Senator Marklein
Representative Kooyenga

GENERAL FUND TAXES/REVENUE/PUBLIC FINANCING AUTHORITY

Omnibus Motion

Motion:

Move the following provisions:

1. *Veterans and Surviving Spouses Property Tax Credit (Paper #310).* Adopt the modification in Paper #310, which would decrease estimated payments of the refundable veterans and surviving spouses property tax credit by $3,200,000 GPR in 2015-16 and $2,200,000 GPR in 2016-17.

2. *Illinois Income Tax Reciprocity (Paper #311).* Adopt the modification in Paper #311, which would increase the estimated compensation payment under the Illinois/Wisconsin income tax reciprocity agreement by $5,119,000 GPR in 2015-16 and decrease the payment by $17,100,000 GPR in 2016-17.

3. *Minnesota Income Tax Reciprocity (Paper #312).* Prohibit any new income tax reciprocity agreement from taking effect unless the agreement is approved by the Joint Committee on Finance under the procedures authorized in s. 13.101 of the statutes. This prohibition would not apply to the agreements currently in effect with Kentucky, Illinois, Michigan, or Indiana.

4. *Earned Income Tax Credit (Paper #313).* Adopt the modification in Paper #313, which would decrease estimated payments of the state earned income tax credit by $2,280,000 GPR in 2015-16 and $1,730,000 GPR in 2016-17.

5. *Internal Revenue Code (IRC) Update (Paper #314).* Adopt Alternatives 2a through 2d and Alternative 2f in Paper #314, which would adopt seven additional federal tax law changes at the state level, as recommended by the Department of Revenue (DOR).

6. *Qualified ABLE Accounts (Paper #314).* Adopt Alternative 2e in Paper #314, allowing individuals to create Achieving a Better Life (ABLE) accounts on a tax preferred basis. In addition, incorporate provisions of AB 236 and SB 165, which authorize individuals to establish and own qualified ABLE accounts, as defined under federal law, at financial institutions to pay the qualified disability expenses of the beneficiaries of the accounts. Authorize the account owner, defined as the individual who establishes and owns the account and is the beneficiary of the account or a parent or guardian of the beneficiary, provided the beneficiary is a minor or otherwise incapable of handling his or her affairs, to change the beneficiary of the account to a family member, as defined under federal law, of the previous beneficiary if the new beneficiary is an eligible individual and to terminate the account upon the death of the beneficiary if the account owner is not the beneficiary and the account owner is unable to change the beneficiary. Define beneficiary as an eligible individual, as defined under federal law, for whom an account is established.

Specify that an individual may not be a beneficiary of more than one ABLE account. Limit the total amount of annual contributions to an individual account for a particular beneficiary to the limitation under federal law for gifts (currently $14,000) and limit the total amount of all annual contributions to an account for a particular beneficiary to the limitation on individual Edvest accounts (currently $330,000). Require financial institutions managing ABLE accounts to return contributions that would cause accounts to exceed either limitation to the prospective contributor, and require financial institutions to prorate the amounts returned if more than one contribution arrives at the institution on the same day and in combination would result in either limitation being exceeded. Define financial institution as any bank, savings bank, savings and loan association, or credit union that is authorized do business under state or federal laws relating to financial institutions.

Specify that an ABLE account terminates on the death of a beneficiary who is the account owner and that amounts remaining in the account are recoverable by the state under current law provisions pertaining to medical assistance, long-term community support services, or aid for the treatment of kidney disease, cystic fibrosis, or hemophilia and that any remaining amounts be paid to the account owner's estate. Limit the amounts subject to state recovery to public assistance received by the beneficiary on or after the establishment of the ABLE account.

Require the financial institution managing the account to pay any qualified expenses, defined as qualified disability expenses as defined under federal law, provided the expenses are incurred by the beneficiary and the account possesses sufficient funds to make the payment. Require persons determining eligibility for long-term care programs, family care benefits, or the family care partnership program, all as defined under state law, or for any other demonstration program or programs operated under a waiver of federal Medicaid law that provides long-term care benefits to exclude assets accumulated in an ABLE account from the determination of income. Require the Department of Administration to ensure that accounts established under the preceding provisions meet the requirements of a qualified ABLE program under federal law and to promulgate rules to implement and administer the program.

Specify that amounts deposited in ABLE accounts by the account owner or other individuals may be deducted from federal adjusted gross income and are not subject to taxation under the state individual income tax, and exclude any interest, dividends, or other gain that accrues in an ABLE account and are redeposited in the account from taxation under the state individual income tax. Specify that amounts withdrawn from accounts are subject to taxation under the state individual income tax if the withdrawal is for any reason other than the payment of qualified expenses. Specify that any amount in an account that is returned to an account owner or an account owner's estate upon the termination of an account is subject to taxation under the state individual income tax. Exclude amounts withdrawn from ABLE accounts and used to pay unreimbursed expenses from the calculation of the itemized deduction credit under the state individual income tax to the extent that the amounts were included in the deduction for unreimbursed medical expenses for federal tax purposes.

Extend these provisions beginning in tax year 2015, except that if the general effective date of the biennial budget act is after July 31, extend the provisions beginning in tax year 2016.

Reduce individual income tax collections by an estimated $310,000 in 2015-16 and $700,000 in 2016-17.

7. *Alternative Minimum Tax (Paper #316).* Federalize the treatment of exemption amounts and exemption phaseout provisions for the Wisconsin alternative minimum tax, beginning in tax year 2017, so that future tax years reflect federal indexing adjustments for inflation as well as subsequent law changes to the Internal Revenue Code. Decrease individual income tax collections by an estimated $6,000,000 in 2016-17.

8. *Job Tax Credit Reestimates (Paper #317).* Adopt the modification in Paper #317, which would decrease estimated payments of the refundable jobs tax credit by $3,400,000 GPR in 2015-16, increase estimated payments of the credit by $800,000 GPR in 2016-17, and increase the estimated amount lapsed to the general fund by $22,000,000 in 2015-16.

9. *Reestimate Enterprise Zones Credits (Paper #318).* Adopt the modification in Paper #318, which would increase estimated payments of the refundable enterprise zones tax credit by $2,000,000 GPR in 2015-16 and $11,800,000 GPR in 2016-17.

10. *Reestimate Expenditure Levels for Expired Tax Credits (Paper #319).* Adopt the modification in Paper #319, which would increase estimated expenditures for the woody biomass harvesting and processing investment tax credit, the meat processing facility investment tax credit, and the food processing facility and food warehouse investment tax credit by $287,500 GPR in 2015-16.

11. *Convert Two Continuing Appropriations to Sum Sufficient Appropriations (Paper #320).* Adopt Alternative 1 in Paper #320, which would convert the appropriations for the refundable dairy manufacturing facility investment tax credits from continuing to sum sufficient appropriations. Estimate increased expenditures of $340,000 GPR in 2015-16 and an increased lapse to the general fund from the current continuing appropriation balances of $1,450,000 in that year.

12. *Manufacturing and Agriculture Credit (MAC) Modification (Paper #321).* Adopt the modification in Paper #321, which would delete a provision in the Governor's budget bill that would broaden the class of Wisconsin-based assets that could be used to calculate the agriculture property factor of the MAC. [The administration indicates that this provision was inadvertently included in the bill.]

13. *Clarification of the Economic Development Tax Credit Statutes (Paper #322).* Adopt the modification in Paper #322, which would delete an incorrect reference regarding reallocations of unused angel and early stage seed investment tax credits in the economic development tax credit statutes.

14. *Business Tax Credit Notification Requirements (Paper #323).* Adopt Alternative 1b in Paper #323, which would make a number of modifications regarding reporting requirements for business tax credits.

15. *State Supplement to the Federal Historic Rehabilitation Tax Credit (Paper #324).* Adopt Alternative 3 in Paper #324, which would delete all of the Governor's recommendations related to the state supplement to the federal historic rehabilitation tax credit. Reduce estimated tax revenues under the bill by $7,800,000 in 2016-17.

In addition, require WEDC to certify a person as eligible to claim the state supplement to the federal historic rehabilitation tax credit for qualified rehabilitated buildings if the following conditions apply: (a) the person has previously been certified by WEDC to receive a credit for a qualified rehabilitated building; (b) the proposed project is located in the City of Green Bay; (c) the proposed project for which the person applies for the supplement to the federal historic rehabilitation tax credit for a qualified rehabilitated building is on the same parcel as, or a parcel contiguous to, a project described under "a;" and (d) WEDC determines that the person that applies for the credit is eligible to claim the federal credit for the qualified rehabilitated building. Specify that this provision would first apply to taxable years beginning on January 1, 2015. Estimate decreased tax revenues of $500,000 in 2015-16 and 2016-17.

16. *Qualified New Business Venture (QNBV) Exception from Penalty Payment (Paper #325).* Adopt Alternative 1 in Paper #325, which would approve the Governor's recommendation to create an exemption to current law clawback penalties for a business that WEDC certified as a QNBV prior to April 20, 2012, and that, in reliance on that certification, executed a note or bond that is convertible to an equity interest.

17. *Modifications to the Early Stage Business Investment Program (Paper #326).* Adopt the provision recommended by the Governor to expand QNBV eligibility to companies that are engaged in certain business activities related to differentiating property, rather than proprietary property. Adopt the Governor's recommendation, along with a technical modification described under Alternative 1 of the paper, to increase the fee that WEDC may charge a person for selling or transferring a business investment credit from 1% of the credit amount to up to 5% of the amount of the credit. Delete the remainder of the Governor's provisions described under Paper #326. In addition, specify that unallocated angel investment credits and early stage seed investment credits may not be carried forward and issued in subsequent years. Specify that the existing balance of unallocated business investment credits from prior years may not be allocated by WEDC. Specify that a person who was eligible as a QNBV, but subsequently expanded such that 51% or more of its employees or payroll is located outside the state while maintaining its Wisconsin investment and employment levels is not considered to have relocated outside the state and is not subject to the current law clawback provisions. [These provisions are Alternatives 2a, b, d, g, and h in Paper #326.]

18. *Sunset and Modification of State Business Tax Credits (Paper #327).* Adopt Alternative 1 in paper #327, which would incorporate technical corrections requested by the administration regarding certain tax credit programs administered by WEDC.

19. *Convert Refundable Business Tax Credits to Direct Grants (Paper #328).* Adopt Alternative 5 in Paper #328, which would maintain the enterprise zones and business development tax credit programs as tax credits.

20. *Sales Tax Nexus Creating Activities (Paper #334).* Adopt the modification in Paper #334, which would make a minor technical correction to a provision in the bill regarding sales tax nexus.

21. *Additional Auditor Positions (Paper #560).* Approve the Governor's recommendation to provide $11,810,500 GPR in 2015-16, $13,605,100 GPR in 2016-17, and 102.0 GPR positions beginning in 2015-16 in DOR to increase auditing activity and improve tax collections.

In addition, require DOR to submit an annual report to the Joint Committee on Finance within six months following the close of state fiscal years 2015-16 through 2019-20 that contains information regarding the actual or estimated amounts of state tax revenues generated by, and expenditures associated with, the additional full-time auditor positions. Require the annual report to include the number of audits, and the amount of revenue generated from those audits, that were performed on persons headquartered or residing outside Wisconsin compared to persons headquartered or residing in Wisconsin.

22. *Additional Positions for Statewide Debt Collection (Paper #561).* Adopt the Governor's recommendation to provide $803,800 PR in 2015-16, $947,700 PR in 2016-17, and 11.0 PR revenue agent positions annually to DOR for the state debt collection (SDC) program.

23. *Mining Construction Fee (Paper #562).* Adopt Alternative 2 in Paper #562, which would delete the reference to the construction fee in the indexing statute to clarify that the mining construction period payment and construction fee are not subject to indexing.

24. *Decrease Manufacturing and Agriculture Credit in 2015.* Reduce the MAC percentage from 5.526% to 5.025% for tax year 2015, but allow the percentage to increase to 7.5% in tax year 2016. Also, provide an exemption for the interest rate accrual for underpayment of estimated taxes if the taxpayer lowered their estimated tax payments for tax year 2015 under the assumption that the MAC percentage would have increased to the current law rate. Estimate increased state tax revenues of $16,800,000 in 2015-16.

25. *Increase Standard Deduction for Married Filers.* Set the standard deduction for tax year 2016 at $19,010 for married couples filing jointly and at $9,030 for married individuals filing separately. Set the income level at which the standard deduction begins to phase out for tax year 2016 at $21,360 for married couples filing jointly and at $10,140 for married individuals filing separately. Decrease individual income tax collections by an estimated $20,900,000 in 2016-17. [Because the standard deduction for each tax year is indexed for inflation based on the consumer price index for August of the year preceding the tax year, standard deduction amounts for tax year 2016 are unknown at this time. Based on the current economic forecast, the 2016 standard deduction for married-joint filers is estimated at $18,460, with the deduction phasing out between adjusted gross incomes of $20,740 and $114,076. For the same year, the standard deduction for married-separate filers is estimated at $8,770, with the deduction phasing out between adjusted gross incomes of $9,850 and $54,192. Under this motion, the deduction for married-joint filers would increase by an estimated $550 and be set at $19,010 in 2016, and the deduction would phase out between adjusted gross incomes of $21,360 and $117,477. For married-separate filers, the deduction would increase by an estimated $260 and be set at $9,030, and the deduction would phase

out between adjusted gross incomes of $10,140 and $55,797.]

26. *Repeal Exclusion for Job Creation.* Beginning in tax year 2015, repeal the current law exclusion from income under the individual income tax and the corporate income/franchise tax for increased employment in Wisconsin equal to: (a) $4,000 multiplied by the increase in the number of full-time equivalent (FTE) employees for businesses with gross receipts of $5 million or less in the tax year; or (b) $2,000 per FTE employee for businesses with gross receipts of $5 million or more. Increase estimated state tax revenues by $2.7 million in 2015-16 and annually thereafter.

27. *Deduction for Teachers' Purchases of School Supplies.* Federalize the state tax treatment of educators' classroom expenses, effective with tax year 2015. Decrease individual income tax collections by $1,100,000 both in 2015-16 and 2016-17. [This estimate assumes the federal deduction is extended, although it expired after tax year 2014. The federal deduction was enacted on a temporary basis, but has been extended on a number of occasions and has applied in every tax year since 2002. For federal income tax purposes, elementary and secondary school teachers have been able to claim a deduction of up to $250 per year for classroom expenses they incur.]

28. *Eliminate Exclusion for ATV Corridors.* Repeal the current law provision that provides an exclusion from income for payments received by landowners as incentive for permitting public all-terrain vehicle corridors on their land under the state individual income tax, effective in tax year 2015. Increase estimated individual income tax collections by minimal amounts each year.

29. *Definition of "Bona Fide Angel Investment."* Modify the definition of "bona fide angel investment" to include the purchase of a note or bond that is convertible to an equity interest. Specify that this provision would first apply to bona fide angel investments made in taxable years beginning on January 1, 2016. Reduce estimated state tax revenues by a minimal amount.

30. *Relax Income Tax Check-off Limits.* Modify the current law provision that eliminates any income tax check-off from tax forms that does not generate at least $75,000 in contributions in the previous tax year, beginning in tax year 2015, by basing the threshold on the three-year average of contributions and by lowering the threshold to $50,000, beginning with contributions made in tax year 2014.

31. *Simplify Research Credit Calculation.* Modify the methodology for calculating the state research credit to be equal to 5.75% of the amount by which the claimant's qualified research expenses for the taxable year exceed 50% of the claimant's average qualified research expenses for the three preceding years. Specify that the credit is equal to 2.875% of the current year's qualified research expenses if the claimant had no qualified research expenses in one or more of the three preceding years. For research related to internal combustion engines, including vehicles powered by such engines, and energy efficient lighting systems, building automation and control systems, or automotive batteries, specify that the methodology for calculating the state research credit must use a higher percentage (11.5% and 5.75%, respectively), as compared to other qualified research expenses. Specify that this provision first applies to taxable years beginning after December 31, 2014. Estimate this provision to have a minimal effect on state revenue; however, certain taxpayers may experience net tax increases or decreases as a result of this provision.

32. *Sales Tax Exemption for Construction Materials.* Create a sales and use tax exemption for goods sold to construction contractors who, in fulfillment of a real property construction activity, transfer the goods to Wisconsin elementary and secondary school districts, municipalities, or nonprofit entities if such goods become a component of a facility in this state that is owned by the entity. Specify that eligible nonprofit entities would include those that are organized and operated exclusively for religious, charitable, scientific or educational purposes, or for the prevention of cruelty to children or animals, except hospital service insurance corporations. Define "facility" as any building, shelter, parking lot, parking garage, athletic field, athletic park, storm sewer, or water supply system, but not a highway, street, or road. Specify that these provisions would take effect on January 1, 2016, and first apply to construction contracts entered into on that date. Estimate reduced revenues of $3,500,000 in 2015-16 and $7,500,000 in 2016-17.

33. *Sales Tax Exemption for Amusement Device Proceeds.* Specify that taxable sales on the privilege of having access to or the use of an amusement device include only the sales of playing time on the device. Specify that, to the extent that playing time on an amusement device derives from playing specified digital goods ("specified digital goods" means digital audio works, digital audiovisual works, and digital books under current law) or additional digital goods ("additional digital goods" includes video or electronic games under current law) on the device, the 5% tax does not apply. Define "amusement device" as a pool table, video game machine, video gambling machine, dart board, pinball machine, foosball table, air hockey table, shuffleboard table, or jukebox. Specify that the provision would be effective January 1, 2016. Estimate reduced state revenues of $100,000 in 2015-16 and $200,000 in 2016-17.

34. *Sales Tax Exemption for Deer Sold to Game Farms or Hunting Preserves.* Create a sales tax exemption for farm-raised deer that are sold to a person who is operating a hunting reserve or game farm in Wisconsin, effective January 1, 2016. Estimate reduced sales and use tax revenues of $70,000 in 2015-16 and $140,000 in 2016-17.

35. *Private Label Credit Card Bad Debt.* Specify that the Governor's recommendation to delay the effective date for 2013 Act 229 (relating to refunds of sales tax on bad debt from private label credit card transactions) from July 1, 2015, to July 1, 2017, would take effect on June 30, 2015, instead of on the general effective date of the budget bill. In addition, specify that the Act 229 provisions would first apply to bad debts resulting from sales completed beginning on July 1, 2017. Specify that this change would also take effect on June 30, 2015.

36. *Impose Hard Cider Tax on Pear Cider.* Effective January 1, 2016, impose the hard cider tax, instead of the wine tax, on hard cider made from pears. Estimate decreased state tax collections of $125,000 in 2015-16 and $250,000 in 2016-17.

37. *Retail Sales of Hard Cider.* Specify that, notwithstanding the restriction prohibiting issuance of a "Class A" license within 300 feet of a church or school, upon application, a municipal governing body must issue a "Class A" license (off-premises sales of intoxicating liquor) to the applicant if: (a) the application is made for a "Class A" license containing the condition that retail sales of intoxicating liquor are limited to hard apple and pear cider, and (b) the applicant holds a Class "A" license (off-premises beer sales) for the same premises. Further, specify that there is no annual fee or initial issuance fee for a "Class A" license issued under this provision.

Provide that, notwithstanding other types of sales generally authorized by a "Class A" liquor license, a person issued a license under these provisions could not make retail sales, or provide taste samples, of any intoxicating liquor other than cider.

38. *"Class B" Liquor License Quota Exemption.* Provide one additional "Class B" liquor license to the Town of Wyoming in Iowa County in addition to the number of licenses determined for the town's "Class B" license quota. Specify that: (a) the Town may not establish an initial issuance fee or an annual fee for the new license that exceeds $500; (b) the new license must be issued within six months after the effective date of the budget bill; and (c) if the license is surrendered, not renewed, or revoked, the Town may not reissue the license.

39. *Increase Cigarette Tax Manufacturer's Discount.* Increase the cigarette tax stamp discount from 0.7% to 0.8% for cigarette manufactures, bonded direct marketers, and distributors, effective on the first day of the third month beginning after publication of the bill. Reduce state revenues by an estimated $500,000 in 2015-16 and $600,000 in 2016-17.

40. *Retail Alcoholic Beverage License Modifications.* Allow a municipality that has reached its "Class B" license (on-premises sales of liquor) quota to obtain a "Class B" license if the municipality that has reached its quota pays a nonrefundable fee of $10,000 to a contiguous municipality that has not reached its quota. Specify that, upon payment of the fee, the transferred license would be under the jurisdiction of the receiving municipality and would be renewed under existing law. Permit, but do not require, municipalities with available licenses to transfer an available license to a contiguous municipality under these provisions. Prohibit dry municipalities (municipalities that have not issued a "Class B" license) from transferring available licenses under these provisions.

Specify that the $10,000 fee paid for a reserve "Class B" license may not be rebated or refunded to the licensee by the municipality that issued the license.

Delete a current provision that permits municipalities that have reached their quotas to issue a "Class B" license to a full-service restaurant that has a seating capacity of 300 or more persons.

Prohibit a winery from being issued a Class "B" license (on-premises sales of beer) after the effective date of the budget bill.

41. *Modify DOR Authority to Issue a Retail Alcohol Permit.* Require DOR to issue a retail beer and intoxicating liquor license to an American Indian tribe in this state that has a reservation encompassing not less than 60,000 acres nor more than 70,000 acres and that meets any of the following provisions: (a) the tribe held a retail beer and intoxicating liquor license that was not renewed or suspended or revoked for grounds unrelated to certain license qualification standards for individuals, operators, managers and corporations, or (b) the tribe held a retail beer and intoxicating liquor license that was not renewed or was suspended or revoked for grounds related to certain license qualification standards for individuals, operators, managers and corporations, and the nonrenewal, suspension, or revocation was reversed by court order. [Under current law, DOR is required to issue a retail beer and intoxicating liquor license to an American

Indian tribe in this state having a reservation encompassing not less than 60,000 acres nor more than 70,000 acres].

42. *SDC Clerk of Circuit Court Changes.* Specify that current law references to "fines and forfeitures" for purposes of clerk of circuit court debt collection would refer instead to "debt." Provide county boards the authority to adopt a resolution authorizing the clerk of circuit court to contract with DOR for the collection of unpaid debt. Specify that for any contract for debt collection entered into with DOR, the clerk of circuit court would be required to provide DOR the authority to charge a collection fee related to those debts.

43. *WEDC Reductions.* Reduce funding for WEDC's operations and programs appropriation by $7,400,000 GPR in 2015-16 and $12,400,000 GPR in 2016-17, and place these funds in the Joint Committee on Finance's program supplemental appropriation. Specify that funding provided for WEDC's economic development fund; programs SEG appropriation can also be used for operations of the Corporation.

Increase the annual limit recommended by the Governor for the amount of business development tax credits that WEDC may allocate during a calendar year from $10 million per year to $17 million in 2016 and $22 million in 2017 and annually thereafter. As compared to the bill, increase estimated GPR expenditures for the credit by $1,750,000 in 2016-17.

Specify that WEDC may not originate new loans in excess of $10 million in 2015-16 and $5 million in 2016-17. Prohibit WEDC from originating a new loan after June 30, 2017. However, specify that this provision would not apply to the technology development loan program as it existed and was administered by the Corporation on January 1, 2015. Permit WEDC to originate new loans of up to $3 million from non-federal sources, annually, under the technology development loan program, and specify that no annual limit would apply to loans funded from federal revenues.

44. *College Savings Plan Modifications.* Modify current law provisions concerning the College Savings (529) Program as follows:

<u>Limitation on Total Contributions to Plans.</u> Specify the maximum account contribution limit in the statutes, and set the limit at $425,000, effective August 1, 2015. Require the state's College Savings Program Board to increase the maximum account contribution limit each year prior to December 31, beginning in 2015, based on the limit in effect as of August 1, 2015. Specify that the increase be equal to a percentage that is not less than the most recently published national average tuition and fees percentage increase at private nonprofit four-year institutions, as determined by the College Board or such other nationally reputable entity, subject to the requirements under the Internal Revenue Code pertaining to the prohibition on excess contributions. Specify that the treatment of this provision first applies on or after August 1, 2015.

<u>Amounts Subject to Tax Under the State Individual Income Tax.</u> Modify the current law provision that designates certain distributions from college savings accounts as subject to tax under the state individual income tax, that is, the amounts are "added back" to income, as follows: (a) specify that the add-back for amounts not used for qualified expenses is limited to amounts

previously deducted; and (b) create an add-back for any amount withdrawn from an account within 12 months of its contribution, if the amount was previously deducted.

Amounts Not Subject to Tax Under the State Individual Income Tax. Modify the current law provision that designates certain contributions to college savings accounts as deductions from income under the state individual income tax as follows: (a) prohibit amounts that have been previously deducted from being deducted again; (b) allow the principal amount, as opposed to earnings, in accounts rolled over into Wisconsin 529 accounts from other states' 529 accounts to be deducted, subject to annual contribution limits; (c) prohibit the carryover of excess contributions if the contribution has been withdrawn from an account within 12 months of its contribution; and (d) specify that any amount carried forward must be reduced by any amount that was withdrawn and not used for qualified educational expenses to the extent that the withdrawn amount exceeds the amount included in the add-back described above.

Extend the preceding provisions beginning in tax year 2015, and decrease individual income tax collections by an estimated $200,000 in 2015-16 and $900,000 in 2016-17.

College Savings Program Administrative Resources. Provide the Department of Administration with $48,500 SEG in 2015-16 and $64,600 SEG in 2016-17 and 1.0 SEG position annually funded from the segregated college savings program trust fund.

45. *Employment of Terminated Lottery Division Employees.* Specify that an employee of the Lottery Division within DOR may be employed by a vendor after the date of the employee's termination if the individual's employment is terminated due to DOR having entered into a contract with a vendor to perform services that were previously performed by employees of the Lottery Division. Specify that such an employee may discuss future employment with a vendor who is attempting to obtain a major procurement contract relating to the lottery only if the employee has prior written consent of the administrator of the lottery. Further, specify that the provision for terminated employees would not apply to the division administrator, deputy administrator, or bureau directors. [Currently, no employee of the Lottery Division may have a direct or indirect interest in or be employed by any vendor while serving as an employee in the Lottery Division for two years following the person's termination of service.]

46. *Garnishee Fees.* Specify that, in addition to the $15 fee paid by creditors to garnishees for each earnings garnishment, employers (garnishees) must receive a $3 fee for each payment delivered to the creditor after the first payments. The additional fee is deducted from monies delivered to the creditor.

[Under current law, employers (private and governmental) are paid a $15 fee from creditors for each earnings garnishment. The fee is included as a cost in creditors' claims in earnings garnishments. Additionally, governmental employers receive a $3 fee for each payment delivered to the creditor after the first payments. The additional fee is deducted from monies delivered to the creditor. This provision would specify that non-governmental employers may also collect the $3 fee for payments after the first payment.]

47. *Exclusion from Levy Limit Adjustment for Covered Services.* Modify the levy limit adjustment for covered services, as authorized under current law, to exclude from the definition of covered service any garbage collection by a county or municipality that owned and operated a landfill on January 1, 2013. Specify that this change would first apply to property tax levies imposed in December, 2015.

48. *Local Room Tax Revisions.* Make the following changes to the room tax modifications previously adopted by the Committee: (a) extend to all municipalities, and not just those subject to the 8% maximum room tax rate, the provisions that would limit the amount of annual room tax revenue that a municipality could retain for any municipal purpose in each year after 2015, to the greater of 30% of the current year revenues or the amount derived using an annual sliding scale for each subsequent year based on annual room tax collections in 2013, and in each of the four preceding years; and (b) specify that for any contract entered into by a municipality that existed on or before January 1, 2015, any room tax revenues needed to meet that contract would not be subject to the limit described under "a".

49. *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;

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. Authorize the PFA to create or cause to be created one or more nonprofit corporations of which it is the sole member or may appoint or veto appointments of the governing board, provided that the purpose of the nonprofit corporation is to carry out or assist PFA to carry out all or part of the purposes or powers of PFA. Provide that a nonprofit corporation established may be created under Chapter 181 or under the laws of any state or territory of the United States, and could exercise any power PFA may exercise. Specify that such a nonprofit corporation and the PFA could make loans to, borrow money from, and acquire or assign or transfer property to or from one another. Provide that such a nonprofit corporation would be subject to the same exemptions and immunities that apply to PFA. Provide that any nonprofit corporation 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. Provide that PFA would not be held accountable for the actions, omissions, debts or liabilities of any nonprofit corporation nor would any nonprofit corporation be held accountable for the actions, omissions, debts or liabilities of PFA or any other nonprofit corporation established under this provision.

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

g. Provide that a bond resolution 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;

h. 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;

i. Delete a reference to "as provided in the resolution" from current law relating to early mandatory or optional redemption or tender;

j. 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;

k. 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;

L. Specify that the property of PFA and related nonprofit corporations would be exempt from property taxes. Specify that conveyances from PFA or a related nonprofit corporation would be exempt from real estate transfer taxes and that income of PFA and related nonprofit corporations would be exempt from the state income tax. Provide that related nonprofit corporations would be exempt from the sales tax;

m. 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 nonprofit corporation under (e) above;

n. 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 nonprofit corporation under (e) above;

o. 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;

p. Delete a current law requirement that PFA have debt covenants audited at least every two years;

q. 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;

r. Delete current law that prohibits PFA from issuing bonds to finance a capital project in Wisconsin unless all of the political subdivisions within whose boundaries the project is to be located approve. Instead, the bonds could be issued if one of those political subdivisions approves, which is the level or approval required for PFA bonding in other states. Specify that an approval could be made by the governing board of a political subdivision or its designee, or, except for a first class city in this state or the county it is located in, by the highest ranking elected official of the political subdivision, or his or her designee. As an alternative to approval by a political subdivision, except for a first class city in this state, or a county in which a first class city is located, PFA could approve the financing in accordance with the IRC code relating to other requirements for private activity bonds. In addition, specify that bonds issued by PFA would not be deemed to finance the construction or improvement of a capital improvement project if the proceeds of those bonds are used to finance a project placed in service for federal tax purposes prior to the issuance of such bonds or to finance the acquisition of bonds of a different issuer and those bonds are or were used to finance a capital improvement project or to acquire leases, installment sale, or other contracts from a third party provider of capital improvement projects, or to finance the acquisition of a project if no more than 10% of the bond proceeds are used to finance the construction of capital improvements;

s. Modify current law governing projects located outside of the United States or its territories, to allow a participant, as well as a borrower, to be organized under the laws of the U.S., rather than be incorporated in 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.

t. 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.

u. 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.

Note:

The fiscal effects of the motion are shown in the following table.

	Change to Governor's Budget Funding 2015-16	2016-17	Total	Positions 2015-16	2016-17	
Income and Franchise Taxes						
Reestimate Veterans Property Tax Credit	-$3,200,000	-$2,200,000	-$5,400,000	0.00	0.00	GPR
Reestimate Illinois Reciprocity Payment	5,119,000	-17,100,000	-11,981,000	0.00	0.00	GPR
Reestimate Earned Income Tax Credit	-2,280,000	-1,730,000	-4,010,000	0.00	0.00	GPR
ABLE Accounts	-310,000	-700,000	-1,010,000	0.00	0.00	GPR-Tax
Federalize AMT Exemption in Tax Year 2017*	0	-6,000,000	-6,000,000	0.00	0.00	GPR-Tax
Reestimate Jobs Credit	-3,400,000	800,000	-2,600,000	0.00	0.00	GPR
Lapse from Changing Jobs Credit Appropriation	22,000,000	0	22,000,000	0.00	0.00	GPR-Lapse
Reestimate Enterprise Zones Credit	2,000,000	11,800,000	13,800,000	0.00	0.00	GPR
Reestimate Expired Tax Credits	287,500	0	287,500	0.00	0.00	GPR
Convert Continuing Appropriations to Sum Certain	340,000	0	340,000	0.00	0.00	GPR
Convert Continuing Appropriations to Sum Certain	1,450,000	0	1,450,000	0.00	0.00	GPR-Lapse
Historic Rehabilitation Credit	-500,000	-8,300,000	-8,800,000	0.00	0.00	GPR-Tax
Increase Married-Joint Standard Deduction	0	-20,900,000	-20,900,000	0.00	0.00	GPR-Tax
Reduce MAC Rate in 2015	16,800,000	0	16,800,000	0.00	0.00	GPR-Tax
Repeal Exclusion for Job Creation	2,700,000	2,700,000	5,400,000	0.00	0.00	GPR-Tax
Deduction for Teachers' School Supply Expenses	-1,100,000	-1,100,000	-2,200,000	0.00	0.00	GPR-Tax
Edvest Changes	-200,000	-900,000	-1,100,000	0.00	0.00	GPR-Tax
Edvest Changes	48,500	64,600	113,100	1.00	1.00	SEG
Increase Annual Cap on Business Development Credit**	0	1,750,000	1,750,000	0.00	0.00	GPR
Sales and Excise Taxes						
Exemption for Construction Materials	-3,500,000	-7,500,000	-11,000,000	0.00	0.00	GPR-Tax
Exemption for Amusement Device Proceeds	-100,000	-200,000	-300,000	0.00	0.00	GPR-Tax
Exemption for Deer Sold to Hunting Reserves or Game Farms	-70,000	-140,000	-210,000	0.00	0.00	GPR-Tax
Impose Hard Cider Tax on Pear Cider (Instead of Wine Tax)	-125,000	-250,000	-375,000	0.00	0.00	GPR-Tax
Increase Cigarette Tax Manufacturer's Discount	-500,000	-600,000	-1,100,000	0.00	0.00	GPR-Tax
TOTALS	-$1,133,500	-$6,680,000	-$7,813,500	0.00	0.00	GPR
	13,095,000	-43,890,000	-30,795,000	0.00	0.00	GPR-Tax
	23,450,000	0	23,450,000	0.00	0.00	GPR-Lapse
	0	0	0	0.00	0.00	PR
	48,500	64,600	113,100	1.00	1.00	SEG
Net Impact on General Fund	$37,678,500	-$37,210,000	$468,500	0.00	0.00	

*Federalizing the AMT exemption amounts would reduce revenues by an estimated $25.4 million in 2017-18 and $29.9 million in 2018-19.

**The estimated cost of this provision would increase to $8.3 million in 2017-18, and $12.0 million in 2018-19 and thereafter.