

Committee Name:

**Senate Committee – Economic Development, Job Creation and Housing
(SC-EDJCH)**

Appointments

03hr_SC-EDJCH_Appt_pt00

Committee Hearings

03hr_SC-EDJCH_CH_pt00

Committee Reports

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Clearinghouse Rules

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Executive Sessions

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Hearing Records

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Misc.

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Record of Committee Proceedings

03hr_SC-EDJCH_RCP_pt00

Senate Committee on Economic Development, Job Creation and Housing

Paper Ballot: Senator Roessler

Deadline: 5:00 pm, 1-29-04


The following bill received a public hearing on Tuesday, January 13, 2004. Please return your vote via paper ballot to Senator Stepp's office by 5:00 pm, Thursday, January 29, 2004.

Thank you.

ASSEMBLY BILL 437:

Relating to: granting towns limited authority to create tax incremental financing districts.

Yes No



Signature

Senate Committee on Economic Development, Job Creation and Housing

Paper Ballot: Senator Brown
Deadline: 5:00 pm, 1-29-04

The following bill received a public hearing on Tuesday, January 13, 2004. Please return your vote via paper ballot to Senator Stepp's office by 5:00 pm, Thursday, January 29, 2004.

Thank you.

ASSEMBLY BILL 437:

Relating to: granting towns limited authority to create tax incremental financing districts.

Yes No



Signature

Senate Committee on Economic Development, Job Creation and Housing

Paper Ballot: Senator Plale
Deadline: 5:00 pm, 1-29-04

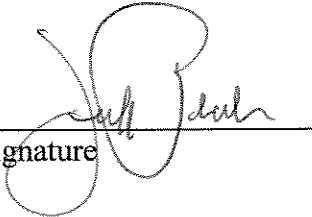
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Thank you.

ASSEMBLY BILL 437:

Relating to: granting towns limited authority to create tax incremental financing districts.

Yes No


Signature

Senate Committee on Economic Development, Job Creation and Housing

Paper Ballot: Senator Moore
Deadline: 5:00 pm, 1-29-04

The following bill received a public hearing on Tuesday, January 13, 2004. Please return your vote via paper ballot to Senator Stepp's office by 5:00 pm, Thursday, January 29, 2004.


Thank you.

ASSEMBLY BILL 437:

Relating to: granting towns limited authority to create tax incremental financing districts.

Yes

No


Signature



State Senator

Neal J. Kedzie

11th Senate District

**Senate Committee on Economic Development,
Job Creation and Housing
Kedzie Testimony on Assembly Bill 437
January 13, 2004 – 11:00 AM**

Chairperson Stepp, members of the Committee, thank you for holding a hearing today on Assembly Bill 437.

Assembly Bill 437 grants townships the authority to create a Tax Incremental Financing district for projects related to Tourism, Agriculture and Forestry. Limited residential and retail development is also permissible if it is directly related to the Tourism, Agriculture or Forestry TIF project.

Assembly Bill 437 will provide towns with an economic development tool they currently do not have. The bill is not designed to create competition between towns and cities or villages, but rather to allow towns to accommodate businesses that are either unwanted in an urban setting or that make better sense to be located in a rural setting (such as an Ethanol Plant, slaughterhouse, etc.).

The Assembly Committee on Rural Development recommended AB 437 for passage on an 8-0 vote. The Joint Committee on Finance recommended AB 437 for passage on an 11-3 vote. The full Assembly passed AB 437 on a 69-27 vote.

Three amendments to the bill were adopted by the Assembly to address concerns that were raised. Assembly Amendment 1 addresses the issue of TIF district costs in the event of a city or village annexing part of a township that contains a TIF.

Assembly Amendment 2 specifies that a town may only create a TIF district within the extraterritorial zoning jurisdiction of a city or village if that city or village adopts a resolution approving the creation of the TIF. In addition, the amendment places restrictions on the types of retail and residential development that may occur in a town TIF.

Finally, Assembly Amendment 3 limits tourism TIF districts to only include projects in the following categories: recreational and vacation camps, recreational vehicle parks and campgrounds, racetracks, dairy product stores, and public golf courses.

Thank you for your consideration of AB 437.



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To: Members of the Senate Committee on Economic Development, Job Creation and Housing

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

Date: January 13, 2004

Re: Opposition to AB 437, Extending TIF Authority to Towns

The League of Wisconsin Municipalities opposes AB 437, granting towns limited authority to create tax incremental finance districts. While we appreciate the narrow scope of the legislation, especially if amended as proposed by DOR, we nevertheless oppose extending TIF authority to towns for the following reasons

- ❑ Since the TIF law was created in the mid 1970s it has applied only to incorporated municipalities able to provide the full range of urban services to new development. This bill will extend TIF authority for the first time to town government. We fear that no matter how narrowly this bill is drafted, if it passes, there will certainly be efforts to broaden town TIF powers in the future.
- ❑ By extending TIF authority to 1,260 new jurisdictions, this bill discourages regional cooperation by fragmenting economic development efforts among way too many competing jurisdictions. State policy ought to encourage economic development on a regional basis by allowing multiple jurisdictions to jointly create TIF districts, such as under AB 510.
- ❑ It significantly expands the scope of the TIF law beyond its current focus on downtown, urban redevelopment and/or industrial park projects receiving full urban services.

We urge you to vote against passage of AB 437. Thanks for considering our concerns regarding this bill.



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Jim Doyle
Governor

Michael L. Morgan
Secretary of Revenue

Senate Economic Development, Job Creation and Housing Committee Hearing, Tuesday,
January 13, 2004

AB 437 – Allow Towns Limited Use of Tax Incremental Financing (Rep. Loeffelholz
+34/Sen. Kedzie +4)

Description of Current Law and Proposed Change

Current law provides tax incremental finance (TIF) authority only to cities and villages. AB 437, as amended by AA1, AA2 and AA3, would give limited TIF authority to towns. Specifically, towns could create a TIF district for specified tourism development projects, such as campgrounds and public golf courses, agricultural projects, and forestry projects. The bill also would allow limited residential development, including sleeping quarters for employees, but expressly prohibits hotels and general residential development. Also, the bill allows retail sales but only for products that are produced as a result of either an agricultural or forestry project.

Fairness/Tax Equity

- The bill provides an economic development tool for towns that is currently available to cities and villages.
- However, TIF was created, in large part, to enhance the ability of urban areas to address blight by improving the cost competitiveness of inner-city development relative to greenfield development. Extending TIF authority to towns, even for limited types of development, may undermine this initial purpose of TIF and set a precedent for further use of TIF by towns.

Impact on Economic Development

- The bill may encourage projects related to tourism, agricultural products and forestry products in towns; however, that development may come at the expense of development in cities and villages.

Proposed Changes

- The use of TIF under the bill should be narrowed to ensure that only development appropriate for towns are allowed; such restrictions should prevent any development that would contribute to urban sprawl.
- The bill should clarify what agricultural and forest development would be allowed. For example, development could be limited to agricultural and forestry activities under the following NAICS codes (the attached list shows the sub-groupings within each of these codes):

111: Crop Production (but not including 1114 Greenhouse, Nursery and Floriculture Production)

112: Animal Production

115: Support Activities for Agriculture and Forestry

1131: Timber Tract Operations

1133: Logging

115: Support Activities for Agriculture and Forestry

- Requirements and procedures for town TIF should be provided in statutes separate from regular TIF law (sec. 66.1105) to limit inconsistencies between the intent of the legislation and regular TIF law. Potential passage of substantial revisions to regular TIF law in SB 305 further argues for separate statutory language for town TIF. For example, towns might find it difficult to meet existing TIF requirements that no less than 50% of the area is blighted, in need of rehabilitation or suitable for industrial development, or that vacant land not exceed 25% of the total TID area. Given the limited scope of the intended town TIF projects, the department recommends shorter expenditure and recovery periods for town TIF districts than for regular TIF districts under current law.

- The bill should prohibit any developer grants or grants to any private individual or entity as an eligible TIF project cost. This prohibition was recommended for regular TIF for cities and villages by the 2000 Governor's Working Group on TIF and is contained in Senate Bill 305, which revises regular TIF law.

- Language as to when the tax incremental base value is adjusted when annexations occur (section 1p of the bill in AA1) is unworkable. Property is assessed and taxed by the municipality in which the property is located on January 1. When the Department of Revenue determines a municipality's equalized value, including the value of any tax incremental districts, it is the property in the municipality and TIF district as of January 1 that is used. Thus, the effect of any annexation that takes place after January 1 will first affect the equalized value for the following January 1. Annexations that take place on January 1 should be reflected in the values established for that date.

Administrative Impact/Fiscal Impact

- It is uncertain how many towns would create a TIF district under the bill; however, it is expected to increase department costs related to forms, training, assistance to town governments, and the certification of base values and value increments. In addition, the department will incur programming costs to allow for town TIF districts. The department estimates that these additional responsibilities would require 1 FTE to absorb the added workload associated with the creation, amendment and inquiries regarding town TIF districts.

Prepared by: Rebecca Boldt, 266-6785

January 12, 2004

ATTACHMENT: AGRICULTURAL AND FORESTRY NAICS ACTIVITIES

111 Crop Production

- 1111 Oilseed and Grain Farming
- 1112 Vegetable and Melon Farming
- 1113 Fruit and Tree Nut Farming
- 1114 Greenhouse, Nursery and Floriculture Production
 - 11141 Food Crops Under Cover
 - 11142 Nursery and Floriculture Production: nursery stock, shrubbery, cut flowers, flower seeds, sort rotation woody trees (less than 10 year harvest cycle)
- 1119 Other Crop Farming: tobacco, cotton, sugarcane, hay

112 Animal Production

- 1121 Cattle Ranching and Farming
- 1122 Hog and Pig Farming
- 1123 Poultry and Egg Production
- 1124 Sheep and Goat Farming
- 1125 Animal Aquaculture
- 1129 Other Animal Production: bees, horses, fur-bearing animals, birds, lab animals

113 Forestry and Logging

- 1131 Timber Tract Operations
- 1132 Forest Nurseries and Gathering of Forest Products: trees for reforestation, gums, barks, moss, truffles
- 1133 Logging

115 Support Activities for Agriculture and Forestry

- 1151 Support Activities for Agriculture:
 - Aerial dusting
 - Farm management services
 - Land clearing/leveling
 - Mechanical harvesting
 - Post-harvest activities (drying, shelling, sorting, grading)
 - Supplying labor for agricultural production/harvesting
- 1152 Support Activities for Animal Production:
 - Breeding services
 - Livestock spraying
 - Sheep dipping/shearing
 - Horse boarding
- 1153 Support Activities for Forestry:
 - Estimating timber
 - Forest firefighting
 - Forest pest control
 - Reforestation/wood attribute consulting

NOT Included: 114 – Fishing, Hunting and Trapping