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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Senate

(Assembly, Senate or Joint)

Committee on ... Job Creation, Economic Development and Consumer Affairs (SC-JCEDCA)

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Mike Barman (LRB) (August/2012)

Senate

Record of Committee Proceedings

Committee on Job Creation, Economic Development and Consumer Affairs

Senate Bill 165

Relating to: the powers of certain towns, authorizing the creation of charter towns by certain town boards, and expanding the authority of charter towns to create tax incremental financing districts.

By Senators Kedzie, Breske, Kapanke and A. Lasee; cosponsored by Representatives Owens, Kerkman, Ainsworth, Albers, Bies, Davis, Gronemus, Gunderson, Freese, Hahn, Hines, Hundertmark, Jeskewitz, Kestell, Krawczyk, F. Lasee, Lothian, McCormick, Musser, Ott, Petrowski, Pettis, Pridemore, Towns, Vos and Ballweg.

April 12, 2005 Referred to Committee on Job Creation, Economic Development and Consumer Affairs.

June 22, 2005 **PUBLIC HEARING HELD**

Present: (5) Senators Kanavas, Zien, Reynolds, Lassa and Decker.
Absent: (0) None.

Appearances For

- Neal Kedzie, Madison — Senator
- Carol Owens — Representative
- Dan Kapanke, La Crosse — Senator
- Mr. Terry McMahon, Union Grove — Wisconsin Towns Association
- Mr. Rich Gossling, Kenosha — Town of Bristol
- Mr. Robert Museus, Beloit — Town of Beloit
- Ms. Mary Frey — Town of Beloit
- Mr. Vilas Machmueller — Village of Weston
- Pat Stevens — Town of Grand Chute
- Mr. Jim Erdman — Town of Oshkosh
- Mr. Raymond Batley — Town of Vinland
- Mr. Chester Dietzen — Town of Harrison
- Mr. Jeff Herrmann — Town of Oconomowoc and Genesee
- Mr. Len susa — Town of Oconomowoc
- Mr. Wayne Polin — Town of Delavan
- Mr. Neal Stippich — Town of Beaver Dam
- Mr. Thomas Wilson — Town of Wesport
- Mr. Bob Perkins — Town of Concord
- Mr. Jeff Musche — Town of Lisbon
- Ms. Wendy Landry — Town of Lisbon
- Mr. Richard Nawrocki — Town of Merton
- Mr. Toby Cotter — Town of Richfield

- Mr. Robert Flessas — Town of Brookfield
- Mr. Rick Czopp — Town of Brookfield
- Mr. Bob Crooks — Town of Campbell
- Mr. Kent Woods, Madison — Wisconsin Towns Association
- Mr. Jerry Derr — Wisconsin Towns Association
- Mr. Dennis Faber — Town of Salem
- Mr. Rick Stadelman, Shawano — Wisconsin Towns Association

Appearances Against

- Mayor Tim Hanna — City of Appleton
- Mr. Ed Huck, Madison — Wisconsin Alliance of Cities
- Mr. Jerry Deschane, Madison — Wisconsin Builders Association

Appearances for Information Only

- None.

Registrations For

- Mr. David Wiganowsky — Town of Burke
- Samantha Kerkman, Madison — Representative
- Mr. Joshua Smith — Town of Cedarburg
- Mr. Erv Stevens, Grand Chute
- Ms. Cheryl Goodrich — Town of Beaver Dam
- Mr. Gerald Jensen — Town of Oregon
- Ms. Rebecca Plotecher — Town of Lisbon
- Ms. Jan Crooks — Town of Campbell
- Ms. Amy Volkmann — Town of Burke
- Ms. Diann Tesar — Town of Salem
- Mr. Alan Matuszeski — Town of Beaver Dam
- Mr. Dave Patzelt, Delavan — Sho-Deen, Inc.

Registrations Against

- Ms. Sherrie Gates-Hendrix, Madison — Department of Revenue
- Mr. David Krahn — Waukesha County
- Mr. Curt Witynski — League of Wisconsin Municipalities
- Ms. Amy Boyer, Madison — Wisconsin Economic Development Association
- Mr. Tom Larson, Madison — Wisconsin Realtors Association
- Mr. Mario Mendoza — City of Madison

May 4, 2006

Failed to pass pursuant to Senate Joint Resolution 1.

James Michel

Committee Clerk

SENATE BILL 165 (LRB -2488)

An Act to amend 27.08 (2) (b), 27.08 (2) (c), 28.20, 59.69 (3) (a), 59.69 (3) (b), 59.69 (3) (e), 60.61 (2) (intro.), 60.61 (3) (intro.), 60.62 (2), 60.62 (3), 61.34 (3), 62.22 (1), 62.22 (1e), 62.23 (7a) (a), 66.0105, 66.0217 (3) (intro.), 66.0219 (intro.), 66.0223 (1), 70.99 (8) and 236.02 (5); and to create 60.10 (1) (h), 60.225 and 60.23 (32) of the statutes; relating to: the powers of certain towns, authorizing the creation of charter towns by certain town boards, and expanding the authority of charter towns to create tax incremental financing districts.

2005

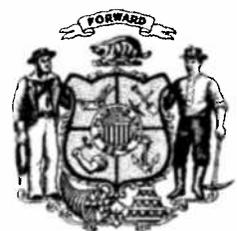
- 04-12. S. Introduced by Senators **Kedzie, Breske, Kapanke** and **A. Lasee**; cosponsored by Representatives **Owens, Kerkman, Ainsworth, Albers, Bies, Davis, Gronemus, Gunderson, Freese, Hahn, Hines, Hundertmark, Jeskewitz, Kestell, Krawczyk, F. Lasee, Lothian, McCormick, Musser, Ott, Petrowski, Pettis, Pridemore, Towns, Vos** and **Ballweg**.
- 04-12. S. Read first time and referred to committee on Job Creation, Economic Development and Consumer Affairs 161
- 04-18. S. Fiscal estimate received.
- 06-21. S. Senate amendment 1 offered by Senator **Kedzie (LRB a0777)** 269
- 06-22. S. Public hearing held.

2006

- 05-11. S. Failed to pass pursuant to Senate Joint Resolution 1 853



WISCONSIN STATE LEGISLATURE





Town Of WAUKESHA

Chairman - Rod Stilwell
Supervisor - Robert Tallinger Sr.
Supervisor - Stephen A. Smart
Town Clerk - Michaelene R. Knoebel
Treasurer - Josephine T. Diekfuss
Building Inspector - Independent Inspections Ltd.
Assessor - Cole • Layer • Trumble Company
Constable - Howard A. Garvens
Deputy Clerk - Debra Schueler

June 17, 2005

Ted Kanavas
PO Box 7882
Room 10 S
Madison , WI 53707-7882

Dear Senator Ted Kanavas,

This letter is to request your support of the CHARTER TOWNS BILL Senate Bill 165.

Towns are a very important and integral part of government in the State of Wisconsin. Passing this bill could have a positive effect on many Towns in Wisconsin.

Sincerely,

WAUKESHA TOWN BOARD

Rodney T. Stilwell
Town Chairman

c: Governor James Doyle
Lt. Governor Barbara Lawton



WISCONSIN STATE LEGISLATURE



Shepherd, Jeremy

From: Brad Boycks [bboycks@wisbuild.org]
Sent: Monday, June 20, 2005 2:55 PM
To: Shepherd, Jeremy
Subject: Charter Towns

SB 165 ?

Hey-

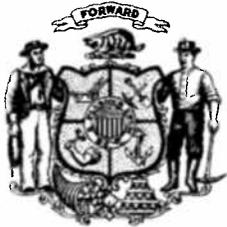
Just in case your boss would like to ask some questions of the Towns Association folks or the author(s) of the bill during the upcoming hearing:

- 1) Does this bill require a town to abide by boundary agreements that it has already reached with adjacent communities? (ANSWER: No.)
- 2) We all agree that cooperation is a better solution to border disputes, but how does this bill encourage cooperation? (ANSWER: It doesn't; it gives the town all of the leverage)
- 3) Why would any charter town bother bargaining with the adjacent city?
- 3) This bill prohibits a city from acquiring land in a town for ANY reason without the town's permission, even if the city needs that land to replace an unsafe water supply. Is that good public policy?
- 4) This bill prohibits a county from enforcing shoreland zoning in charter towns. Is it your intent to eliminate shoreland zoning in the fastest-growing towns in this state? Is that a good idea?
- 5) Can you assure the people of this state that EVERY one of the 64,000 jobs that are created each year by new commercial, industrial and residential development will be protected under this bill? Can you promise that not one single town will freeze its borders to prevent growth?

Brad Boycks
Director of Political Affairs
Wisconsin Builders Association
W: 608-242-5151
C: 608-692-5157



WISCONSIN STATE LEGISLATURE





State of Wisconsin • DEPARTMENT OF REVENUE

2135 RIMROCK RD. • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933
PHONE (608) 266-6466 • FAX (608) 266-5718 • <http://www.dor.state.wi.us>

Jim Doyle
Governor

Michael L. Morgan
Secretary of Revenue

Senate Job Creation, Economic Development and Consumer Affairs Committee Hearing, June 22, 2005

Senate Bill 165 – Authorizing the Creation of Charter Towns, Powers of Certain Towns (Sen. Kedzie)

Description of Current Law and Proposed Change

The bill allows certain towns that are authorized to exercise village powers to declare themselves, by referendum, to be charter towns. In addition, certain charter towns would be protected from annexation by a city or village unless the town board approves the proposed annexation.

The bill allows charter towns to exercise the powers of a city to create tax incremental financing districts (TIDs). If a town already created a TID under the town TIF law, that TID has to operate under the town TIF law.

Fairness/Tax Equity

- The bill creates a new class of municipalities - charter towns, that are given some but not all the powers granted to villages. Large towns that provide a high level of services would be granted protection from annexation.
- The bill restricts powers of cities and villages neighboring charter towns. While immunity of certain charter towns from incorporation into cities or villages may end border disputes, it may also impede economic development of urban areas and consolidation of services.

Impact on Economic Development

- Charter towns would be allowed to use city powers to create TIDs, while all other towns will have more limited powers under the current town TIF law. While large charter towns may use this economic development tool to pay for needed infrastructure to encourage new development, it can also encourage sprawl.

Administrative Impact/Fiscal Effect

- Local fiscal effect

According to Department of Revenue data, 138 towns could, subject to voter approval, declare themselves charter towns upon enactments of the necessary land use plans, mapping and zoning ordinances. Most towns are likely to have land use plans, maps, and zoning ordinances under the Smart Growth Law. However, towns that do not already have

land use plans and official maps would incur costs ranging from \$5,000 to \$20,000 for basic land use plans and mapping; more complicated plans and mapping could cost up to \$100,000. Towns that had not already enacted and enforced zoning ordinances would incur personnel costs for the staff required for enforcement. Fees associated with various zoning requirements could defray some costs.

- State fiscal effect

Additional staff and resources may be required to administer the TIF law if the bill results in a substantial increase in workload. In any case, the bill would require creation of 13 new forms, revision to training, application materials, and annual reports. In addition, for each new TID, the Department reviews the TIF project plan, the required local resolutions, the district boundary descriptions, and parcel lists. The Department is also required to annually determine the value of increments.

DOR Position

- Oppose.

Prepared by: Milda Aksamitauskas (608) 261-5173

June 21, 2005

MA:skr

L:\session 05-07\hearings\ma\sb165.doc



Date?

REALTORS OPPOSE SB 165

“Charter Towns” Bill Is Bad For Property Owners

The Wisconsin REALTORS® Association encourages all legislators to oppose SB 165, annexation legislation that would cause significant harm to property owners.

BACKGROUND

Although annexation conflicts are often characterized as “turf battles” between cities and towns, they are actually conflicts between property owners and local government.

In almost all annexation cases, the property owner petitions the city/village to be annexed. Contrary to popular belief, the city/village does not seize private property against the wishes of a property owner to bring the property within the municipality’s borders. If certain property owners do not want to be included in an annexation, those property owners are usually “carved out” of the annexation petition and allowed to remain part of the unincorporated area. Because of Wisconsin’s strong commitment to the rights of property owners (those who want to be annexed and those who do not), strange annexation configurations often result.

Although property is annexed for a variety of reasons, most property owners annex their property because property is generally more valuable if it is located within city/village boundaries since it can be developed at higher densities due to the availability of municipal sewer and water. Many rural property owners rely upon the increase in property values resulting from annexation to increase their net worth and finance their retirement.

LEGISLATIVE PROPOSAL

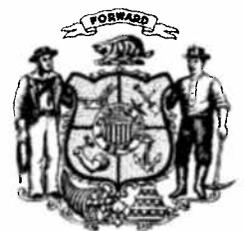
SB 165 hurts the interests of property owners by:

- **Prohibiting property owners from having their property annexed to cities and villages.** Under the bill, property owners located in a “charter town” cannot have their property annexed into a city/village if the charter town: (1) provides sewer and water services to 10% of the town residents; (2) has property within its borders with an equalized value of greater than \$100 million; or (3) provides law enforcement services 24 hours per day. In other words, a property owner living in a “charter town” that wants to annex his/her property into a city or village in order to hook up to sewer and water is prohibited from doing so under this bill simply because the town provides sewer and water to a small percentage of other residents in the town.
- **Decreasing the value of their property.** By prohibiting property owners located in a “charter town” from having their property annexed into a city or village, SB 165 will cause the value of their property to decline. This decline in property values will have a significant impact upon the retirement savings and financial net worth of many people who are depending upon the increase in the value of their property resulting from annexation.

If you have any questions, please contact Tom Larson or Michael Theo at (608) 241-2047.



WISCONSIN STATE LEGISLATURE



**SUPERVISOR WENDY LANDRY
TOWN OF LISBON, WAUKESHA COUNTY
TESTIMONY AT PUBLIC HEARING
ON SENATE BILL SB165
JUNE 22, 2005**

Thank you Mister Chairman and members of the Committee for this opportunity to speak to you. My name is Wendy Landry and I appear before you as a Town Supervisor and resident of the Town of Lisbon. I'm here because the Town of Lisbon needs your help, urban towns need your help and the town form of government needs your help. And in helping the Towns of Wisconsin, I believe you will further the objectives of the state in encouraging greater local government cooperation.

Why do we need this change? I don't have to tell you about the costly border wars which have occurred in Waukesha County and in many other areas throughout the state. Current annexation laws pit towns against villages and cities. Extra territorial zoning silences the voices and desires of town residents. And taken together, annexation laws and extraterritorial zoning makes it almost impossible for towns to do any meaningful planning. Put simply, the current system promotes conflict over both cooperation and planning. Let's change that.

Let me start out by saying I am not going to address the specifics of the Charter Towns Bill – you probably all know them better than I do. Rather, let me explain the principles on which the Charter Towns Bill is based.

First, we believe local governments should have the flexibility to respond to a diversity of local needs and to keep separate identities. This means that local governments should be open and accountable to local citizens and have the ability to provide a life style which the local citizens' desire.

Second, we believe all Wisconsin citizens, regardless if they live in a Town, Village or City, should have an equal voice in decisions affecting their public services, policies, land-use and life style.

Third, we believe the cost of local services should be distributed equitably. All residents should bear their share of the costs of the services which they use.

And finally, we believe local governments should work cooperatively to seek the most efficient service delivery possible by reducing duplication of services and equipment. Intergovernmental cooperation should be the rule and intergovernmental conflict should be minimized.

The Charter Towns Bill is based upon these principles. It works to preserve the Town life style, it works to provide town residents an equal voice in decision making and it works to achieve cooperation between towns and their neighbors.

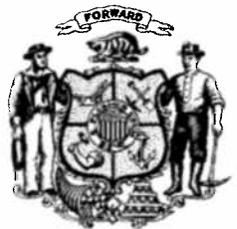
The Charter Towns Bill does nothing more than place some towns, which meet certain criteria, on the same footing as villages and cities. It means that towns can sit at the table

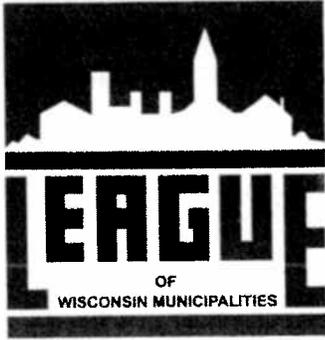
with a village and city and reach meaningful agreements and cooperation.

In closing, I respectfully ask you to assist us, support the Charter Towns Bill, support cooperation over conflict and support us in providing a voice for town residents in development decisions. Thank you.



WISCONSIN STATE LEGISLATURE





202 State Street
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Madison, Wisconsin 53703-2216

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800/991-5502
Fax: 608/267-0645

E-mail: league@lwm-info.org
www.lwm-info.org

To: Senate Committee on Job Creation, Economic Development and Consumer Affairs

From: Curt Witynski, Assistant Director, League of Wisconsin Municipalities

Date: June 22, 2005

Re: Opposition to SB 165, Charter Towns

The League of Wisconsin Municipalities strongly opposes SB 165, allowing certain towns with large populations to acquire tax incremental financing and other municipal powers and be exempt from annexation and municipal extraterritorial powers. SB 165 adversely affects municipalities in the following ways:

- ❑ It freezes the borders of municipalities abutting certain “super” charter towns. Under the bill, towns with populations of at least 2,500 that meet certain minimal conditions may become “charter towns.” Charter towns that meet specified conditions, such as providing law enforcement services 24 hours a day and having an equalized value exceeding \$100,000,000, are exempt from annexation. According to the Department of Administration, about 130 towns statewide have populations of at least 2,500 and could qualify as “super” charter towns if the other conditions specified in the bill are met.

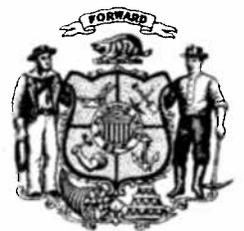
Freezing municipal borders and closing off a municipality from the growth in tax base occurring on its fringe will greatly exacerbate tax rate disparities between municipalities and surrounding towns and may well lead to the demise of the urban center.

- ❑ It prohibits a municipality from exercising extraterritorial planning, zoning and plat approval powers within any charter towns.
- ❑ The bill as introduced allows “super” charter towns to prohibit a municipality from acquiring land in the town, even by gift, for parks, municipal wells, wastewater treatment plants, streets, sewer extensions or any other public purpose.
- ❑ It creates a new hybrid municipality at a time when everyone agrees Wisconsin already has an excessive number of local governments. Thereby adding to the problem of service duplication and overlap.

For the above reasons, we believe SB 165 is bad public policy and should be rejected. Instead, we urge you to support the legislative proposal recommended by the Legislative Council Special Committee on Municipal Annexation. WLC: 0132/1 is a comprehensive proposal that creates new and easier methods for municipalities and towns to enter into boundary agreements. This compromise legislation also creates a mediation process that towns and municipalities can use to bring either side to the table to negotiate border agreements. The League supports this proposal and urges the Legislature to pass it instead of the charter towns bill, SB 165. Thank you for considering the concerns of cities and villages.



WISCONSIN STATE LEGISLATURE



Testimony on Senate Bill 165
Senator Neal Kedzie
Senate Committee on Job Creation,
Economic Development and Consumer Affairs
June 22, 2005

Chairman Kanavas, members of the Committee, thank you for holding a public hearing today on Senate Bill 165.

Senate Bill 165 allows towns that meet certain criteria to pass a resolution, which must be ratified in a referendum, to declare itself a "Charter Town." Charter Towns would be granted certain additional powers, including the ability to create TIF districts, exercise certain zoning powers, and exemption from being subject to certain city and village extraterritorial powers.

To be considered a Charter Town, Towns must meet the following criteria:

- The population of the town must be at least 2,500.
- The town board must create a town plan commission and adopt a comprehensive land use plan.
- The town board must enact and enforce building code ordinances.
- The town board must enact a construction site erosion control and storm water management zoning ordinance.
- The Town must establish an official Town Map.
- The Town Board must enact a subdivision ordinance.

In addition, Senate Bill 165 specifies that towns that meet additional criteria are exempt from city and village annexation powers. To be afforded this protection, Towns must provide at

least 10 percent of its residents with either water supply or sewage disposal, the equalized value of the town must exceed \$100 million, and the town must provide law enforcement services 24 hours a day.

It should be noted that this bill will apply to only a small number of the 1,266 Towns that currently exist. Currently, only 138 Towns have a population in excess of 2,500. Approximately 85 of those Towns would qualify for the first level of Charter Town status. 19 Towns would qualify for the full Charter Town status.

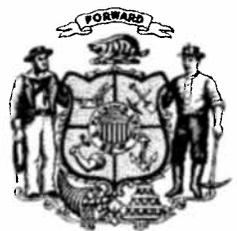
I believe that Senate Bill 165 is necessary because it addresses an ongoing problem throughout Wisconsin at the local government level – border disputes between cities and villages, and townships. In my view, both units of government would benefit if these disputes can be eliminated and replaced by cooperation. While Assembly Bill 266 doesn't solve all existing issues, it does provide a measure of fairness for Townships by establishing guidelines for them to follow in exchange for allowing them border protection and other rights currently afforded to cities and villages.

On April 21st of this year, the Assembly Committee on Rural Affairs and Renewable Energy held a public hearing and executive session on Assembly Bill 266, the companion bill to SB 165. The bill was recommended for passage on a 7-1 vote. An amendment was adopted to address the concerns expressed by the Department of Revenue regarding the tax incremental district language contained in this bill. This amendment will allow a charter town, if it revokes its charter town status, to continue to administer the district (until it terminates), as if the town had not revoked its charter town status. I have introduced an amendment identical to AA 1 to Senate Bill 165.

Thank you again for holding a hearing on this proposal.



WISCONSIN STATE LEGISLATURE





Wisconsin Builders Association

Dedicated to Preserving and Promoting the American Dream

President
Dan Schneider
Kiel

President-Elect
Frank Madden
Mequon

Treasurer
Mark Etrheim
La Crosse

Secretary
Jason Steen
Osseo

Past President
Mike Lotto
Green Bay

Associate Senior Officer
Ralph O. Kennedy, II

Associate Advisor to the Senior Officers
Judy Carpenter
La Crosse

Area Vice Presidents

2002-2005
Judy Carpenter
La Crosse

Mike Marthaler
Eau Claire

Jim Klappa
Milwaukee

Kevin Pitts
Green Bay

2003-2006
Bob Sarow
Janesville

Tracy Royer
Appleton

Julie Meyer
Racine

Dave Kautza
Antigo

Jim Selting
Eau Claire

2004-2007
John Anderson
Menasha

Greg Schaeffer
Madison

Mark Bootz
Green Bay

Tom Thompson
La Crosse

Ted Peotter
Wausau

Deputy Executive Vice-President
Jerry Deschane

June 22, 2005

Chairman Ted Kanavas and members
Of the Senate Committee on Job Creation, Economic Development and Consumer Affairs
P.O. Box 7882
Madison, WI 53707

Dear Ladies and Gentlemen of the Committee:

The Wisconsin Builders Association opposes Senate Bill 165 and we urge you not to pass it. SB 165 turns the process of growth on its head, creating tremendous uncertainty about Wisconsin's economic future. It gives certain towns the legal clout to block annexations, without requiring those towns to accommodate the growth that otherwise would have been served by that annexation. It creates another layer of government when even government officials admit that we have too many.

Here are a few of our specific concerns:

- **The bill is anti-property rights.** The majority of annexations today are done at the request of the property owner. Under the bill, a town can prevent that property owner from seeking annexation. This will cost property owners millions of dollars if they cannot move ahead with development plans.
- While the bill allows a town to block an annexation, it does not require the town to accommodate the same development. Again, losses to individual property owners will be measured in millions of dollars.
- **The bill is anti-jobs.** Although some towns have the capacity to accommodate urban-scale residential development, few towns can accommodate commercial or industrial development. More jobs will be lost.
- Last session's legislative showpiece was the Jobs Creation Act, which focused on speeding up the regulatory process. AB 266 will wipe out the days gained by that bill, replacing them with months of stalemates between towns and cities.
- **It provides no-growthers with a powerful tool to stop development.** Although the bill requires the town to have some sewer or water service, it does not require both, nor does it require the town to provide that infrastructure to new areas. Without sewer and water, commercial and industrial development will be very limited and residential development will need thousands more acres of land.
- **It tosses the concept of intergovernmental cooperation out the window** (towns would have no incentive to negotiate).
- The bill does not require towns to abide by any existing boundary agreements.
- **The bill can be used to literally choke a community dry.** Wisconsin law says a city or village may condemn property outside its borders if needed to access safe drinking water. AB 266 takes away that power within charter towns, unless the town grants permission.

No one can accurately predict the economic harm this bill will do. Therefore, we strongly urge you not to support passage of SB 165.

Sincerely,

Jerry Deschane



4868 High Crossing Boulevard • Madison, Wisconsin 53704-7403
(608) 242-5151 • (800) 362-9066 • Fax (608) 242-5150

www.wisbuild.org

The Economic Development Impact of Annexation

EXECUTIVE SUMMARY



Each year, cities and villages throughout Wisconsin grow by annexing new territory. While political tensions between towns and municipalities over annexation are widely reported, little has been said about the financial benefits of annexation. Those impacts, both in terms of job creation and new property value creation, are substantial. A report, *The Economic Development Impact of Annexation*, is an effort to quantify those benefits.

The Wisconsin Economic Development Institute, Inc. prepared this report. The Wisconsin Economic Development Association and the Wisconsin Builders Association sponsored it.

Full copies are available online at www.wi-wedi.org.

Annexation is a regular part of local government business in WI...

- There are, on average, 411 annexations that occur in Wisconsin each year
- Eighty-percent (80%) of all annexations occur in Wisconsin's 28 most-population counties
- The average annexation is approximately 46 acres in size
- Two-thirds of all annexed land is vacant, while 92% is vacant or is occupied by one family
- Cities in Wisconsin house one-half the state's population on just 2.8% of the land area
- It would take more than one hundred years to double the amount of land incorporated in cities and villages

Annexation fulfills a basic need. As Wisconsin's population grows, annexations allow Wisconsin to house and provide jobs for 31,798 households each year. This number will rise as households become smaller, a natural result of the aging baby boom.



Property value, the value of one's home, is the single greatest source of wealth for most people.

- Annexation results in an average of 11 new jobs per acre, or 62,500 permanent jobs
- In addition to providing jobs, the development that occurs as a result of annexation adds \$10.3 billion in new property value every year
- Annexation creates new property value in Wisconsin of \$645,000 per acre for residential development and \$315,000 per acre for commercial/industrial development
- The Department of Commerce says the equalized value of tax increment-financed projects increases by 500% on average



Private citizens are not the only beneficiaries of annexation-driven growth. Local governments rely on annexation for new property tax revenue.

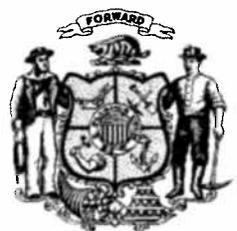
- The average equalized value per acre for cities in Wisconsin is \$157,428
- Each \$1 million in new property value produces \$22,650 in additional property taxes. This does not count additional income, corporate or sales taxes created on that property.
- By contrast, the average equalized real estate value per acre for towns is \$3,846
- A 2003 study done in Texas concluded: "The capacity to annex emerging areas of development into a central city is often critical to the ongoing sustainability of a metropolitan area."

Visit www.wi-weed.org to read the full report, "The Economic Development Impact of Annexation"

For more information, please contact Roger Nacker, PhD at 608-661-4626 or rnacker@msn.com



WISCONSIN STATE LEGISLATURE



STATEMENT OF SUPPORT FOR SENATE BILL
165 CHARTER TOWN LEGISLATION

Date ?

VILAS E. MACHMUELLER VILLAGE PRESIDENT,
VILLAGE OF WESTON

Chairman Kanavas and distinguished members of the Job Creation, Economic Development and Consumer Affairs Committee, I sit before you today as a battled scarred veteran of the land grab wars of 1980s and 1990s that took place in southern suburbs of Wausau. A battle that has cost my community millions of dollars of equalized value and more importantly cost my constituents almost \$1.20 / \$1000 of local property tax savings. And as we all know property tax savings is the name of the game in Madison these days.

My current title is Village President, but for many years I was the Chairman of the Town of Weston, one of the largest and most progressive towns in the State of Wisconsin. At our peak, our population topped 13,000 and our economic growth along Highway 51 (Now 1-39) was the driving force in Central Wisconsin. This is important to note because our neighbors to the south (Rothschild) and the west (Schofield) were not interested in growth. In fact, we tried to annex Rothschild and they declined. We then tried to incorporate as a fourth class city, but we were stopped by the Oak Creek Law of 1973 which ceased any creation of new cities in the State of Wisconsin as a whole.

As we attempted to improve our municipal standing through incorporation, we continued to progressively grow. We helped grow Wausau Homes, we invested in infrastructure that now makes up the Cedar Creek area, the Town was instrumental in the construction of the Weston Power Plant owned by Wisconsin Public Service. The location of the power plant in the Town of Weston and the utility tax that came along with the plant allowed Weston to flourish as a community and keep the tax rate low. And then it happened...

After we had invested Town of Weston money in infrastructure and created the equalized value, Rothschild took advantage of our unprotected township status and annexed our growth away from us. They didn't want to grow on their own, but they didn't mind stealing ours. It literally decimated our community as our population dropped below 9,000 and we lost 33% of our value (including the power plant). This caused our taxes to rise. We were successful in keeping our utility infrastructure, but we had to sue to get our money back to payoff general obligation debt on all the new growth we had created.

As we were staggering to get back up off of the canvas, the City of Schofield tried to annex our downtown area that had recently secured a large grocery store and other retail business. We were being attacked on all sides with little recourse. We were able to fight off this annexation attempt by Schofield, and then finally convince the WI Department of Administration to allow Weston to incorporate as a Village in 1996. (By the way not a day goes by that we don't receive a call from a Rothschild resident wanting to come back to Weston as their tax rate is almost 25% higher than ours).

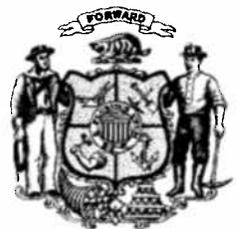
The Charter Town Bill will prevent this type of municipal raiding from ever happening again. Towns will be able to engage in progressive planning and development without the threat of being taken over by an adjacent Village or City without any recourse. The ability for local citizens to control their own destiny will be restored. Specifically, I support the ability for a town to create a TIF in language set forth in this legislation. If Weston would have had this ability our taxes would now be \$3.35/ \$1000 as opposed to \$5.45/ \$1000 because we would have been able to ward off the argument by Rothschild that they had TIF capability and we did not. This ability was the catalyst in Rothschild's land grab.

So I am urging the Job Creation, Economic Development and Consumer Affairs Committee to forward SB 165 to the full Senate for action as a show of support for Wisconsin's townspeople. Thank you for your time.

(Oh by the way, all is not lost in the new Village of Weston. Our attitude of progressive growth has brought our population back over 13,000. We have over 500 new homes on the drawing board, we have created over 2,000 jobs in our TIF and we will soon be home to a \$150 million regional medical center. Just this Spring, WEDA presented us with their award for outstanding economic development achievement by a community and we are the place to live in the Wausau area. So you see, you can beat us, batter us, and yes, even steal from us - but you can't hold us down because even though we have the title of "Village" - we still have the heart of our Township heritage).



WISCONSIN STATE LEGISLATURE



Appearances for Information Only

Jerry Deschane, Madison — Wisconsin Builders Association

Registrations For

Neal Kedzie, Madison — 11th Senate District

Rodney Rockenback, Genoa City — Town of Bloomfield

Tom Lothian, Madison — 32nd Assembly District

Gerald Jensen, Oregon — Town of Oregon

Charlotte Berg, Grand Chute — Town of Grand Chute

Richard Gimler, Watertown — Wisconsin Towns Association

Robert Thomas, Dodgeville — Wisconsin Towns Association

Registrations Against

Curt Witynski, Madison — League of Wisconsin Municipalities

Matt Stohr, Madison — Wisconsin Counties Association

Amy Boyer, Madison — Wisconsin Economic Development Association

April 21, 2005

EXECUTIVE SESSION HELD

Present: (8) Representatives Hahn, M. Williams, Nerison, Freese, Albers, Ballweg, Schneider and Benedict.

Absent: (1) Representative Vruwink.

Moved by Representative Freese, seconded by Representative Albers that **Assembly Amendment 1** be recommended for introduction and adoption.

Ayes: (8) Representatives Hahn, M. Williams, Nerison, Freese, Albers, Ballweg, Schneider and Benedict.

Noes: (0) None.

Absent: (1) Representative Vruwink.

INTRODUCTION AND ADOPTION OF ASSEMBLY AMENDMENT 1
RECOMMENDED, Ayes 8, Noes 0

Moved by Representative Freese, seconded by Representative M. Williams that **Assembly Bill 266** be recommended for passage as amended.

Ayes: (7) Representatives Hahn, M. Williams, Nerison, Freese, Albers, Ballweg and Schneider.

Noes: (1) Representative Benedict.

Absent: (1) Representative Vruwink.

PASSAGE AS AMENDED RECOMMENDED, Ayes 7, Noes 1

Wendy Minick
Committee Clerk

Record of Committee Proceedings

Joint survey committee on Retirement Systems

Assembly Bill 267

ASSEMBLY BILL 266 (LRB -0650)

An Act to amend 27.08 (2) (b), 27.08 (2) (c), 28.20, 59.69 (3) (a), 59.69 (3) (b), 59.69 (3) (e), 60.61 (2) (intro.), 60.61 (3) (intro.), 60.62 (2), 60.62 (3), 61.34 (3), 62.22 (1), 62.22 (1e), 62.23 (7a) (a), 66.0105, 66.0217 (3) (intro.), 66.0219 (intro.), 66.0223 (1), 70.99 (8) and 236.02 (5); and to create 60.10 (1) (h), 60.225 and 60.23 (32) of the statutes; relating to: the powers of certain towns, authorizing the creation of charter towns by certain town boards, and expanding the authority of charter towns to create tax incremental financing districts.

2005

- 03-28. A. Introduced by Representatives **Owens, Kerkman, Ainsworth, Albers, Bies, Davis, Gronemus, Gunderson, Freese, Hahn, Hines, Hundertmark, Jeskewitz, Kestell, Krawczyk, F. Lasee, Lothian, McCormick, Musser, Ott, Petrowski, Pettis, Pridemore, Towns and Vos**; cosponsored by Senators **Kedzie, Breske, Kapanke** and **A. Lasee**.
- 03-28. A. Read first time and referred to committee on Rural Affairs and Renewable Energy 150
- 04-19. A. Fiscal estimate received.
- 04-21. A. Public hearing held.
- 04-21. A. Executive action taken.
- 04-21. A. Assembly amendment I offered by committee on Rural Affairs and Renewable Energy (**LRB a0486**) 204
- 04-27. A. Report Assembly Amendment I adoption recommended by committee on Rural Affairs and Renewable Energy, Ayes 8, Noes 0 208
- 04-27. A. Report passage as amended recommended by committee on Rural Affairs and Renewable Energy, Ayes 7, Noes 1 208
- 04-27. A. Referred to committee on Rules 208

2006

- 05-11. A. Failed to pass pursuant to Senate Joint Resolution 1 1133



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Jim Doyle
Governor

Michael L. Morgan
Secretary of Revenue

Committee on Rural Affairs and Renewable Energy Committee Hearing, April 21, 2005

Assembly Bill 266 – Authorizing the Creation of Charter Towns, Powers of Certain Towns (Rep. Owens)

Description of Current Law and Proposed Change

The bill allows certain towns that are authorized to exercise village powers to declare themselves, by referendum, to be charter towns. In addition, certain charter towns would be protected from annexation by a city or village unless the town board approves the proposed annexation.

The bill allows charter towns to exercise the powers of a city to create tax incremental financing districts (TIDs). If a town already created a TID under the town TIF law, that TID has to operate under the town TIF law.

Fairness/Tax Equity

- The bill creates a new class of municipalities - charter towns, that are given some but not all the powers granted to villages. Large towns that provide a high level of services would be granted protection from annexation.
- The bill restricts powers of cities and villages neighboring charter towns. While immunity of certain charter towns from incorporation into cities or villages may end border disputes, it may also impede economic development of urban areas and consolidation of services.

Impact on Economic Development

- Charter towns would be allowed to use city powers to create TIDs, while all other towns will have more limited powers under the current town TIF law. While large charter towns may use this economic development tool to pay for needed infrastructure to encourage new development, it can also encourage sprawl.

Administrative Impact/Fiscal Effect

- Local fiscal effect

According to Department of Revenue data, 138 towns could, subject to voter approval, declare themselves charter towns upon enactments of the necessary land use plans, mapping and zoning ordinances. Most towns are likely to have land use plans, maps, and zoning ordinances under the Smart Growth Law. However, towns that do not already have land use plans and official maps would incur costs ranging from \$5,000 to \$20,000 for basic

land use plans and mapping; more complicated plans and mapping could cost up to \$100,000. Towns that had not already enacted and enforced zoning ordinances would incur personnel costs for the staff required for enforcement. Fees associated with various zoning requirements could defray some costs.

- State fiscal effect

Additional staff and resources may be required to administer the TIF law if the bill results in a substantial increase in workload. In any case, the bill would require creation of 13 new forms, revision to training, application materials, and annual reports. In addition, for each new TID, the Department reviews the TIF project plan, the required local resolutions, the district boundary descriptions, and parcel lists. The Department is also required to annually determine the value of increments.

DOR Position

- Oppose.

Prepared by: Milda Aksamitauskas (608) 261-5173

April 18, 2005

MA:skr

L:\session 05-07\hearings\ma\ab266.doc

Date?

**Summary of the Jobs Destruction Act
(aka, AB 266, the Charter Towns bill)**

The State Legislature is considering a bill that would turn the process of land development on its head. AB 266, the Charter Towns bill, would allow dozens of towns to prevent future annexations and other land use changes. This will create more delays and losses of jobs.

Please contact your legislator and ask them to OPPOSE AB 266.

We are enclosing a summary of the bill, and talking points for you to use in an email, letter or phone call. If you need additional information, please contact Jerry Deschane, Brad Boycks or John Kisiel at the Wisconsin Builders Association (800-362-9066).

Summary of the Bill

Assembly Bill 266, also known as the Charter Towns bill, would give many towns new power to control territory within their borders. The power comes in two levels.

Basic requirements:

- Requires a town referendum
- Population at least 2,500
- Has an adopted comprehensive plan and plan commission
- Enforces building codes and stormwater ordinances.

Towns that meet these basic criteria are exempt from extra-territorial zoning, platting, and planning of adjacent cities or villages, and county zoning (unless the town agrees to the county zoning provision).

The bill allows towns to be exempt from annexation and city or village land acquisition if they meet those basic requirements and these additional criteria:

- At least 10% of town residents receive water OR sewer service
- The equalized value of the town exceeds \$100 million
- The town provides 24 hour law enforcement services.

WBA Concerns with the Bill

AB 266 turns the process of growth in Wisconsin on its head. It gives certain towns significant legal clout to block annexations, without requiring those towns to accommodate the growth served by that annexation. Here are several concerns that need to be brought to the attention of legislators:

- The bill is anti-property rights. The majority of annexations today are requested by the property owner. Under the bill, a town can prevent that property owner from seeking annexation.
- While the bill allows a town to block an annexation, it does not require the town to accommodate the same development. Losses to individual property owners will be measured in millions of dollars.

- The bill is anti-jobs. Although some towns have the capacity to accommodate urban-scale residential development, very few towns can accommodate commercial or industrial development. Jobs will be lost as a result.
- Annexation results in an average of 11 new jobs per acre, or 62,500 permanent jobs. How many jobs does this Legislature want to eliminate?
- Last session's legislative showpiece was the Jobs Creation Act, which focused on speeding up the regulatory process. AB 266 will wipe out the days gained by that bill, replacing them with months of stalemates between towns and cities.
- It would be a tragedy to follow the "Jobs Creation Act" with the "Jobs Destruction Act."
- Annexation creates new property value in Wisconsin of \$645,000 per acre for residential development and \$315,000 per acre for commercial/industrial development. That is new home equity for families, new business for communities, new jobs.
- Annexation results in \$10.3 billion in annual economic activity in Wisconsin. How much of that activity is the Legislature willing to forfeit?
- The bill creates a mechanism for towns to prevent growth but does not require the towns to accommodate that growth (it requires a plan, but the plan doesn't have to allow growth)
- It provides no-growthers with a powerful tool to stop new development. Although the bill requires the town to have some sewer or water service, it does not require both, nor does it require the town to provide that infrastructure to new areas.
- The bill is pro-sprawl. Numerous towns that would be eligible for charter town status only allow low-density development (1 house per 5 acres or less). This will increase the amount of land needed for new households by twenty times the current amount.
- The bill will raise taxes. Although the topic of "does growth pay" is always hotly-contested, one thing that is agreed upon is that less-dense development is more expensive to serve. (Longer streets, more street plowing and sweeping, longer pipes and wires, etc.)
- It tosses the concept of intergovernmental cooperation out the window (towns would have no incentive to negotiate)
- The bill does not require towns to abide by any existing boundary agreements

- The bill throws away more than 200 years of land use customs and standards in Wisconsin. Communities that depend upon annexation for residential, commercial, and industrial growth will be choked.
- The bill can be used to literally choke a community dry. Wisconsin law says a city or village may condemn property outside its borders if needed to access a water supply. AB 266 takes away that power within charter towns, unless the town grants permission.
- The bill is anti-environment. The bill exempts charter towns from shoreland zoning, with the narrow exception of shoreland-wetlands.
- The bill increases red tape. Charter towns would be empowered to enact their own stormwater and erosion control ordinances, duplicating ordinances that exist at the county level.