

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 3-16-00

BILL NO. AB 853 / SB 442

OR

SUBJECT \_\_\_\_\_

George E. Astin  
(NAME)

15011 Salk Pinkney St  
(Street Address or Route Number)

Madison 53703  
(City and Zip Code)

Overture Project  
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

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

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 3/16/00

BILL NO. SB 442 / AB 853

OR

SUBJECT Cultural Arts District

Mayor Sue Bauman  
(NAME)

210 Martin Luther King Jr Blvd  
(Street Address or Route Number)

Madison  
(City and Zip Code)

City of Madison  
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

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

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 3/16/00

BILL NO. SB 442

OR

SUBJECT Madison Arts District

Sen. Gene Rason  
(NAME)

(Street Address or Route Number)

(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

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

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 16 March 2000

BILL NO. AB 853 / PR 412

OR

SUBJECT Senator Fred Risser

(Name)

220 South Capitol

(Street Address or Route Number)

(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

Registering Against:

Speaking for information only:

Neither for nor against:

Please return this slip to a messenger PROMPTLY.

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

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 3-16-00

BILL NO. AB 853 / SR 412

OR

SUBJECT

Peter C. Christianson

(NAME)

1 S. Pinckney Suite 600

(Street Address or Route Number)

MSW, WI 53701-2113

(City and Zip Code)

Overture Foundation

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only:

Neither for nor against:

Please return this slip to a messenger PROMPTLY.

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

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 3/16

BILL NO. AB 853

OR

SUBJECT

Mark Miller

(NAME)

4903 Roiccan Ter

(Street Address or Route Number)

Monona WI

(City and Zip Code)

Self

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only:

Neither for nor against:

Please return this slip to a messenger PROMPTLY.

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

# **STATE OF WISCONSIN**

## **REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS**

### **1999 ASSEMBLY BILL 853**

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

#### **General Nature of Proposal**

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

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

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

#### **Legality Involved**

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

#### **Fiscal Effect Upon the State and Its Subdivisions**

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

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

### State Fiscal Effect

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

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

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

### Local Fiscal Effect

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

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

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

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

**Public Policy Involved**

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

Vote Record

AB 853

Assembly Joint survey committee on Tax Exemptions

Date: 3-16-00  Executive Session  Public Hearing

Bill Number: SB442 + AB853

Moved by: Decker Seconded by: Hahn

Motion: Tax Exemption portion good public policy  
Stand Committee should look into fairness  
of competition for Merchants

Committee Member

	<u>Aye</u>	<u>No</u>	<u>Absent</u>
Sen. Russell Decker, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Eugene Hahn, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Roger Breske	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Joanne Huelsman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Michael Lehman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ms. Cate Zeuske	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Tom Hebl	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Alan Lee	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Paul Vrakas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	<u>9</u>	<u>0</u>	<u>0</u>

Motion Carried

Motion Failed