

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/16
BILL NO. AB 853
OF _____
SUBJECT _____

Mark Miller
(NAME)
4903 Poisson Ter
(Street Address or Route Number)
MCMONG WI
(City and Zip Code)
self
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information
only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-16-00
BILL NO. AB 853/SB 442
OR
SUBJECT _____

Peter C. Christanson
(NAME)
1 S. Pinckney Suite 600
(Street Address or Route Number)
MSW, WI 53701-2113
(City and Zip Code)
Overture foundation
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 16 March 2000
BILL NO. AB 853/SB 442
OR
SUBJECT _____
Senator Fred Rissler
(Name)
220 South, Capitol
(Street Address or Route Number)

(City and Zip Code)

(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
Registering Against:
Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

Senate Sergeant at Arms
Room 204-S
State Capitol
Madison, Wisconsin 53702

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-16-00
BILL NO. AB 853 / SB442
OF
SUBJECT _____

George E. Austin
(NAME)
1 South Pinckney St
(Street Address or Route Number)
Madison 53703
(City and Zip Code)
Overture Project
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.
Senate Sergeant-At-Arms
State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/16/00
BILL NO. SB 442 / AB 853
OF
SUBJECT Cultural Arts District

Mayor Sue Bauman
(NAME)
210 Martin Luther King Jr Blvd
(Street Address or Route Number)
Madison
(City and Zip Code)
City of Madison
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.
Senate Sergeant-At-Arms
State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

Sent by email

NOTE: PLEASE RETURN THIS BILL DRAFT AND THIS TRANSMITTAL SHEET WITH YOUR FISCAL ESTIMATE FORMS

IF THERE IS A FISCAL EFFECT TO THE BILL, PLEASE SUBMIT THE FISCAL ESTIMATE WORKSHEET.

**TO: Larry Nines
Health and Educational Facilities Authority**

**FROM: Deborah Uecker
Division of Executive Budget and Finance
101 East Wilson Street
Administration Building, 10th Floor
Madison, WI 53707**

**SUBJECT: Fiscal Estimate - LRB Number 4673/2
1999 Bill Number AB0853**

Underheim

Please provide the necessary information on fiscal estimate forms and return the original AND one copy of the original to Deborah Uecker, no later than:

15-Mar-00

If you cannot comply with the above deadline for any reason, please call Deborah at 267-0371.

Provide local government costs.

_____ is responsible for local government costs.

Department of Revenue
Department of Tourism
Health and Educational Facilities Authority

DATE DOA SENT TO AGENCY:

08-Mar-00

DATE DOA RECEIVED FROM AGENCY:

TO BE COMPLETED BY AGENCY:

Name and phone number of person who prepared the fiscal estimate.

LARRY NINES
(Name)
(262) 792-0466
(Phone Number)

PLEASE SEND ORIGINAL COPIES OF THE FORMS THAT CAN BE REPRODUCED.

Wisconsin Department of Administration
 Division of Executive Budget and Finance
 DOA-2048 (R09/1999)

Fiscal Estimate — 1999 Session

- Original Updated
 Corrected Supplemental

LRB Number 4065/3	Amendment Number if Applicable
Bill Number AB 0853	Administrative Rule Number

Subject

Creation of a local cultural arts district

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

- Increase Costs — May be possible to absorb within agency's budget.
 Yes No
 Decrease Costs

Local: No Local Government Costs

1. Increase Costs
 Permissive Mandatory
 2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Chapter 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

This bill would authorize the creation of local cultural arts districts by cities with populations greater than 150,000. The bill authorizes WHEFA to issue bonds to finance a project undertaken by a local cultural arts district or to refinance outstanding debt of a local cultural arts district.

The attached fiscal estimate worksheet completed by WHEFA indicates we believe that no fiscal impact results from this bill. Any bonding required by WHEFA would have no state fiscal impact since WHEFA receives no state GPR.

Long-Range Fiscal Implications

Prepared By: Larry Nines	Telephone No. 262-792-0466	Agency WHEFA
Authorized Signature <i>Larry Nines</i>	Telephone No. 262-792-0466	Date (mm/dd/ccyy) 3/10/00

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect
DOA-2047 (R09/99)

1999 Session

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB Number 4673/2	Amendment No. If Applicable
BM Number AB 10853	Administrative Rule Number

Subject

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:	Annualized Fiscal Impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$ 0	\$ - 0
(FTE Position Changes)	(0 FTE)	(- 0 FTE)
State Operations - Other Costs	0	- 0
Local Assistance	0	- 0
Aids to Individuals or Organizations	0	- 0
TOTAL State Costs by Category	\$ 0	\$ - 0
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$ 0	\$ - 0
FED	0	- 0
PRO/PRS	0	- 0
SEG/SEG-S	0	- 0
State Revenues Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ -

NET ANNUALIZED FISCAL IMPACT

	STATE	LOCAL
NET CHANGE IN COSTS	\$ 0	\$ 0
NET CHANGE IN REVENUES	\$ 0	\$ 0

Prepared by: Larry Nines	Telephone No. 262-792-0466	Agency WHEFA
Authorized Signature: <i>Larry Nines</i>	Telephone No. 262-792-0466	Date 3/13/00

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 99-4673/2
INTRODUCTION # AB 853
Admin. Rule #

Subject
Create Madison Arts District

Fiscal Effect

- State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation
- | | | |
|----------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Increase Existing Appropriation | <input type="checkbox"/> Increase Existing Revenues | <input type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> Decrease Existing Appropriation | <input checked="" type="checkbox"/> Decrease Existing Revenues | |
| <input type="checkbox"/> Create New Appropriation | <input type="checkbox"/> Decrease Costs | |

Local: No Local Government Costs

See Text of Fiscal Note

- | | | |
|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. <input type="checkbox"/> Increase Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input checked="" type="checkbox"/> Increase Revenues
<input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Governmental Units Affected:
<input type="checkbox"/> Towns <input type="checkbox"/> Villages <input checked="" type="checkbox"/> Cities
<input type="checkbox"/> Counties <input type="checkbox"/> Others
<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
| 2. <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 4. <input type="checkbox"/> Decrease Revenues
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | |

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate:

The bill provides for creation of a local cultural arts district in cities with population of more than 150,000, and is intended to allow the creation of such a district in Madison.

State Fiscal Effect

The bill provides a corporate income and franchise tax exemption for income earned by such districts, and a sales and use tax exemption for sales to or purchases by such districts. These districts would be exempt from corporate and sales taxes under current law as a government entity, so the exemptions have no fiscal effect.

Income of bonds issued by a local cultural arts district would be exempt from the individual and corporate income tax. Information on the amount of bonds issued by the proposed Madison district or other potential districts is not available. Assuming a 6.25% interest rate and a 6.5% marginal tax rate, every \$10,000,000 in outstanding bonds would result in an annual revenue loss of approximately \$40,000 (\$10,000,000 X 0.0625 X 0.065), if all the bonds were held by individuals subject to the Wisconsin income tax.

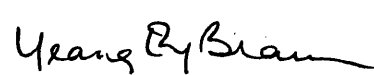
SEG state forestry taxes would decrease by \$20 for each \$100,000 of exempt property under the bill.

Local Fiscal Effect

The bill exempts from property tax the cultural arts facilities of a cultural arts district, with two exceptions:

(continued on page two)

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Dennis Collier, (608) 266-5773 Blair Kruger, (608) 266-1310	Authorized Signature/Telephone No. Yeang-Eng Braun (608) 266-2700 	Date 3/14/00
--------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------

FISCAL ESTIMATE FORM

AB 853 (LRB 4673/2)

Page 2

- ♦ property that is not part of a cultural arts facility if the property is used for a retail business or restaurant that is not exempt from property tax, unless the business or retail is operated by the cultural arts district or certain nonprofit associations, and
- ♦ parking lots or parking structures that are not used to support the operation of a cultural arts district.

At a tax rate of \$26 per \$1,000 of value, for each \$100,000 of exempt property of a cultural arts district that would be taxable in the absence of the bill, \$2,600 ($\$100,000 \times 0.026$) in property taxes are shifted from a cultural arts district to owners of other taxable property.

Also under the bill, a sponsoring city of a cultural arts district may fix and collect a sum to be paid annually in lieu of the amount of property taxes that would be levied by the city on the property that is exempt. If a sponsoring city fixes such a payment at a rate of \$9 per \$1,000 of value, revenue of the sponsoring municipality would increase by \$900 for each \$100,000 of value ($\$100,000 \times 0.009$).

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 99-4673/2
INTRODUCTION # AB 853

Admin. Rule #

Subject
Create Madison Arts District

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

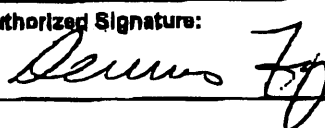
II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe (FTE Position Changes)	\$	\$ -
State Operations-Other Costs	(FTE)	(- FTE)
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ - See Text
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S State Forestry Taxes		- See Text
TOTAL State Revenues	\$	\$ - See Text

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUES	\$ See Text	\$ See Text

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Dennis Collier, (608) 266-5773 Blair Kruger, (608) 266-1310	Authorized Signature/Telephone No. Yeang-Eng Braun <i>Yeang Eng Braun</i> (608) 266-2700	Date 3/14/00
--------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------	------------------------

Underheim

1999 Session		LRB Number 4673/2
FISCAL ESTIMATE DOA-2048 N(R08/99)		Bill Number AB 853
<input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> CORRECTED		<input type="checkbox"/> UPDATED <input type="checkbox"/> SUPPLEMENTAL
Subject Creation of Local Arts Districts		Amendment No. If Applicable Administrative Rule Number
Fiscal Effect State: <input checked="" type="checkbox"/> No State Fiscal Effect Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.		
<input type="checkbox"/> Increase Existing Appropriation <input type="checkbox"/> Decrease Existing Appropriation <input type="checkbox"/> Create New Appropriation		<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
Local: <input type="checkbox"/> No local government costs		
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S		Affected Chapter 20 Appropriations
Assumptions Used in Arriving at Fiscal Estimate Summary: AB 853 authorizes cities with populations over 150,000 to establish a Cultural Arts District, and designates certain powers for the development, maintenance and operation of a District. Once a District is established, its obligations are no longer the responsibility of the sponsoring city and it operates as a separate government entity. State Fiscal Effect: Given that the establishment of a District could result in increased promotional opportunities for the state, region or city, the Department could utilize some of its marketing resources to create awareness of a District and potentially generate increased travel and related expenditures as a result of that activity. Because it is unclear whether or not a district would be created, and what type of actions would be taken once established, it is not possible to give an accurate estimate of what the State Fiscal Effect might be. However, from Tourism's perspective it is likely to be minimal. Local Government Costs: Indeterminable SB 442 gives cities with populations over 150,000 the authority to create an Arts District but does not require it to do so. Because it is unclear whether or not a District will be created, and to what extent it will utilize its powers to finance construction, condemn property and generate expenses and revenues, it is impossible to determine what the cost to local government might be under the bill.		
Long-Range Fiscal Implications		
Prepared by: Todd Pierce	Telephone No. 261-8764	Agency Tourism
Authorized Signature: 	Telephone No. 266-8747	Date 3/14/00

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



Office of the Mayor
City-County Building, Room 403
210 Martin Luther King, Jr. Boulevard
Madison, Wisconsin 53709
608 266 4611 PH
608 267 8671 FAX
608 266 4443 TDD
E-mail: jokeefe@ci.madison.wi.us

STATE OF WISCONSIN

REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS

1999 ASSEMBLY BILL 853

[Introduced by Representatives Underheim and Miller; cosponsored by Senator Risser.]

General Nature of Proposal

The bill authorizes the creation of a local cultural arts district by a city with a population of more than 150,000. The bill grants the district certain powers, including bonding authority, condemnation authority and other authority necessary for the creation and operation of a cultural arts district. The provisions of the bill affecting tax exemptions are more fully described below:

The bill creates a property tax exemption for the property of a local cultural arts district. However, under the bill, the property tax exemption does not apply to the property of a local cultural arts district that is not part of the physical structure of a cultural arts facility, if that property is used for a retail business or a restaurant, unless the retail business or restaurant is operated by the local cultural arts district or by a nonprofit corporation, organization or association. Under the bill, the exemption also does not apply to parking lots or parking structures that are not used to support the operation of a local cultural arts district. In addition, under the bill, a city sponsoring a local cultural arts district is authorized to annually collect a sum, in lieu of property taxes, from the district. However, the sum may not exceed the amount that would be levied by the city as a property tax on the exempt property of the district.

Under the bill, the income of a local cultural arts district is exempt from the income tax and the franchise tax and the income and interest from the district's obligations are exempt from the income tax. In addition, the income and interest from bonds that are issued by the Wisconsin Health and Educational Facilities Authority with respect to a local cultural arts district are exempt from the income tax. Finally, under the bill, goods and services purchased by a local cultural arts district are exempt from the sales and use tax.

Legality Involved

There are no questions of legality involved in the above-described provisions.

Fiscal Effect Upon the State and Its Subdivisions

The Department of Revenue estimates the fiscal effect of the bill as follows:

The bill provides for creation of a local cultural arts district in cities with population of more than 150,000, and is intended to allow the creation of such a district in Madison.

State Fiscal Effect

The bill provides a corporate income and franchise tax exemption for income earned by such districts, and a sales and use tax exemption for sales to or purchases by such districts. These districts would be exempt from corporate and sales taxes under current law as a government entity, so the exemptions have no fiscal effect.

Income of bonds issued by a local cultural arts district would be exempt from the individual and corporate income tax. Information on the amount of bonds issued by the proposed Madison district or other potential districts is not available. Assuming a 6.25% interest rate and a 6.5% marginal tax rate, every \$10,000,000 in outstanding bonds would result in an annual revenue loss of approximately \$40,000 ($\$10,000,000 \times 0.0625 \times 0.065$), if all the bonds were held by individuals subject to the Wisconsin income tax.

SEG state forestry taxes would decrease by \$20 for each \$100,000 of exempt property under the bill.

Local Fiscal Effect

The bill exempts from property tax the cultural arts facilities of a cultural arts district, with two exceptions:

- property that is not part of a cultural arts facility if the property is used for a retail business or restaurant that is not exempt from property tax, unless the business or retail is operated by the cultural arts district or certain nonprofit associations, and
- parking lots or parking structures that are not used to support the operation of a cultural arts district.

At a tax rate of \$26 per \$1,000 of value, for each \$100,000 of exempt property of a cultural arts district that would be taxable in the absence of the bill, \$2,600 ($\$100,000 \times 0.026$) in property taxes are shifted from a cultural arts district to owners of other taxable property.

Also under the bill, a sponsoring city of a cultural arts district may fix and collect a sum to be paid annually in lieu of the amount of property taxes that would be levied by the city on the property that is exempt. If a sponsoring city fixes such a payment at a rate of \$9 per \$1,000 of value, revenue of the sponsoring municipality would increase by \$900 for each \$100,000 of value ($\$100,000 \times 0.009$).

Public Policy Involved

The provisions of the bill affecting tax exemptions are good public policy. However, the committee recommends that the standing committees that subsequently review the bill carefully scrutinize any potential unfair competitive advantages that a business that might be operated by a cultural arts district, such as a restaurant, may receive over competing private sector businesses not operated by such a district due to the tax exemptions provided to the district in the bill.