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Details:

(FORM UPDATED: 08/11/2010)

**WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS**

2009-10

(session year)

Senate

(Assembly, Senate or Joint)

Committee on ... Economic Development (SC-ED)

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**

Registrations for Information Only

- None.

March 31, 2009

EXECUTIVE SESSION HELD

Present: (7) Senators Lassa, Lehman, Vinehout, Kreitlow, Kanavas, Darling and Leibham.

Absent: (0) None.

Moved by Senator Kanavas, seconded by Senator Vinehout that **Senate Amendment 1** be recommended for adoption.

Ayes: (7) Senators Lassa, Lehman, Vinehout, Kreitlow, Kanavas, Darling and Leibham.

Noes: (0) None.

ADOPTION OF SENATE AMENDMENT 1 RECOMMENDED, Ayes 7, Noes 0

Moved by Senator Vinehout, seconded by Senator Kanavas that **LRBa0073** be recommended for introduction and adoption.

Ayes: (7) Senators Lassa, Lehman, Vinehout, Kreitlow, Kanavas, Darling and Leibham.

Noes: (0) None.

INTRODUCTION AND ADOPTION OF LRBA0073 RECOMMENDED, Ayes 7, Noes 0

Moved by Senator Lehman, seconded by Senator Kanavas that **Senate Bill 10** be recommended for passage as amended.

Ayes: (7) Senators Lassa, Lehman, Vinehout, Kreitlow, Kanavas, Darling and Leibham.

Noes: (0) None.

PASSAGE AS AMENDED RECOMMENDED, Ayes 7, Noes 0

Mark Knickelbine
Committee Clerk

Record of Committee Proceedings

Vote Record Committee on Economic Development

Date: 3/31/09

Moved by: Lehman Seconded by: Kanavas

AB _____ SB 10 Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

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

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

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Senator Julie Lassa, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator John Lehman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Kathleen Vinehout	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Pat Kreitlow	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Ted Kanavas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Alberta Darling	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Joseph Leibham	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	<u>7</u>	_____	_____	_____

Motion Carried

Motion Failed

Vote Record Committee on Economic Development

Date: 3/31/09

Moved by: Vinehout

Seconded by: Kanavas

AB _____ SB _____ Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

A/S Amdt LRB 4 6073

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

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

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

Be recommended for: Introduction

- Passage Adoption Confirmation Concurrence Indefinite Postponement
 Introduction Rejection Tabling Nonconcurrence

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Senator Julie Lassa, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator John Lehman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Kathleen Vinehout	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Pat Kreitlow	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Ted Kanavas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Alberta Darling	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Joseph Leibham	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	<u>7</u>	_____	_____	_____

Motion Carried

Motion Failed

Vote Record Committee on Economic Development

Date: 3/31/09

Moved by: Kanavas

Seconded by: Vinehout

AB _____ SB _____ Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

A/S Amdt 1
 A/S Amdt _____ to A/S Amdt _____
 A/S Sub Amdt _____
 A/S Amdt _____ to A/S Sub Amdt _____
 A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

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

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Senator Julie Lassa, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator John Lehman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Kathleen Vinehout	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Pat Kreitlow	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Ted Kanavas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Alberta Darling	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Joseph Leibham	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	<u>7</u>	_____	_____	_____

Motion Carried Motion Failed

February 17, 2009

Senator Julie Lassa,
Chair of the Committee on Economic Development
State of Wisconsin

**NATIONAL
TRUST
FOR
HISTORIC
PRESERVATION***

Midwest
OFFICE

Dear Senator Lassa,

This letter is to express support for the National Trust for Historic Preservation of Senate Bill 10; relating to: the income and franchise tax credit that supplements the federal historic rehabilitation tax credit.

The National Trust for Historic Preservation provides leadership, education, advocacy, and resources to save America's diverse historic places and revitalize our communities. The National Trust is a private, nonprofit membership organization dedicated to saving historic places and revitalizing America's communities. As the Director of the Wisconsin Field Office of the National Trust for Historic Preservation, I wish to relay our full support in favor of Senate Bill 10.

The National Trust for Historic Preservation agrees with the language of this bill and in making existing tax credit programs work more effectively. This tax credit is the strongest incentive that exists for the rehabilitation of historic properties. Improvements to this process will allow for greater and more substantial use of this important incentive that encourages the revitalization of Wisconsin communities. The economic benefits of historic preservation will be enhanced with passage of this important bill.

I will be unable to attend the February 19, 2009 hearing of the Committee on Economic Development on this bill. I request that you please accept this written testimony in my absence, and distribute it to the members of this Committee. Please do not hesitate to contact me if you have any questions or if I can provide further information.

Sincerely,



Trent Elwyn Margrif
Director
Wisconsin Field Office
National Trust for Historic Preservation
516 Algoma Blvd. #312
Oshkosh, WI 54901

Midwest Office
53 West Jackson Blvd., Suite 350
Chicago, IL 60604
P 312.939.5547
F 312.939.5651
E mwro@nthp.org
Serving: IA, IL, IN, MI, MN, MO OH & WI

National Office
1785 Massachusetts Avenue, NW
Washington, DC 20036
P 202.588.6000
F 202.588.6038
E info@nthp.org
www.PreservationNation.org



WISCONSIN
HISTORICAL
SOCIETY

**Testimony before Economic Development Committee.
SB 10 Historic Preservation Rehabilitation Tax Credit
February 19, 2009**

I am Michael Stevens and am State Historic Preservation Officer and Administrator of the Division of Historic Preservation and Public History at the Wisconsin Historical Society.

The Wisconsin Historical Society supports SB10 and its companion AB18, which would modify the state historic building tax credit for rehabilitating income-producing properties. This bill will revise the Wisconsin historic preservation tax credit law in a way to draw more out-of-state investment in the state without increasing the size of the credit. Wisconsin law currently provides a 5% state historic building tax credit for rehabilitating income-producing properties, which supplements the 20% federal historic building tax credit. In many states, the investor who uses the federal credit is different from the investor who uses the state credit. This gives developers the chance to attract additional investors, thus maximizing use of the credit provision by achieving a larger pool of investors.

Currently, in Wisconsin each partner in a project gets a portion of the state tax credit based on that partner's investment. However, if the out-of-state investor did not have a Wisconsin tax liability, that credit would go unused. As a result, out-of-state investors have a disincentive to invest capital in the restoration of an historic Wisconsin property.

The proposed legislation changes the current law in order to permit partners to allocate the credit based on a written agreement. The law does not change the amount of the credit, but only the way that the credit gets allocated among partners. It also changes the effective date of the credit from the date of federal approval to the date of state approval. This is important because it allows developers to begin work as soon as the Society approves the application without waiting for federal approval, which could take an additional 60 days.

The Society can implement this change without any additional GPR funding.

Why is this change important? Government cannot and should not preserve all historic properties in the state. The preservation of the state's historic built environment depends on private investment. The bill allows the existing credit to be more functional. Last year, \$50 million was invested in the rehabilitation of historic buildings in Wisconsin. This represents a significant investment both in the preservation of our history as well as in the economy of the State.

LENA C. TAYLOR
Wisconsin State Senator • 4th District

Senate Committee on Economic Development

Testimony of Eric Peterson, Office of Senator Taylor
In Favor of Senate Bill 10 - Historic Rehabilitation Tax Credits
Thursday, February 19, 2009

Honorable Chairwoman Lassa and Honorable Senators,

I am pleased to be here to offer the support of Senator Taylor on SB 10 and to request an amendment to ensure that projects of the nature that this bill allows continue to spur economic growth, historic preservation, and job creation in our state. The bill and the proposed amendment will create three very identifiable areas of change in growth in our state.

Each of us can identify major historical landmarks in each district that may have been built for one purpose, but today can be easily utilized for another. In Milwaukee, there have been many identified. The historic Fifth Ward lofts are just one example. It was not only the turning of a historical building into new apartments, but that project became a catalyst to changing the nature of the Fifth Ward in Milwaukee. Projects like that have sparked community change to almost every major city in Wisconsin - Milwaukee, Madison, Racine, Sheboygan, LaCrosse, and so many more. That is the first change SB 10 will grow and continue.

The second is the attraction of investment monies into this state. Currently, according to the US Department of Interior, Wisconsin ranks 19th out of the states for projects that capture the federal tax credit. A comparable state, Missouri, ranks 2nd. Missouri had 99 projects approved in 2006 with project costs over 287 million dollars. That same year, Wisconsin had 12 projects at a 34 million dollar project cost. Senate Bill 10 will move Wisconsin up that list and grow the number of projects that we are doing. To this point, we ask that the Committee introduce and adopt the amendment I have placed with the clerk. This amendment will extend the credits to projects that have already started and assure those investors that Wisconsin means business in this program. Many of those programs are happening in our largest city in the state, and Milwaukee desperately needs to keep those projects running.

Third, this bill creates jobs and slows urban sprawl. This past week the Legislature acted swiftly in these unprecedented economic times to create jobs and keep families in homes. At the time of passage, the assembly majority leader rightly said that bill was a first step in many we will take to create jobs. SB 10 can be the second step. Good jobs, that support families, will be created for every project this credit will create. In addition, as we create these jobs, we will slow the spread of housing into the farmlands that surround our cities and revitalize urban communities.

Senate Bill 10 and the amendment we are requesting have our strongest support. Our urban areas need change not abandoned buildings. We need housing in communities that encourage shops, bakeries, delis, the corner pub, and the library. Wisconsin needs investors that are betting on our state's better economic times and we need jobs for our citizens. I encourage and ask for your support for the amendment and SB 10 as amended.

Thank you.

HERE TO SERVE YOU!

Testimony of Senator Julie Lassa
On Senate Bill 10
February 19, 2009

I'm happy to speak today on behalf of Senate Bill 10, which proposes to change state tax credit law in order to provide an additional incentive for developers to invest in restoring our state's historical heritage by engaging in historic renovation projects. This bill is virtually identical to 2007 Senate Bill 447 as amended, which this committee passed unanimously. In addition, its Assembly companion AB 762, also passed the Assembly Ways and Means Committee unanimously. I believe that the bipartisan support the proposal received last session, and the presence on the co-sponsorship list of senators and representatives from both sides of the aisle, are a good indicator that this is a solid, common sense proposal that will stimulate economic development, promote the preservation of historically important structures, and beautify our communities.

Historic renovation projects are more financially feasible for developers because there are federal and state tax credits that help attract investor capital to those projects. Often, the capital for these projects comes from a pool of investors, some located in Wisconsin, and some located in other states. In many states, an investor who utilizes the state credit is different from the investor who uses the federal tax credit. This gives developers in those states the chance to attract to a project investors whose tax exposure is improved by either the state or the federal credit. An out-of-state investor typically is not interested in a state tax credit.

Current Wisconsin law, however, says that both the federal and Wisconsin credit must be used by the same investor. Any investor who wishes to only use the state tax credit or the federal tax credit can't participate as a potential investor in Wisconsin. As a result, the state tax credit is often worth nothing to large investors who may be interested in federal tax credits but are not Wisconsin taxpayers. This inflexibility limits the ability of developers to attract a diverse pool of investors to historical rehabilitation projects and therefore reduces the feasibility of those projects and blunts the effectiveness of the tax credit program on economic development and historic renovation in our state.

Senate Bill 10 simply allows separate investors to utilize either the state or federal tax credits and removes the current requirement that one investor alone must use both credits. This change, supported by the Wisconsin Department of Revenue, State Historical Society and WHEDA, would allow the Wisconsin historic tax credit to be allocated to an investor that can use it pursuant to the partnership agreement or LLC operating agreement. This bill will help generate viable revenue streams for properties that are now standing empty, dilapidated, or underused. You will hear from the other parties testifying on this bill in more detail about the ways in which current Wisconsin tax law has hampered investment in historic rehabilitation projects, and about how Senate Bill 10 holds the potential to substantially increase out-of-state investment in these projects that are so important for creating jobs, revitalizing our communities, and preserving our historic treasures.