorize the Legislative Audit Bureau to audit the financial records of a commission and any entity created under item e., at the direction of the Joint Legislative Audit Committee.

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Note:

The following table shows the estimated fiscal effects of the motion in the 2017-19 biennium, compared to the Governor's budget bill. Items not shown in the table would have no fiscal effect in 2017-19 or a minimal fiscal effect relative to the bill.

	Change to Bill			
	2017-18	2018-19	Biennium	
Delete Governor's Income Tax Rate Cut	\$104,377,700	\$99,076,900	\$203,454,600	GPR-Tax
Eliminate AMT in Tax Year 2019	0	-1,750,000	-1,750,000	GPR-Tax
Delete Governor's EITC Changes	820,000	-8,710,000	-7,890,000	GPR
Delete Governor's EITC Changes	0	-13,000,000	-13,000,000	PR
Delete Governor's EITC Changes	0	-13,000,000	-13,000,000	FED
EITC Current Law Reestimate	-2,100,000	450,000	-1,650,000	GPR
IL Tax Increase--Reciprocity Payment	-2,046,000	22,833,000	20,787,000	GPR
IL Tax Increase--Other State's Tax Credit	-12,900,000	-17,200,000	-30,100,000	GPR-Tax
Charitable Contributions from IRAs	0	-4,800,000	-4,800,000	GPR-Tax
Eliminate Working Families Credit	200,000	200,000	400,000	GPR-Tax
Limit Other State's Tax Credit	11,300,000	9,000,000	20,300,000	GPR-Tax
Enterprise Zone and Jobs Credit Reestimates*	4,700,000	11,450,000	16,150,000	GPR
Historic Rehabilitation Credit Changes	-3,000,000	-13,800,000	-16,800,000	GPR-Tax
QNBV Investment Limit	3,200,000	2,200,000	5,400,000	GPR-Tax
Captive Insurance Company Reporting	-1,000,000	-1,000,000	-2,000,000	GPR-Tax
Broadcasters' Apportionment	0	-3,200,000	-3,200,000	GPR-Tax
Broadcasters' Apportionment	0	-120,000	-120,000	SEG
Broadcasters' Apportionment	0	120,000	120,000	GPR
10% Refundable Research Credit	0	2,100,000	2,100,000	GPR
Sales Tax Holiday	11,000,000	11,000,000	22,000,000	GPR-Tax
Private Label Credit Cards	0	-10,436,000	-10,436,000	GPR-Tax
Retailer's Sale of Food Prepared Off-Site	-150,000	-200,000	-350,000	GPR-Tax
Reestimate Fiscal Effect of Occasional Sales Provision	85,000	0	85,000	GPR-Tax
Sales Tax Exemptions for Beekeepers	-44,000	-87,000	-131,000	GPR-Tax
Sales Tax Exemption for Fish Sold to Fish Farms	-33,000	-65,000	-98,000	GPR-Tax
Sales Tax Exemption for Building Materials	0	-2,500,000	-2,500,000	GPR-Tax
Cigarette Tax Discount	-300,000	-600,000	-900,000	GPR-Tax
DOR IT Position Reductions	178,300	178,300	356,600	GPR
DOR Tax Enforcement Positions	<u>-8,000,000</u>	<u>0</u>	<u>-8,000,000</u>	GPR-Tax
TOTALS	\$1,552,300	\$28,421,300	\$29,973,600	GPR
	104,735,700	65,838,900	170,574,600	GPR-Tax
	0	-13,000,000	-13,000,000	PR
	0	-13,000,000	-13,000,000	FED
	0	-120,000	-120,000	SEG

\*In addition to the amounts shown for 2017-18 and 2018-19, estimated expenditures are reduced by \$8.0 million in 2016-17. The net three-year change is an increase of \$8.15 million GPR, compared to the bill.

[Change to Bill: \$29,973,600 GPR, \$170,574,600 GPR-Tax, -\$13,000,000 PR, -\$13,000,000 FED, and -\$120,000 SEG]