

Halverson, Vicky

AB 319

From: Halverson, Vicky
Sent: Friday, August 08, 2003 2:18 PM
To: Ford, William
Subject: AB 242

Hi Bill:

Before he left yesterday, Mickey went through the bills that he wants to take up at the Sept. 17th PH/ES. He wants to exec. on AB 431. He met with Mark Gottlieb yesterday and Mark's drafting an amendment to the bill. Suder's redraft of AB 299 will have a PH & ES. He plans to hold a PH on Wieckert's AB 319 re: TIF, and he wants to exec. on Rep. Black's AB 242 -- re: the annual gas tax increase. As he previously mentioned, he would like to require the DOT to specify in their biennial budget requests that they want to index the gas tax for each of the two years of the biennium. Would you be able to help us get this amendment drafted?

I'm going to be out of the office from about 2:30 this afternoon until Monday the 18th. Mickey will be in next Tues., Wed., & Thurs. if you have any questions.

Thanks very much.

Vicky

CITY OF DE PERE

335 South Broadway
De.Pere, WI 54115
Fax No.: 920/339-4049
Web: <http://ci.de-pere.wi.us>



RE: AB 319

September 16, 2003

Rep. Michael A. Lehman Chair, Assembly Ways and Means Committee P.O. Box 8952 Madison WI 53708	Rep. Steve Wieckert Wisconsin Assembly P.O. Box 8953 Madison WI 53708
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Honorable Members of the Assembly Ways and Means Committee

My Name is William R. Patzke and I am the Director of Planning and Economic Development for the City of De Pere. I would like to take this opportunity to urge your support for AB 319. My reasons for supporting this important legislation are as follows.

Under current rules, communities have only seven (7) years to expend funds related to TIF projects. That time restraint creates problems, especially in redevelopment TIF Districts. The City of De Pere, like most communities, follows procedures that are time consuming in attempting to find qualified developers to do desired projects. Prior to expending any funds, the City sends Requests For Proposals (RFP) to developers for identified projects. This procedure usually takes 4-6 months. Once proposals are received, the developers are interviewed prior to selecting the best project. Next, a Development Agreement is prepared that describes the responsibilities of all parties. The Development Agreement goes through a vigorous and thorough review that also takes several months to finalize and receive necessary approvals.

The most time consuming step is the actual acquisition and relocation process for affected property owners. This step requires hiring an appraiser and possibly a Relocation Specialist using another RFP process. Depending on the number of affected parties and how well the acquisition process proceeds, this step takes 6-8 months, or more to complete. Once the property is acquired, a consultant selected through the RFP process conducts a Phase 1 Environmental Assessment. If the site is clean, demolition of existing structures can begin by another contractor selected through a bid process. Then actual construction can begin.

The entire process can last well over a year for each project. In the vast majority of TIF districts, usually several projects are proposed. Many of these highly desired projects cannot be completed in the seven-year period, thereby limiting the communities' ability to provide the critical monetary support for them to succeed. This fact is especially true

during downturns in the local, state and national economies, as we have experienced during the last 2-3 years. By extending the time period that communities can expend funds related to the TID, the State of Wisconsin can provide much needed help in getting the new development they work so hard to attract. Therefore, I again urge your support for this legislation that will prove beneficial to economic development throughout our state.

Thank you for the opportunity to comment and your consideration. Should you have any questions or require further information, please contact me @ 920-339-4043.

Sincerely,



William R. Patzke, AICP
Director of Planning and
Economic Development

September 16, 2003




MANITOWOC
CITY OF MANITOWOC,
WISCONSIN USA

Representative Michael A. Lehman
Chairman, Assembly Ways and Means Committee
P.O. Box 8952
Madison WI 53708

Re: AB319 - Revisions to TIF Law

Dear Chairman Lehman:



The City of Manitowoc supports AB319. The City has just created its sixteenth TIF district in support of various economic development projects. TIF is the cornerstone of our local economic development efforts, and we support efforts to maintain and enhance the program. Our community has one of the highest unemployment rates in the State largely because of a weak State and national economy, and more particularly because of the exporting of our basic industries to Mexico (ie. Mirro) and China.

I recognize that the bill contains various changes to the TIF regulations. However, the most important component of the bill is the provision extending the expenditure period from seven (7) to ten (10) years for TIF's created on or after the effective date of the bill (66.1105(6)(am)1.c.). This is a good change which provides a community with greater flexibility in scheduling capital improvements to meet tight local budget requirements, as budget limitations will require us to look at delaying and postponing capital expenditures and projects to support growth and development. However, as our TIF 16 was approved in early September, 2003 with an effective date of January 1, 2003, the modified expenditure period is not applicable to our new district. If this portion of the bill is adopted as is, only districts created after January 1, 2004 would be eligible for the 10 year expenditure period. I ask that you consider modifying this portion of the bill to make it retroactive to TIF's created on or after January 1, 2003, as district's created in 2003 (the year this bill was acted upon) prior to the effective date of this bill would be penalized. Our local economy needs help, and allowing our TIF 16 to take advantage of the enhanced expenditure period will support our continued efforts to re-build our local economy.

David Less
City Planner

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Should you have any questions regarding this letter, please contact me directly.

Sincerely,



David Less
City Planner

cc. Representative Steve Wieckert
Wisconsin Assembly
P.O. Box 8953
Madison WI 53708

Representative Bob Ziegelbauer
Wisconsin Assembly
P.O. Box 8953
Madison WI 53708

Senator Joe Leibham
P.O. Box 7882
Madison WI 53707



Wisconsin Economic Development Association Inc.

TO: Members, Assembly Ways & Means Committee

FROM: Amy L. Boyer, on behalf of
Wisconsin Economic Development Association

DATE: September 16, 2003

RE: **Support for Assembly Bill 319**

The Wisconsin Economic Development Association (WEDA), a statewide association of approximately 500 economic development professionals, respectfully urges support of Assembly Bill 319.

This bill extends the timeframe that a city or village can make expenditures to a tax incremental district (TID) from seven to ten years for TID's created after October 1, 2004.

This bill is a marked improvement to current law. WEDA strongly believes, however, that allowing a city or village the ability to invest in the TID, throughout the life of the TID would be an even greater improvement and would permit local communities the flexibility to address additional economic development opportunities. For example, if a city or village can make a TID investment in year 15 that results in new jobs and increased tax base, the community and Wisconsin win.

[WEDA along with Rep. Mickey Lehman and Sen. Cathy Stepp and others have been working on a comprehensive TIF reform package that addresses the expenditure issue as well as other initiatives that will help promote economic development in Wisconsin. We hope to have the proposal addressed during this fall floorperiod.]

Thank you for your consideration.



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September 16, 2003

Representative Steve Wieckert
P.O. Box 8953
Madison, WI 53708

Re: Support for AB 319, increasing the expenditure period for certain tax incremental financing districts.

Dear Representative Wieckert:

Thanks for being the lead author of AB 319, increasing the expenditure period from seven to ten years for tax incremental financing districts created after October 1, 2004. The League of Wisconsin Municipalities supports this change in the law. Currently, the ten-year period applies only to TIF districts created before October 1, 1995. TIF districts created by municipalities after September 30, 1995, are covered by a seven-year expenditure period.

Tax incremental financing is the most effective economic development tool available to municipalities. This bill would enhance that tool. Lengthening the expenditure period provides municipalities with more flexibility. It would allow municipalities to delay expenditures until later in the project and possibly reduce financing costs.

We very much appreciate your hard work on this important legislation.

Sincerely,

Curt Witynski
Assistant Director



Wisconsin Economic Development Association Inc.

TO: Members, Assembly Ways & Means Committee

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Wisconsin Economic Development Association

DATE: September 16, 2003

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Thank you for your consideration.



OFFICE OF THE MAYOR
Timothy M. Hanna
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e-mail: mayor@appleton.org

September 16, 2003

Representative Steve Wieckert
Room 16 West, State Capitol
P.O. Box 8953
Madison, WI 53708-8953

Re: Bill AB 319, Relating to Increasing the Expenditure Period for Certain Tax Incremental Financing Districts.

Dear Representative Wieckert:

Thank you for allowing me the opportunity to support and endorse Assembly Bill 319. I believe this Bill, by increasing the expenditure period for certain tax incremental financing districts, will support economic development in our communities. I also believe the long-term solution to our state economic problems can be found in economic growth within our cities, which in turn benefits state government.

Assembly Bill 319 is also important to municipalities during these economic times. In the past, municipalities undertook projects based on a steady tax rate. But with today's declining tax rate having such a large impact on revenue, it is much tougher to meet the debt service on our TIF districts. Assembly Bill 319 will assist us in meeting this challenge.

In closing, I would like to thank you for the introduction of Assembly Bill 319. Your hard work on this and other municipal legislative issues is appreciated.

Sincerely,

Timothy M. Hanna

TIMOTHY M. HANNA
Mayor of Appleton



State of Wisconsin • DEPARTMENT OF REVENUE

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Jim Doyle
Governor

Michael L. Morgan
Secretary of Revenue

Assembly Ways and Means Committee Hearing, September 17, 2003

AB 319 – Increase Expenditure Period of Certain Tax Incremental Finance (TIF) districts (Rep. Wieckert +11/Sen. Cowles + 3)

Description of Current Law and Proposed Change

Current law allows a 7-year expenditure period for TIF districts created after September 30, 1995 and a 10-year expenditure period for TIF districts created before October 1, 1995.

The bill extends the expenditure period from 7 years to 10 years for TIF districts created on or after October 1, 2004.

Fairness/Tax Equity

- The bill creates additional disparity in treatment of TIF districts depending on when the district is created. Districts created before October 1, 1995 currently have a 10-year expenditure period and a 27-year life; districts created after September 30, 1995 have a 7-year expenditure period and a 23-year life. Under the bill, TIF districts created after September 30, 1995 but before October 1, 2004 would continue to have a 7-year expenditure period and 23-year life, whereas districts created on or after October 1, 2004 would have a 10-year expenditure period and a 23-year life.

Impact on Economic Development

- The bill allows municipalities greater flexibility with regard to the timing of TIF expenditures. By allowing a longer period to make expenditures, the bill would allow municipalities to better tailor public improvements to meet the needs of specific development opportunities that may arise after the TIF is created. The bill would also allow municipalities to delay expenditures until later in the TIF project, thereby reducing financing costs.
- On the other hand, a longer expenditure period may extend the total life of the TIF district; as a result, overlying jurisdictions (e.g., the county, school district, and technical college) would be required to forego the tax base associated with the TIF growth for a longer period.
- Expanding the expenditure period for TIF districts to 10 years is consistent with a similar recommendation made by the 2000 Governor's Working Group on TIF.

Administrative Impact/Fiscal Effect

- The bill will slightly increase Department of Revenue costs associated with monitoring the different expenditure periods for TIF districts with different base years. These costs can be absorbed.
- The bill expands the expenditure period for TIF districts created on or after October 1, 2004, but it does not change the 16-year recovery period or the 23-year maximum life. This creates an inconsistency to the extent that a 10-year expenditure period and a 16-year recovery period is not consistent with the 23-year maximum life. Since the department may not authorize tax increments longer than 23 years, the bill would be administered as under current law, however, the bill may create confusion regarding when a TIF district would be required to terminate.

DOR Position

- No position.

Prepared by: Rebecca Boldt, 266-6785

September 14, 2003

RB:skr

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Testimony of
State Representative Steve Wieckert
Regarding
AB 319 – TIF: Increasing Expenditures From 7 to 10 Years
Before the
Assembly Committee on Ways and Means

September 17, 2003

Chairman Lehman and committee members:

Thank you for taking the time today to discuss a piece of legislation that I feel is of significant importance to local governments throughout Wisconsin which will, as a result, also help grow Wisconsin's economy.

Purpose Of This Bill:

AB 319 an economic development proposal that would help grow Wisconsin's economy by allowing municipalities some additional flexibility with Tax Incremental Financing (TIF) initiatives.

Specifically, this legislation would allow an increase in the time cities and villages are able to spend money for TIF improvements within a district. Currently, a municipality must complete expenditures within a seven-year period. This legislation allows a municipality to complete expenditures within a 10-year period, increasing the period by three years compared to current law.

Why This Bill Is Important:

This three-year increase would be of significant help to many communities around the state.

For example, many times a TIF area may be designed to be developed in stages similar to many real estate development projects. As phase one is developed and utilized by the private sector, phase two may be initiated. The problem with current law is that it requires all phases to be developed within seven years. Therefore, a city may be forced to install roads and sewer and water and other expensive services and improvements years before they are needed to comply with this tight seven-year expenditure period. This results in expenses being incurred years earlier than they need to be, which in most cases would cause a municipality much higher interest costs for the project. If they could make these improvements at a later date, they could save two or three years of interest expense.

Allowing the expenditure period to extend from seven to ten years would be a significant cost savings advantage that this legislation would offer municipalities.

Also, as pointed out in the letter of support for this legislation received from the City of DePere, the period of only seven years for expenditures in some cases

would actually preclude a city from helping with important city redevelopment projects in their later stages because of the time limitation.

The total length of the life of a TIF district is still 23 years in most cases, as provided for by current law. This legislation does not change the total lifespan of the TIF. Therefore, by extending the expenditure period to a maximum of ten years, the recovery period, which by current law is and under this legislation would remain 16 years, there would be an overlap period during which expenditures could continue and the recovery period would be in progress.

As this legislation was being crafted, one idea was brought up to extend the life of the TIF to 26 years from the current 23 years so that there would be no overlap between the expenditure and recovery periods. As there are some arguments that say this would delay by an additional three years money going into the general treasury of the municipality, I thought it may be best to maintain current law in this area.

It should also be noted that some advocates of TIFs would like to see this expenditure period extended even further than this bill calls for, allowing expenditures to continue throughout the life of a TIF. This legislation seems to be a good middle ground between the current law and a total project life expenditure period.

One amendment the committee may wish to consider is to allow this bill to be retroactive to September of 1995 so that all existing TIFs would also have this advantage of having an expenditure period of 10 years instead of the shorter 7-year period. I would be in support of such an amendment. I would like to ask Legislative Council or LRB drafting to draft such an amendment, should you wish to consider it.

No State Fiscal Impact:

The legislation does not require any additional state government expenditure, as shown by the fiscal note, which has been distributed

This Bill Is Supported By:

This concept has the general agreement of:

- Wisconsin Economic Development Association
- Alliance of Cities
- City of Appleton
- City of DePere
- League of Municipalities.

I know that efforts are being made to put together more comprehensive TIF reform legislation, which may include or expand upon the idea in this bill. If that bill does develop consensus and moves forward through the legislative process, this legislation could be set aside.

In the meantime, I think this is such an important improvement to TIF law that we should start this legislation forward now, so that this will become law this session and give local governments this much needed flexibility.

We serve our constituents best when governments at all levels work together as a team. Collaboration between state and local government has become a bit strained by the challenges of shared revenue funding levels and the property tax freeze debate. This proposal can help to provide for constructive and needed help to local governments and build a stronger foundation of collaboration with local governments.

I would be happy to answer any questions the committee may have.