

 **09hr_SC-HHIPTRR_sb0116_pt01**



(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2009-10

(session year)

Senate

(Assembly, Senate or Joint)

Committee on ... Health, Health Insurance, Privacy, Property Tax Relief, and Revenue (SC-HHIPTRR)

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**

Senate

Record of Committee Proceedings

Committee on Health, Health Insurance, Privacy, Property Tax Relief, and Revenue

Senate Bill 116

Relating to: the method by which the Department of Revenue makes certain calculations regarding tax incremental financing district number 4 in the village of Elmwood.

By Senator Harsdorf; cosponsored by Representative Murtha.

March 13, 2009 Referred to Committee on Health, Health Insurance, Privacy, Property Tax Relief, and Revenue.

October 28, 2009 **PUBLIC HEARING HELD**

Present: (7) Senators Erpenbach, Carpenter, Robson, Lassa, Lazich, Kanavas and Darling.

Absent: (0) None.

Appearances For

- Sheila Harsdorf — Sen.
- Brian Reilly, St. Paul
- Bob Rupakus, Elmwood — Village of Elmwood

Appearances Against

- None.

Appearances for Information Only

- None.

Registrations For

- None.

Registrations Against

- None.

Registrations for Information Only

- None.

December 22, 2009 **EXECUTIVE SESSION HELD**

Present: (7) Senators Erpenbach, Carpenter, Robson, Lassa,
Lazich, Kanavas and Darling.
Absent: (0) None.

Moved by Senator Darling, seconded by Senator Lazich that
Senate Amendment 1 be recommended for introduction and
adoption.

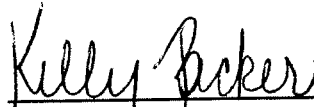
Ayes: (7) Senators Erpenbach, Carpenter, Robson,
Lassa, Lazich, Kanavas and Darling.
Noes: (0) None.

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

Moved by Senator Darling, seconded by Senator Lazich that
Senate Bill 116 be recommended for passage as amended.

Ayes: (7) Senators Erpenbach, Carpenter, Robson,
Lassa, Lazich, Kanavas and Darling.
Noes: (0) None.

PASSAGE AS AMENDED RECOMMENDED, Ayes 7, Noes 0



Kelly Becker
Committee Clerk

Vote Record
**Committee on Health, Health Insurance, Privacy, Property
 Tax Relief, and Revenue**

Date: 12/22/09

Moved by: Darling

Seconded by: Lazich

AB _____ SB 116 _____ 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 _____

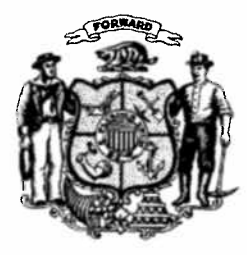
- Be recommended for:
- | | | | | |
|---|------------------------------------|---------------------------------------|---|--|
| <input checked="" type="checkbox"/> Passage | <input type="checkbox"/> Adoption | <input type="checkbox"/> Confirmation | <input type="checkbox"/> Concurrence | <input type="checkbox"/> Indefinite Postponement |
| <input type="checkbox"/> Introduction | <input type="checkbox"/> Rejection | <input type="checkbox"/> Tabling | <input type="checkbox"/> Nonconcurrency | |

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Senator Jon Erpenbach, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Tim Carpenter	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Judith Robson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Julie Lassa	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Mary Lazich	<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"/>

Totals: _____



WISCONSIN STATE LEGISLATURE





State of Wisconsin • DEPARTMENT OF REVENUE

DIVISION OF STATE AND LOCAL FINANCE • BUREAU OF PROPERTY TAX • EQUALIZATION SECTION • MADISON, WI

ADDRESS MAIL TO:

Area 6-97
2135 Rimrock Road • P.O. Box 8971
Madison, WI 53708-8971
TELEPHONE: (608) 266-2149
FAX: (608) 264-6897

TO: Senator Sheila Harsdorf
Senator Jon Erpenbach
Representative John Murtha
Representative Terese Berceau

FROM: Scott R. Shields
Equalization Section Chief
Bureau of Property Tax

DATE: June 25, 2009

RE: AB 173 & SB 116 – Elmwood TIF Exception

I am writing with regard to 2009 AB 173 and its companion SB 116. These bills would provide an exception for the Village of Elmwood's #4 tax increment financing (TIF) district so that the district could be created notwithstanding statutory guidelines that specify how much taxable property may be included in TIF districts within a single municipality.

Current law states that the equalized value of taxable property of a new TIF district plus the value increment of all existing TIF districts in a municipality can not exceed 12% of the total equalized value of taxable property in a municipality. AB 173 and SB 116 direct the Department of Revenue (DOR) not to certify a value increment for the Village of Elmwood's #4 TIF district before 2009.

Since TIF district increments have been finalized for 2009, DOR will not be able to provide the Village of Elmwood with a 2009 increment for its #4 TIF district. If AB 173 or SB 116 becomes law, DOR will certify a 2010 TIF increment for the #4 district.

DOR is currently in the process of finalizing all equalized property values statewide so they can be published by August 15 as state law requires. The department's process for determining these values is sequential. Local assessors have already submitted final TIF district value reports to DOR and no further changes can be made to TIF increment values for 2009.

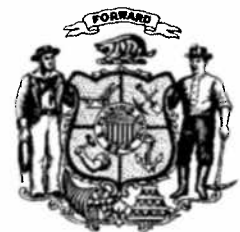
As an alternative to having a 2010 value certified for the #4 TIF district, the Village of Elmwood could also choose to create a separate, new TIF district to take the place of the #4 district. If the Village submits an application for a new district by December 31, 2009 DOR could certify a 2010 TIF increment for that new district. Department TIF staff would be happy to work with the Village to outline the options and steps in this process. The municipal assessor for the Village of Elmwood, Kelly Owen, is also a good resource in the TIF creation process. The village's assessor will be most familiar with all parcels in the municipality and can advise the village as to whether parcels for a proposed TIF district will meet the 12% value test outlined above.

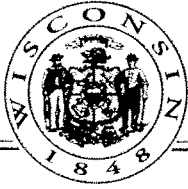
I hope you find the information is helpful. Please contact me if you have any questions or need additional information.

cc: Melissa Schmidt, Legislative Council
Kevin Kitchner, President, Village of Elmwood



WISCONSIN STATE LEGISLATURE





State Senator Sheila Harsdorf

Date: October 28, 2009

To: Senate Committee on Health, Health Insurance, Privacy, Property Tax Relief and Revenue

Fr: State Senator Sheila Harsdorf

Re: Senate Bill 116 – Elmwood Tax Incremental District #4

Chair Erpenbach and Committee members:

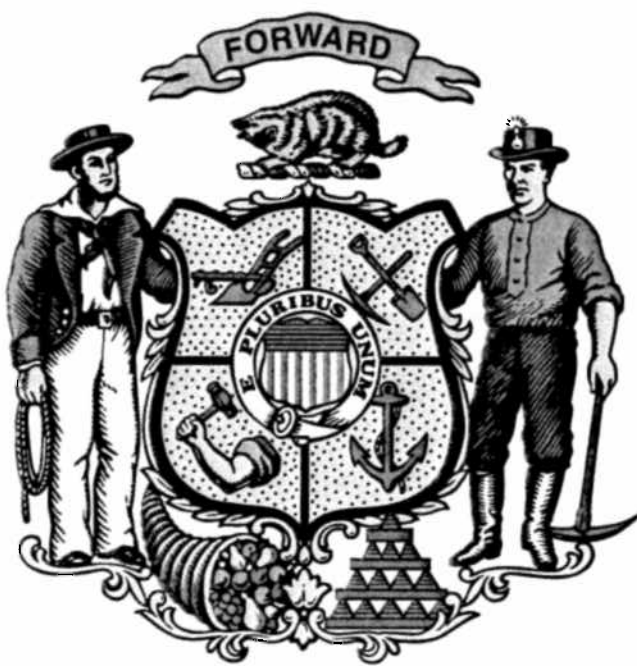
I would like to thank you for holding a public hearing and allowing me to testify in support of Senate Bill 116, which would allow the creation of a tax incremental district in the Village of Elmwood.

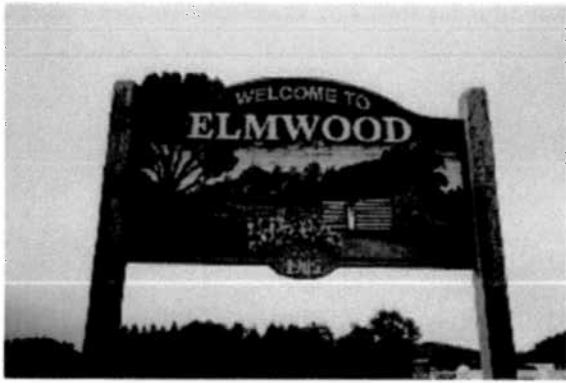
In 2006, the Village of Elmwood sought to create a tax incremental district encompassing their downtown area to promote mixed-use development. This tax incremental district also sought to assist the expansion of a business in the village that serves as an important employer in the community.

Due to the calculation of fiber-optic wire that was attributed to one of the land parcels in the tax incremental district and the use of updated property values, the district was not approved by the Department of Revenue. We believe an exception should be made due to the circumstances involving this tax incremental district, as well as the significant fiscal impact upon Elmwood's taxpayers if the district is not created.

Similar legislation allowing a TID to be created notwithstanding the 12% requirement has been approved in the last legislative session. 2007 Assembly Bill 457 was passed by the Legislature and signed into law last session to create such an exemption for TID's in Beloit and Union Grove.

We would like to thank you for holding a public hearing on SB 116 and urge your support and timely passage of this legislation.





Village of Elmwood

P.O. Box 26
323 West Winter Avenue
Elmwood, WI 54740-0026
Office: (715) 639-3792
Fax: (715) 639-3799
E-Mail: villelm@celectcom.net

Village President – William Stewart

Senate Bill 116: Village of Elmwood Tax Incremental District Number 4

Purpose for Creation of TID No. 4

Approved by the Village Board on May 8, 2006, with unanimous support by all taxing districts, TID No. 4 was created as a “mixed-use” TID to promote commercial, industrial, or residential growth.

The boundaries of TID No. 4, as submitted, were to encompass the downtown area of Elmwood. The vast majority of commercial enterprise in Elmwood is located within a centralized downtown business district and inclusion of this area would afford the Village to promote future projects to allow for blight elimination, façade improvement, in-fill development, and other redevelopment efforts.

The initial development project contemplated for TID No. 4 was the relocation of one of the Village’s successful private businesses, Sailer’s Food Market & Meat Processing, Inc. (Sailer’s), who had outgrown their current location.

- Sailer’s has been located in the Village of Elmwood for five generations since the early 1920s.
- Sailer’s had reached the limit of its financing options for relocation, which led the proprietors to request assistance from the Village in the form of TIF.
- The primary TIF-eligible expenditures were to be in the amount of \$80,000 in the form of land acquisition and site preparation for location of a new building.
- The Village entered into a development agreement with Sailer’s to be financed through issuance of a State Trust Fund Loan.
- Rather than create a “single-site” TID, the Village viewed this as an opportunity for other projects within the more broadly defined TID boundary.
- The Village entered into an additional agreement with a commitment of \$12,000 in TIF for the construction of a storage facility adjacent to Sailer’s development.
- In both cases, the Village entered into these agreements under the assumption that the District would be certified by the Department of Revenue (DOR).

Compliance with 12% Valuation Requirement

In creating a new TID or amending the boundaries of a new TID to incorporate additional territory, municipalities are required to comply with Section 66.1105(4)(gm)4.c., Wisconsin Statutes. This provision of the statutes requires that the existing value increment plus the proposed base value of the new TID or amended boundary not exceed twelve percent (12%) of a municipality's total equalized value.

The Village submitted documentation to the DOR that represented it was in compliance with this section of the statute.

- Unknown to the Village, a personal property value of roughly \$350,000 within the boundary of the TID was not reported, causing it to exceed the 12% rule.
- The personal property was attributable to the inclusion of a telecommunications company parcel that included that business' personal property throughout the entire Village, and not necessarily located within the boundaries of TID No. 4.
- The name and address of the personal property tax statement differed from that of the real property tax statement.
- Had it been readily known that this was in fact the case, the Village would have not included this parcel within the boundaries of the TID.
- Efforts to re-submit the TID Certification omitting the above referenced parcel were denied.

Repercussions of Non-certification

The Village has incurred \$122,481.71 in costs and obligations related to TID No. 4. If special legislation is not approved, this obligation will fall to the Village's general tax base, rather than be paid from available TID No. 4 revenues. This would place undue burden to the general tax-paying public as the total budget for the Village is \$580,323.00. The Village acted in a good-faith manner with regard to entering into development agreements with counterparties, as well as in gathering and submitting the relevant data to the DOR.

Conclusions

The Village appreciates the opportunity to come before the Committee, as well as the efforts of its state legislative representation in moving forward this bill. The use of TIF is essential to continued economic development within the Village that benefits its residents in the form of job opportunities, as well as the other taxing jurisdictions. As recognition of this fact, it should be noted that this endeavor enjoyed unanimous support from the overlying taxing jurisdictions represented on the Joint Review Board.

Recently, Sailer's has presented to the Village an opportunity for expansion of its facility, as success has brought additional demand for its business. Sailer's currently employs 20 full-time staff, an increase of 12 employees prior to their first expansion, and would be able to add additional workers and continue to expand its economic footprint. The efforts of the Committee can be of enormous support in this regard.

