

# 05hr\_SC-JCEDCA\_sb0153\_pt01



(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**

## Senate

### Record of Committee Proceedings

#### **Committee on Job Creation, Economic Development and Consumer Affairs**

##### **Senate Bill 153**

Relating to: allowing certain counties to create tax incremental financing districts.

By Senators Breske and Grothman; cosponsored by Representatives Mursau, Hahn, McCormick, Ainsworth, Hines, Townsend, Gard, Albers and Krawczyk.

April 01, 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

- Roger Breske — Senator
- Mr. Andrew Potts, Madison — Office of Representative Jeff Mursau

##### Appearances Against

- None.

##### Appearances for Information Only

- Ms. Sherrie Gates-Hendrix, Madison — Department of Revenue

##### Registrations For

- Mr. Rick Stadelman, Shawano — Wisconsin Towns Association
- Mr. Matt Stohr, Madison — Wisconsin Counties Association
- Mr. Tom Larson, Madison — Wisconsin Realtors Association

##### Registrations Against

- None.

August 25, 2005      **EXECUTIVE SESSION HELD**

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

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

Ayes: (5) Senators Kanavas, Zien, Reynolds, Lassa and Decker.  
Noes: (0) None.

ADOPTION OF SENATE AMENDMENT 1 RECOMMENDED, Ayes 5, Noes 0

Moved by Senator Kanavas that **Senate Bill 153** be recommended for passage as amended.

Ayes: (5) Senators Kanavas, Zien, Reynolds, Lassa and Decker.  
Noes: (0) None.

PASSAGE AS AMENDED RECOMMENDED, Ayes 5, Noes 0

Jeremy Shepherd  
Committee Clerk

## **Record of Committee Proceedings**

### **Joint committee on Finance**

#### **Senate Bill 153**

**SENATE BILL 153 (LRB -1977)**

An Act to create 59.57 (3) of the statutes; and to affect Laws of 1975, chapter 105, section 1 (1) and (2); relating to: allowing certain counties to create tax incremental financing districts.

**2005**

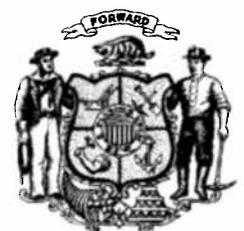
- 04-01. S. Introduced by Senators **Breske** and **Grothman**; cosponsored by Representatives **Mursau**, **Hahn**, **McCormick**, **Ainsworth**, **Hines**, **Townsend**, **Gard**, **Albers** and **Krawczyk**.
- 04-01. S. Read first time and referred to committee on Job Creation, Economic Development and Consumer Affairs ..... 142
- 04-19. S. Fiscal estimate received.
- 06-21. S. Senate amendment 1 offered by Senator Breske (**LRB a0782**) ..... 269
- 06-22. S. Public hearing held.
- 08-25. S. Executive action taken.
- 08-26. S. Report adoption of Senate Amendment 1 recommended by committee on Job Creation, Economic Development and Consumer Affairs, Ayes 5, Noes 0 ..... 332
- 08-26. S. Report passage as amended recommended by committee on Job Creation, Economic Development and Consumer Affairs, Ayes 5, Noes 0 ..... 332
- 08-26. S. Available for scheduling.
- 09-19. S. Referred to joint committee on Finance by committee on Senate Organization pursuant to Senate Rule 41 (1)(e), Ayes 5, Noes 0 ..... 353

**2006**

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



# WISCONSIN STATE LEGISLATURE





# State of Wisconsin • DEPARTMENT OF REVENUE

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**Jim Doyle**  
Governor

**Michael L. Morgan**  
Secretary of Revenue

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

**Senate Bill 153 and Assembly Bill 156 – Allow Counties with No Cities or Villages to Create Tax Incremental Financing (TIF) Districts (Sen. Breske)**

*Description of Current Law and Proposed Change*

Under current law, cities, villages, and to a limited extent towns are allowed to create tax incremental finance (TIF) districts. Current law also permits towns, villages, cities, and counties to create environmental remediation tax incremental districts (ER-TID) to finance the remediation of environmental pollution.

Under the bill, the county board of a county with no villages or cities would be allowed to create a TIF district if the town board in which the proposed TIF district is located adopted a resolution approving the creation of the TIF district. The bill would apply only to Florence County and Menominee County. These counties would have the broader city and village authority to create TIF districts.

*Fairness/Tax Equity*

- Under the bill, broader economic development tools would be available only to two counties. This may be unfair to other counties in that counties that have cities or villages cannot use broad TIF powers.
- Also, the bill, in effect, would extend city and village TIF authority to towns in the two affected counties. The TIF mechanism could aid economic development of industrial, mixed-use or blight districts in those towns.
- 2003 Act 231 granted towns authority to create a TIF district for specified tourism development, agricultural, forestry, and manufacturing projects. The TIF mechanism for towns is essentially the same as for cities with several key exceptions. Town TIF districts are subject to:
  - shorter expenditure periods;
  - shorter maximum lives;
  - greater restrictions regarding the types of development projects allowed;
  - more stringent value limitation restrictions.

Thus, towns in Menominee and Florence counties are allowed to create the same type TIF districts as other towns in the state. However, given the restricted uses of town TIF authority, Florence and Menominee towns may have limited ability to create TIF districts under current law.

### *Impact on Economic Development*

- TIF is an economic development tool available to local government. To the extent that counties would use TIF powers granted to them, the bill is likely to increase economic activity in Menominee and Florence counties.
- Permitting the creation of TIF districts in towns goes beyond the original intent of TIF law, which 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 open-space development in suburban and rural areas.
- On the other hand, the two counties affected by the bill face significant economic difficulties. The 2004 unemployment rate for Florence and Menominee counties were 7.3% and 10.1% respectively (U.S. Bureau of Labor Statistics). This compares to a statewide unemployment rate of 4.9% in 2004. Thus, these counties could benefit from additional economic development tools such as TIF.
- Under the bill, a county would be subject to the same equalized value limitation as cities and villages and could include up to 12% of its equalized value in a TIF district. This would allow, for example, Florence county to include entire towns in TIF districts. This could severely limit the expansion of a town's tax base, while at the same time could create future fiscal demands on a town's general operating budget. Even though the property owner in the TIF district pays taxes, much of this tax is committed to pay for the TIF district and not for general purposes. Thus, any demand on the general operating budget created by a large TID would be paid by other property owners in the town through higher property taxes. Furthermore, the bond rating of a town that has "locked up" a large portion of its potential tax base could suffer since ratings are determined, in part, on a municipality's ability to tax in relation to all financial obligations.

### *Administrative Impact/Fiscal Effect*

- Data are not available to estimate the extent to which county TIF districts would be used. As a result, the fiscal effect cannot be determined.
- To the extent that counties use the power granted to them to create TIF districts, this bill would increase DOR administrative costs. For each new or amended TIF district, the Department would review the TIF project plan, the required local resolutions, the district boundary descriptions, and parcel lists. The Department would also be required to annually determine the value of increments of each new district.
- If Assembly Amendment 1 to AB156 is adopted, it would address the Department's technical concerns regarding the composition of the Joint Review Board, the effective date, and the limitation of vacant land.
- To address a possible issue of tax increment settlement between a county and a town raised in the Department's technical memo, a county and a town may wish to enter into an understanding or written agreement specifying that as part of tax settlement procedures the town treasurer shall pay to the county treasurer the county's proportionate share of general taxes.

Prepared by: Milda Aksamitauskas (608) 261-5173  
June 21, 2005