

Together with Underheim

Assembly Hearing Slip

(Please print plainly)

Date: 3/22/00

Bill No. AB-853

Or Subject _____

Name Cress Underheim

Street Address or Route Number 1652 Beech St

City and Zip Code Oshkosh

Representing 54th Assembly Dist

Speaking in favor:	<input checked="" type="checkbox"/>
Speaking against:	<input type="checkbox"/>
Registering in favor:	<input type="checkbox"/>
Registering against:	<input type="checkbox"/>
Speaking for information only:	<input type="checkbox"/>
Neither for nor against:	<input type="checkbox"/>

Please promptly return this slip to the messenger at the committee.

Provided by:
Assembly Sergeant at Arms
411 West, State Capitol
Madison, WI 53708

Together with Underheim

Assembly Hearing Slip

(Please print plainly)

Date: 22 March 2000

Bill No. Assembly Bill 853

Or Subject _____

Name Sen. Fred Risser

Street Address or Route Number 220 South Capitol

City & Zip Code _____

Representing _____

Speaking in favor:	<input checked="" type="checkbox"/>
Speaking against:	<input type="checkbox"/>
Registering in favor:	<input type="checkbox"/>
Registering against:	<input type="checkbox"/>
Speaking for information only:	<input type="checkbox"/>
Neither for nor against:	<input type="checkbox"/>

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 411 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 3/22/00

Bill No. AB 853

Or Subject Cultural Arts District

Name Mayor Sue Bauman

Street Address or Route Number 210 Martin Luther King Jr Blvd

City and Zip Code Madison

Representing City of Madison

Speaking in favor:	<input checked="" type="checkbox"/>
Speaking against:	<input type="checkbox"/>
Registering in favor:	<input type="checkbox"/>
Registering against:	<input type="checkbox"/>
Speaking for information only:	<input type="checkbox"/>
Neither for nor against:	<input type="checkbox"/>

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411 West, State Capitol
Madison, WI 53708

Assembly Hearing Slip

(Please print plainly)

Date: 3-22-00

Bill No. AB 853

Or Subject _____

Name George Austin

Street Address or Route Number 1 S. Pinskiweg

City and Zip Code Madison, WI 53705

Representing Overture Project

Speaking in favor:	<input checked="" type="checkbox"/>
Speaking against:	<input type="checkbox"/>
Registering in favor:	<input type="checkbox"/>
Registering against:	<input type="checkbox"/>
Speaking for information only:	<input type="checkbox"/>
Neither for nor against:	<input type="checkbox"/>

Please promptly return this slip to the messenger at the committee.

Provided by:
Assembly Sergeant at Arms
411 West State Capitol
Madison, WI 53708

Assembly Hearing Slip

(Please print plainly)

Date: 2/22

Bill No. AB 853

Or Subject _____

Name Mark Miller

Street Address or Route Number 4903 Roigon Terrace

City and Zip Code Menasha

Representing Self

Speaking in favor:	<input checked="" type="checkbox"/>
Speaking against:	<input type="checkbox"/>
Registering in favor:	<input checked="" type="checkbox"/>
Registering against:	<input type="checkbox"/>
Speaking for information only:	<input type="checkbox"/>
Neither for nor against:	<input type="checkbox"/>

Please promptly return this slip to the messenger at the committee.

Provided by:
Assembly Sergeant at Arms
411 West State Capitol
Madison, WI 53708

Assembly Committee on Ways and Means

DATE _____

Moved by M-T Seconded by Ains

AB 853 SB _____ Clearinghouse Rule _____

AJR _____ SJR _____

A _____ SR _____ Other _____

A/S Amdt _____

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

A/S Amdt _____ to A/S Sub Amdt _____

A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

- Be recommended for:
- Passage
 - Introduction
 - Adoption
 - Rejection
 - Indefinite Postponement
 - Tabling
 - Concurrence
 - Nonconcurrence

	Committee Member	Aye	No	Absent	Not voting
1.	Rep. Mickey Lehman, chair	1			
2.	Rep. Tom Sykora, vice-chair	2			
3.	Rep. Bob Goetsch	3			
4.	Rep. Mike Huebsch	4			
5.	Rep. Frank Lasee	5			
6.	Rep. John Ainsworth	6			
7.	Rep. Suzanne Jeskewitz	7			
8.	Rep. Carol Owens	8			
9.	Rep. Joan Spillner	9			
10.	Rep. Wayne Wood	10			
11.	Rep. John La Fave	11			
12.	Rep. Lee Meyerhofer	12			
13.	Rep. Johnie Morris-Tatum	13			
14.	Rep. Jeffrey Plale	14			
15.	Rep. Bob Turner				
16.	Rep. Bob Ziegelbauer	15			
	Totals				

MOTION CARRIED

MOTION FAILED

SB 409 Yes AB898 Yes
AB 853 yes
AB 894 yes
AB 726 yes
AB 860 yes

Joan Spillner

Votes

SB 442 AND AB 853 SUMMARY CULTURAL ARTS DISTRICT

OVERVIEW

SB 442 and AB 853 grant to cities, with populations greater than 150,000, the authority to create a local cultural arts district. The district would be created pursuant to specified actions taken by a city's mayor and its common council. A cultural arts district would be a local unit of government separate and distinct from both the sponsoring city and the state.

A cultural arts district would be governed by a 13-member board of directors. Its members would serve 4-year terms and be required to live within 25 miles of the city. The mayor of the sponsoring city, the county executive of the county within which the sponsoring city is located, and the governor would be ex-officio board members. In addition, the mayor would appoint six board members, the governor would appoint three members, and the county executive would appoint one.

PURPOSE

This legislation is sought by the City of Madison and the Overture Foundation. The Overture Foundation is a private, non-profit organization which was created in 1996, with the primary purpose of supporting the arts and culture in Madison and Dane County. It allows the city to create a public entity that will own and operate a regional arts facility in downtown Madison, made possible by a private donation of approximately \$100 million. Passage of the proposed legislation in this session is necessary to keep the project on schedule.

This governance structure accomplishes a number of important goals. It enhances prospects for the project's operating stability and long term success. In recognition of the fact that the cultural arts facilities will produce regional benefits, it provides for regional representation on the governing board. It establishes that the cultural arts district, and not taxpayers, will be responsible for fiscal and operating liabilities associated with the facilities. It provides for and maintains a level of public accountability and input to the operation of these facilities that would not exist if they were privately managed. It provides the mechanism necessary to convey federal tax benefits associated with the gift which was made for the project.

POWERS GRANTED TO A CULTURAL ARTS DISTRICT

A cultural arts district would have powers necessary to carry out the acquisition, construction, and operation of cultural arts facilities. These would include the power to acquire real property, including by condemnation; to sue and be sued; to construct, equip, maintain, improve, manage, and operate cultural arts facilities; to employ personnel; to enter into contracts; and to collect fees with respect to use of cultural arts facilities.

CONDEMNATION AUTHORITY

The granting of condemnation authority is needed to satisfy federal tax code requirements. Its presence preserves the favorable tax treatment afforded the current donation and any future donations under federal tax law. In doing so, it establishes the framework for a governance structure that limits public exposure to liability associated with operating cultural arts facilities while providing a far higher level of public accountability.

A cultural arts district would have the authority to acquire property by condemnation. **This authority, however, is confined only to the specific geographic area prescribed by the sponsoring city in its authorizing resolution.** The city, if it chooses, could modify this geographic area in a subsequent resolution. Condemnation authority is not available in a first class city.

TAX EXEMPTIONS

The cultural arts district will receive tax advantages associated with its status as a local government entity. Property of a cultural arts district would be exempt from property taxes. This exemption does not apply, however, to property used for a for-profit restaurant or retail business that is not part of the physical structure of the cultural arts district. The exemption also does not apply to parking facilities that are not used to support the operation of a cultural arts district. The sponsoring city is authorized to collect a payment in lieu of property taxes from the district.

The income of a cultural arts district is exempt from state income taxes and the income and interest from the district's obligations are exempt from state and federal income taxes. Goods and services purchased by a cultural arts district are exempt from the state sales tax.

STATE ADMINISTRATIVE AND EMPLOYMENT PROVISIONS

Cultural arts districts would be subject to open meetings and public records requirements of state law.

Cultural arts districts would be subject to state fair employment laws, federal wage and hour labor relation laws, and municipal equal employment opportunity ordinances.

Cultural arts districts would be subject to audit by the Legislative Audit Bureau and by the sponsoring city.

Jim O'Keefe
City Lobbyist

City of
Madison



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608 267 8671 FAX
608 266 4443 TDD
E-mail: jokeefe@ci.madison.wi.us





BILL SUMMARY

AB 853 Creation of Cultural Art District

Date: March 28th, 2000

BACKGROUND

The bill creates provisions in state statutes relating to authorizing the creation of a local cultural arts district.

SUMMARY OF AB 853

Under AB 853, cities with a population in excess of 150,000, are granted the authority to create a local cultural arts district. The arts district would be a political sub-division governed by a 13-member board of directors consisting of appointees made by the Mayor of the city, the Governor, and the County Executive.

Under the Internal Revenue Code, to qualify as a political sub-division, a district must have one of the three following powers:

- 1) Police Power
- 2) Power of Taxation
- 3) Power of Condemnation

It was felt that the power of condemnation was the most appropriate for the arts district. However, this power of condemnation can only be exercised within the arts district's boundaries.

Other powers granted to the cultural arts district include the ability to carry out the acquisition, construction, and operation of cultural arts facilities. These would include the power to acquire real property; to sue and be sued; to construct, equip, maintain, improve, manage, and operate cultural arts facilities; to employ personnel; to enter into contracts; and to collect fees with respect to use of cultural arts facilities.

As a political sub-division, the cultural arts district will have certain tax exemptions. Property within the cultural arts district would be exempt from property taxes. The city is authorized to collect a payment in lieu of property taxes from the district, but other taxing jurisdictions would not be authorized to do so. Also, the cultural arts district's income would be exempt from state income taxes and the income and interest from the district's obligations are exempt from state and federal income taxes. Goods and services purchased by the district would be exempt from the state sales tax.

Property acquired by the cultural arts district that is outside the defined area of the cultural arts district would be exempt from property taxes provided the property serves to further the purpose of the cultural arts district. For example, if property outside the district was acquired by the cultural arts district and was utilized in an entrepreneurial method like a restaurant, that property would NOT be exempt from property taxes. If that same property were used to further the arts district's purpose, such as for staff office space, the property would be exempt from property taxes.

Under AB 853, the cultural arts district would be subject to open meetings and public records requirements of state law. The district would be subject to state fair employment law, federal wage and hour labor relation laws, and municipal equal employment opportunity ordinances. The district would also be subject to audit by the Legislative Audit Bureau and by the sponsoring city.

AMENDMENTS

None.

FISCAL EFFECT

A fiscal estimate prepared by the Department of Revenue does not provide a concrete number for the revenue loss the state would experience under this proposal. This loss of revenue is due to the various tax exemptions that the cultural arts district would receive. Bonds issued by the cultural arts district would also be tax-exempt.

PROS

This legislation would enable the establishment of a cultural arts district in the city of Madison that would be able to utilize the \$100 million gift the city received.

CONS

There would be a revenue loss to the state as a result of the tax exemptions.

SUPPORTERS

Rep. Gregg Underheim, author; Sen. Fred Risser, lead co-sponsor; City of Madison; Overture Foundation.

OPPOSITION

None.

HISTORY

Assembly Bill 853 was introduced on March 8, 2000, and referred to the Joint Survey Committee on Tax Exemptions. A public hearing was held on March 16, 2000. On March 16, 2000, the Committee voted 9-0 to adopt the report of AB 853. On March 21, 2000, the Committee reported AB 853. On March 21, 2000, AB 853 was referred to the Assembly Committee on Ways & Means. On March 22, 2000, the Assembly Committee on Ways and Means voted 15-0-1 [Rep. Turner absent] to recommend passage of AB 853.

CONTACT: Andrew Nowlan, Office of Rep. Michael Lehman

Public oversight

1909 city
5283 total

Political sub-division

Condemnation is the qualifier for P.S.D
under IRC

Not relevant for Doty's & Miller's Market

City of Madison has dir CDA to
acquire these props. Condemn if mutual
price cannot be agreed upon.

It is not anticipated that priv enterprises will
be located w/in dist. Payment in lieu of
taxes. (If dist leases space to private ent).

If district acquires prop outside of block
65 it is not exempt (unless it is for use
by the district for its cultural purpose).

Would be off the hook for ^{about 60% of} prop taxes.
Would make payments to city.

George Austin mentioned space
that would be rented out
to generate revenue. What
groups are they expecting
to rent this space? How
much space will be rented?

How much of the space
on block 65 that they
are anticipating renting is
currently occupied by private
enterprises?

Loss of \$150k in
tax revenue

~~Tom Sykora~~

~~Bob Goetzsch~~

Tax exemption for

Deb & Lolag

\$5283 total assessment

\$1909 is city portion