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(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 596

Relating to: authorizing a city or village to simultaneously create a new tax incremental financing district and subtract territory from an existing tax incremental district.

By Senators Stepp, Erpenbach, Roessler and Grothman; cosponsored by Representatives Gottlieb, Petrowski, Black, Gielow, Gunderson, Loeffelholz, Musser, Nischke and Pope-Roberts.

February 13, 2006 Referred to Committee on Job Creation, Economic Development and Consumer Affairs.

March 1, 2006 **PUBLIC HEARING HELD**

Present: (4) Senators Kanavas, Zien, Lassa and Decker.
Absent: (1) Senator Reynolds.

Appearances For

- Mark Gottlieb — Representative, State Assembly

Appearances Against

- None.

Appearances for Information Only

- Sherrie Gates-Hendrix, Madison — DOR

Registrations For

- Cathy Stepp — Senator, State Senate
- Ed Huck — WI Alliance of Cities
- Curt Witynski, Madison — League of Wisconsin Municipalities
- Cathy Stepp, Sturtevant — Senator
- Amy Boyer, Madison — WI Economic Development Assoc

Registrations Against

- None.

March 1, 2006 **EXECUTIVE SESSION HELD**

Present: (4) Senators Kanavas, Zien, Lassa and Decker.
Absent: (1) Senator Reynolds.

Moved by Senator Zien, seconded by Senator Decker that **Senate Bill 596** be recommended for passage.

Ayes: (4) Senators Kanavas, Zien, Lassa and Decker.

Noes: (0) None.

Absent: (1) Senator Reynolds.

PASSAGE RECOMMENDED, Ayes 4, Noes 0

James Michel
Committee Clerk

SENATE BILL 596 (LRB -4593)

An Act to amend 66.1105 (4) (gm) 4. c. and 66.1105 (4m) (b) 2.; and to create 66.1105 (17) of the statutes; relating to: authorizing a city or village to simultaneously create a new tax incremental financing district and subtract territory from an existing tax incremental district.

2006

02-13.	S.	Introduced by Senators Stepp, Erpenbach, Roessler and Grothman ; cosponsored by Representatives Gottlieb, Petrowski, Black, Gielow, Gunderson, Loeffelholz, Musser, Nischke and Pope-Roberts .	
02-13.	S.	Read first time and referred to committee on Job Creation, Economic Development and Consumer Affairs	593
02-23.	S.	Fiscal estimate received.	
03-01.	S.	Public hearing held.	
03-01.	S.	Executive action taken.	
03-04.	S.	Report passage recommended by committee on Job Creation, Economic Development and Consumer Affairs, Ayes 4, Noes 0	685
03-04.	S.	Available for scheduling.	
03-06.	S.	Placed on calendar 3-7-2006 by committee on Senate Organization.	
03-07.	S.	Read a second time	700
03-07.	S.	Ordered to a third reading	700
03-07.	S.	Rules suspended	700
03-07.	S.	Read a third time and passed	700
03-07.	S.	Ordered immediately messaged	700
03-07.	A.	Received from Senate	928
03-07.	A.	Read	928
03-07.	A.	Rules suspended and taken up	928
03-07.	A.	Read a second time	928
03-07.	A.	Ordered to a third reading	928
03-07.	A.	Rules suspended	928
03-07.	A.	Read a third time and concurred in , Ayes 94, Noes 0	928
03-07.	A.	Ordered immediately messaged	928
03-08.	S.	Received from Assembly concurred in	720
03-15.	S.	Report correctly enrolled on 3-15-2006	747
04-13.	S.	Presented to the Governor on 4-13-2006	772
04-17.	S.	Report approved by the Governor on 4-14-2006. 2005 Wisconsin Act 328	775
04-19.	S.	Published 4-28-2006	777

Vote Record
Committee on Job Creation, Economic Development and Consumer Affairs

Date: 3/1/2006

Moved by: Zien

Seconded by: Decker

AB _____ SB 596 Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

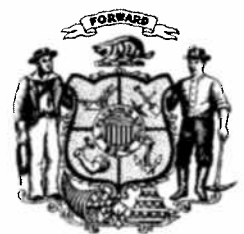
A/S Amdt _____
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 A/S Sub Amdt _____
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- Be recommended for:
- Passage Adoption Confirmation Concurrence Indefinite Postponement
 - Introduction Rejection Tabling Nonconcurrency

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Senator Ted Kanavas, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator David Zien	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Thomas Reynolds	<input 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 Russell Decker	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	_____	_____	_____	_____



WISCONSIN STATE LEGISLATURE





MARK GOTTLIEB

STATE REPRESENTATIVE • 60TH DISTRICT

Co-Chair • Joint Committee for Review of Administrative Rules
Vice-Chair • Assembly Republican Caucus

Testimony of Rep. Mark Gottlieb
Senate Bill 596
Senate Committee on Job Creation, Economic Development and Consumer
Affairs
March 1, 2006

Thank you for holding this public hearing on Senate Bill 596, which would simplify the process for simultaneously subtracting increment from an existing Tax Incremental District (TID) and creating a new TID.

Current law prohibits a city from creating a new TID if the value of the new district, together with all the increment of existing districts, would be more than 12 percent of the equalized value of property in the city.

However, current law allows a city to remove a sufficient amount of land from an existing TID to bring itself under the 12 percent cap, so that a new district can be created. The problem that has arisen is that this process can take almost two years to complete, making it difficult for cities to take advantage of economic development opportunities that require quick action.

Senate Bill 596 allows a city to speed up the process of reducing the size of a TID for the purpose of making it possible to create a new TID. It does so by allowing the city to use certified appraisals to verify the value of the land being removed, rather than waiting for the Department of Revenue certification process to take place. Under the bill, a city could have only one TIF district created by using this accelerated process, at any time.

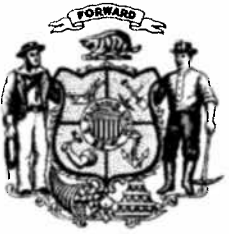
The bill does not change or reduce any of the standards for creating a TID. It only speeds up the process.

The changes proposed in Senate Bill 596 will allow municipalities to react more quickly to opportunities for economic development. The bill will help to streamline the process of creating Tax Incremental Districts when a municipality must subtract increment from an existing TID, and will be a catalyst for job creation.

I thank you for holding this hearing on SB 596 and would appreciate your support for this bill.



WISCONSIN STATE LEGISLATURE



Testimony of Gary Becker, CEcD
On Behalf of the Wisconsin Economic Development Association
In Support of SB 596

March 1, 2006

Good Morning

My name is Gary Becker. I serve on the Board of the Wisconsin Economic Development Association - a group representing public and private economic development professionals working to support growth in Wisconsin's economy.

Tax Increment Financing is one of the most important economic development tools available to municipalities in Wisconsin. TIF serves local economic development so well because it is flexible and allows municipalities to respond to economic development opportunities when they arise.

The flexibility and responsiveness of TIF was improved substantially in 2004 when the Legislature passed and the Governor approved a TIF Reform bill. One of the changes to the TIF legislation made in that bill was allowing municipalities to subtract territory from their TIF. A municipality that had exceeded its capacity to create another TIF district could subtract enough territory from their TIF to bring them below the TIF cap and thereby allow them to create a new TIF in response to new economic development opportunities.

One issue that was not addressed in the TIF Reform bill, however, was the timing between the subtraction and the ability to create a new TIF district. When territory is subtracted from a TIF district the TIF must be re-valued by the Dept. of Revenue. This requires equalization of assessed property values - a process that can take more than 18 months.

The TIF law states that a new TIF district cannot be created until the most recent DOR Municipal Value Report shows that the municipality is below the TIF cap. If a subtraction occurs in October of one year, the municipality would not be able to create a new TIF district until late August of the second year following the subtraction - 22 months after the subtraction.

Municipalities that are over their TIF cap and find themselves with an economic development opportunity at their doorstep currently have their hands tied. Few economic development opportunities will wait for two years.

There are 87 Wisconsin municipalities that have exceeded their TIF capacity. Many of these municipalities are located in regions that can be considered engines of economic growth for Wisconsin and need to be able to respond to opportunities - including Ashwaubenon, Wrightstown, DeForest, Middleton, Whitewater and Prairie du Chien.

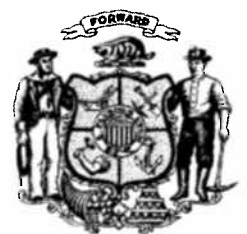
Other municipalities are located in regions of the state that need every advantage they can to encourage economic development including Adams, Avoca, Colby, LaFarge, Necedah, Richland Center, Soldiers Grove and Wilton.

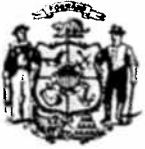
This bill will allow these municipalities to respond to economic development opportunities when they arise.

Gary Becker, CEcd
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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,
March 1, 2006

Senate Bill 596 – TIF Creation and Existing Territory Subtraction (Sen. Stepp)

Description of Current Law and Proposed Change

Under current law, a planning commission may adopt an amendment to a tax incremental financing (TIF) district project plan. The amendment requires approval by the common council or village board and must provide the same findings as is required for the creation of a tax incremental financing (TIF) district. Also, before a new TIF district is created or amended, the city or village must adopt a resolution containing a finding that the equalized value of taxable property of the proposed TIF district plus the value increment of all existing TIF districts does not exceed 12 percent of the total equalized value of taxable property in the city or village, unless the amendment subtracts property from the TIF district.

Under the bill, a city or village may simultaneously create a new TIF district and subtract territory from an existing TIF district without adopting a resolution containing the 12 percent test if:

1. the city or village submits an application to the Department of Revenue (DOR) for a new TIF district and includes a copy of its amendment to the existing district's project plan that subtracts territory;
2. DOR receives two certified appraisals – each of which estimates the fair market value of the property in both in the newly proposed TIF district and the territory to be subtracted from the existing TIF district;
3. the certified appraisals demonstrate that the 12 percent test is met.

The bill further provides that the creation of a new TIF district together with the subtraction of territory from an existing TIF district can occur only once in the city or village, unless the TIF district previously created in this manner has terminated.

Fairness/Tax Equity

- Under the bill, a municipality at or nearing the 12 percent value limit will be able to create a new TIF district more quickly than under current law by combining into one submission to DOR its requests to amend one district to allow the creation of another district.

Impact on Economic Development

- This faster process of creating certain new TIF districts may encourage economic development and improve the ability of localities to capture time-sensitive opportunities.

Administrative Impact/Fiscal Effect

- A municipality will bear the cost of providing two certified appraisals of fair market value of the relevant properties. DOR usually certifies fair market value of properties within TIF districts.
- The Department of Revenue does not have data to estimate the local fiscal effect of the bill.
- There is no state fiscal effect.

Prepared by: Paul Ziegler (608) 266-5773

February 24, 2006

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Territory Subtraction Timeline

