

SENATOR JANET BEWLEY

WISCONSIN STATE SENATE

Assembly Ways and Means Committee Testimony for Assembly Bill 167 September 26, 2019

Chairman Macco and Committee Members,

Thank you for this opportunity to testify about Assembly Bill 167, which would allow the City of Superior to make use of an economic development tool currently available only to the City of Milwaukee. Overwhelmingly supported by Douglas County voters in 2016, this plan would allow Superior to establish an exposition district in order to spur economic growth, attract new businesses and tourism and create new job opportunities for local residents.

We are all aware of the enormous commitment the state made to another development in Southeastern Wisconsin in the fall of 2017. Our proposal will allow the people of our communities to tap in to the tremendous tourism and business potential of Northwestern Wisconsin to both spur and support economic development. Under the bill. A district created by the City of Superior may collect a .5 percent food and beverage tax, and may collect a room tax at a maximum rate of 2 percent.

Those resources would support development projects that increase visitors and spending in or cities. Importantly, the bill also gives voters the ultimate final say because the exposition district can only be created if approved by a referendum on either the spring or fall general election ballot.

After the overwhelming support the Better City Superior initiative received in 2016 (nearly 80% support in a high-turnout election) Rep. Milroy, Senator Bewley, and myself pledged to work across the aisle and get this bill done for the betterment of the north. I'm proud of the bipartisan nature of AB 167 and believe the list of cosponsors speaks to the support we've garnered statewide. A stronger North means a stronger Wisconsin.

It is time to use the exposition district model in a way that makes sense for other parts of the state. Smaller cities should have access to the same economic tools as larger cities like Milwaukee. The folks you'll be hearing from today have worked for years to build support for this legislation and build a better Superior. Let's reward that hard work and pass AB 167 this session.

Thank you once again for giving me the opportunity to testify and I would be happy to answer any questions you may have.



Testimony before the Ways and Means Committee of the Assembly of the State of Wisconsin by Jim Paine, Mayor: City of Superior

Mr. Chairman, Mr. Vice Chairman, and Honorable members of of the Committee:

Good morning. My name is Jim Paine and I have the honor of serving as the Mayor of the City of Superior, Wisconsin. Thank you for the opportunity to speak in favor of Assembly Bill 167 and the creation of an Exposition District in our City.

Superior is a proud City with a proud history. I hope by now that you have learned a little about Superior but I'd understand if you hadn't. Superior is the furthest City from Madison and small compared to many of Wisconsin's more famous cities. Like many small cities in Wisconsin we face several steep challenges in the 21st century. We are frequently overshadowed in fame, economic prosperity, and state support by our larger neighbor, Duluth, MN. As an industrial and manufacturing city, we have endured many of the hardships and uncertainties that have followed the great recession and volatility in several commodities markets as well as constantly changing state and federal statutes and regulations. And I can say with absolute confidence that we daily suffer much worse weather than any other place in Wisconsin.

But much like the fur traders, and timber workers, and industrialists, and immigrants, and shipbuilders, and business men and women of nearly every profession and trade before us, my friends, colleagues, and fellow citizens still believe that Superior is a place of hope and opportunity. We share many of the beliefs and traditions and values of the adventurous souls that have built and fostered Superior, from the Ojibwa peoples that first inhabited the shore of Lake Superior, to the immigrants that risked everything to build a new life there, to the business owners and labor leaders that clawed out a better life in a hard place and in hard times, to those of us that traveled here today and the thousands of citizens that have sent their support with us, we have always been a people that believes that our very best future is the one we build for ourselves.

That is our only ask of you today. Assembly Bill 167 will allow us the opportunity to foster prosperity in challenging economic times. It does so without burden to any other community in the State of Wisconsin and it does not impose hardship on any of our own citizens. The creation of an exposition district and the food and beverage tax that drives its development would allow those that participate in Superior's recreational economy to invest back into their own community and quality of life. It will attract new business and draw new visitors to our region and our State. It creates new opportunities for business and recreation and promotes growth, new investment, and a more diverse and resilient economy. As you well know, Mr. Chairman, growth anywhere in Wisconsin benefits everyone in Wisconsin.

This is why I'm joined here today by leaders in business, finance, and education. We carry with us the support of dozens of community organizations including large and small businesses, the Superior/Douglas County Area Chamber of Commerce, multiple labor organizations, the City of Superior, Douglas County, nearly every educational institution in Douglas County, and several statewide trade associations. More importantly, we carried the support of more than two thirds of Superior's electorate in our recent referendum. Mr. Chairman, the people of Northern Wisconsin know the cost of an exposition district. We understand that we would bear this cost alone. We overwhelmingly accept that cost because we see it as a unique, once in a generation opportunity to build a better future for a community that we all love.

We know that Superior has a strong future because, like all of our predecessors before us we believe in our ability to build the future we want. All we ask of you is to trust us. Believe in us. And if you can't do that, at least, please, just get out of our way.

Mr. Chairman, as the Mayor of the City of Superior and on behalf of the People of Superior I humbly request that the Ways and Means Committee approve Assembly Bill 167 and recommend it for passage to the State Assembly, State Senate, and the Governor of Wisconsin.

Thank you.

Dear Wisconsin State Assembly and Senate Committees:

Carlotte Barrier Commence of the Commence of t

It is a privilege to write a letter advocating for the "Better Superior Initiative." Personally I was born in Milwaukee, raised in Central Wisconsin-Medford, and currently live in Superior where I have resided the past 20 years. In my experience as a Superior parent, high school teacher, and major AAU basketball director, Superior has great untapped potential for not only the Northwestern region of our state but our entire state! I personally have had 1st hand knowledge of the challenges our community has faced over the years. I know that your ability to work with our community would have a drastic impact on the lives of many families which would greatly create long-term sustainable economic growth in our area.

Last June I created the first ever major Twin Ports AAU basketball tournament-The Twin Ports Border Battle. My AAU organization-Playmakers North hosted over 90 AAU basketball teams from 3 different states (WI, MN, and MI) and had over 3000 people participate and/or spectate our events. The event was a great success and something we will look to bring back to Superior every year. The event was both a joy and a challenge to put on.

Some of the joys I experienced in putting on this event have been the feedback from other directors/families from out of state programs who found the tournament to be very well run-great workers/refs, beautiful surroundings-vacation destinations for families in the summer, and the overall allure of the twin ports area. It was refreshing for them to not have to go to the Typical Twin Cities/St Cloud/Milwaukee areas for a major tourney. The programs I have contacted from last year say they will be back this next year (June 2020) and I actually got a commitment from a North lowa program to send 15-20 teams. What is great for our community is these types of events help spark our local economy and in turn makes our communities/state grow stronger economically.

Some of the challenges in hosting a tourney in Superior have ranged from limited availability of hotel rooms in Superior, to proper funding/regarding facilities. Many families wanted to stay in Superior but had to stay in Duluth, and sometimes 25 min away in Carlton. We actually ran into a room shortage in the area and had to house some families in the UWS dorms. We also have run into funding issues regarding University and School District Courts that charge in some cases upwards of \$40 to \$50 to rent a single court per hour; where other communities typically work with organizations to build sustainable economic opportunities within their communities. I am hopeful that will be better this year.

In closing I urge you to please support AB 167 and SB 157 to provide Superior the tools it needs to compliment the needs of our Northwest Region of the state and to help with the growing needs of our Twin Ports community. If you can help in this process, I guarantee you it will pay great dividends to not only our desperately needed section of the state but our entire state. We want families to come to the Wisconsin side of the Twin Ports for years to come and with your support and the "Better Superior Initiative"; we can make these great dreams a reality!

Thank you for everything you do for our state with your honorable public service. I appreciate your time and consideration of this Initiative. If you have any questions don't hesitate to contact me.

Sincerely

Phillip Roe

Superior High School Social Studies Teacher Playmakers North AAU Basketball Director

(715) 965-4366

playmakersnorth@gmail.com

Phillip J. Voc

Testimony to Way and Means committee Sept 26, 2019
AB 167 and companion bill SB 157

I was born and raised in southwestern Wisconsin I have been a lifelong Wisconsin resident until eight years ago when I moved to Duluth. When I took my job as Chief Executive Officer of National Bank of Commerce in the Twin Ports the housing selection in Superior was poor at best, so my family sought housing in Duluth. We would have preferred to live in Superior but we could not find suitable housing. Superior is reported to be the 9th oldest housing stock in the United States. This is one sign of the city decay over the last fifty years. While calling Duluth my city of residence, I continue to work in Wisconsin, and our family is lifelong Packer and Badger fans.

Superior has been in a state of a long economic decline, but we see encouraging signs of new life and vitality. There are sprouts of new housing. Business and industry viability is looking up with several expansions, we have a group of new businesses and our port facilities are alive and well. These improvements were led by capital investments, investments in infrastructure and commercial businesses. Entrapanures are leading the economic expansion with risking capital because they see a future of prosperity that can be in Superior.

I see a change in attitudes taking place in Superior. The residents and businesses have rallied behind the "Better Cities initiative" to create a better place. A better place to live, work and play as we seek a better life not only for ourselves but also our children and grandchildren. Multi-family housing has been a need in our community, and with a collaborative effort of the city and entrapanures, we have two new multi-family housing developments and the third is soon to be under construction. New multifamily appartments are reaching stabilized full occupancy very quickly. And interesting little fact is that many of the new residential unit rentals are coming from Duluth because they choose to live in Superior.

Residential neighborhoods are reacting to the attitude changes in Superior by fixing up older neighborhoods and housing. Several landlords have bought slum-lord properties and renovated them into really nice single-family housing. The attitude of the community is turning to a pro-business as business is creating the jobs that ultimately fund economic prosperity. Superior has a new hotel, and one planned to start construction soon. Our restaurants are starting to thrive and not just survive. Superior is starting to attract capital investment

Our bank has been at the cornerstone of much of this economic prosperity as we are the largest engaging community bank in the

area. The bank is the main donor for the high school's new outdoor sports complex that now serves as home to championship sporting. The schools are a vital part of the fabric that links our community together. That being said, our business community has grown very little in Superior as our bank has had to reach across the Saint Louis River into Duluth for opportunities to grow. Going back ten years ago we had about \$335 million in community assets, and now by year-end we will be a \$1 billion in assets bank, you guessed it, located in Superior Wisconsin.

We seek a little help from our friends in Madison. Please help us make this Exposition District a reality for Superior and other Wisconsin communities.

Duluth businesses are bosting of five billion dollars in new expantion dollars in the next 3-5 years.

It is difficult to compete with Duluth as they seem to have unlimited funds coming from Saint Paul to act as a catalist to their tourism mecca of the north. Superior seeks to be a destination community rather than taking the overflow from Duluth. We are finding new ways to collaborate with Duluth; after all, it is only a bridge "get over it." While Duluth has been the big dog of the Twin Ports they now recognize that Superior has its spot in the economic development and prosperity. Our three, four-year

college institutions of higher learning are starting to collaborate and compete. Our mayors are collaborating and competing, and businesses for the first time are successful on both sides of the river.

Capital flows to where it feels welcome and increases when returns are comenserate with risk. Capital investment attract revenue dollars. Our goal is to attract outside investment to attract outside revenue to further develop our workforce and turn the wheels of prosperity.

The residence of Superior overwhelmly support the Exposition District in order to improve our quality of life, that attracts tourists, new citizens and a better workforce. We are not asking for dollars instead an avenue to help ourseves in this endeavor. The workforce in Superior is second to none, we are proud of our heritage but equally proud of our residence and our workforce.

Good Morning, I am Anne Porter, Interior Designer and Project Manager at LHB located in Superior, WI.

I am also here testifying today as a Superior resident, City of Superior Planning Commissioner, Redevelopment Authority Member and as a Superior/Douglas County Chamber Board Member in support of Bill AB 167. I am a proud to be a lifelong resident of Superior (minus the four years living in Menomonie, WI attending college.) During college I had a dream of moving away from Wisconsin after graduating with a degree in Interior Design. In my young mind I was excited by the idea of working for a large architectural firm, working and living in a large city such as Chicago or Minneapolis. The dream of living and working in an urban downtown neighborhood, walking to work and having an abundance of entertainment and culture excited me.

However, during college I began to appreciate what my hometown had to offer. I missed being closer to Lake Superior and the Northwoods and I truly missed being closer to family and friends. I moved home in 2002 after working an internship for two summers during college at LHB in Duluth, MN. This internship gave me a connection back to a business within my community that made me realize that I could be successful in my field and not have to leave the area. I feel lucky to have found a job in my profession back in the Northland working for LHB.

LHB is a 53-year-old Architectural & Engineering firm with focuses in 8 different markets and a *total of 235 employees* in professional fields of Architecture, Interior Design, Landscape, Civil, Survey, Structural, Mechanical & Electrical Engineering. Our employees are located between the Duluth, Minneapolis & Cambridge, MN and Superior, WI offices. We pride ourselves in being leaders in sustainable design and for me this applies to the places I live, work & play.

I have worked for LHB 15 years, ten of those years while working out of the Duluth, MN office and the last five years I have had the privilege of working in my hometown of Superior, WI office. LHB made a commitment five years ago to opening a regional Superior office One significant deciding factor for expanding our business offices into Superior was a revitalization happening within our community. The commitment of our government and local business who were investing in buildings, infrastructure and our people was and still is energizing the community. Working in the industry of Architecture in Superior I have seen firsthand the construction projects that have been completed in Superior, WI over the last five short years. Some of these local projects include Major Road & Infrastructure Upgrades, a New Fire Station, Public Library Upgrades, Three New Multifamily Housing Units, A New Hotel, Shoreline & Waterfront Reconstruction.

One additional project that I personally can touch on is the recently completed \$92.5 Million-dollar Superior School District Referendum which I worked as the project manager on for the last three years. This project has brought state of the art educational facilities to Superior's students and staff, which most of the funds were put towards a new Elementary School and Major High School Addition and Remodel. The Superior High School campus has also received significant upgrades to their outdoor athletic facilities over the past two years. These facilities include a turf football field, track, tennis courts, baseball and softball fields. These fields are an example of an investment that was made by our community that has benefited district athletes, students as well as the neighboring University Athletics programs and neighboring sports teams. These fields are being filled daily during our spring/summer and fall seasons and are even being rented by our neighboring residents.

My daughter played league soccer on a team in Duluth, MN this past Spring and I found it interesting and "convenient" that most of her practices were held in Superior at the Superior High School turf field. There is a shortage for athletic facilities in our area. I have traveled to numerous Soccer games and tournaments in Duluth, MN and surrounding areas, but even though we practiced in Superior, not one tournament was held in Superior. It would be amazing if Superior could host these types of events. Indoor athletic tournaments whether it be soccer, hockey or lacrosse draw in players, parents and families from

outside the area that would need hotels, dining, shopping and entertainment before, after and in between games. We have the need in the community to support an Expo District that provides additional indoor athletic facilities in our area. This idea is just one example of what the Expo District could bring to Superior's downtown.

I am excited to share the news of the newly completed projects in Superior. However, there is still a large missing piece to make our vision complete; and that is Entertainment & Tourism. These two elements are an important part of a healthy community. Just like my vision as a young college student, residents and professionals of all ages want a city that provides entertainment, restaurants, shopping, and new ways to come together as a community. I personally have no choice but to shop, dine, even catch a movie in neighboring Duluth due to the lack of or no options in Superior. This lack of local entertainment and tourism is hurting us as we try to compete with our neighbors across the bridge in Duluth. The Expo District through Bill AB 167 would allow us to revitalize our downtown neighborhood to increase our athletics, entertainment and tourism offerings.

Duluth has done a great job at attracting tourists to their city. By doing this, Superior could capitalize on the Duluth tourists that are only 6 miles away. Our vision is to complement their existing elements of entertainment and tourism they aren't currently offering.

Our current downtown neighborhood has recently seen the benefits of the Tower Avenue road and infrastructure improvements. I am proud of the investment and how beautiful it turned out. There have been many businesses making improvements in their buildings however, there are areas that are now vacant where buildings have been demolished and buildings that remain untouched looking for new life. My vision for the Expo District in downtown Superior is that those vacant lots be filled in and that the tired buildings be revitalized. I have heard from my parents that back in the day Thursday Nights were the time when everyone would visit Tower Ave and roam the streets to shop, dine, and just to "be seen". Our community has recently started to reinitiate that tradition for the current businesses downtown. This is another example of our community's momentum for making our city a fun place to live. I would love for the opportunity to see the Expo District become a reality to allow us to attract even more businesses downtown. The buildings that would be built as part of the Expo District would give people a reason to revitalize our downtown area with not just buildings, but more importantly people.

We have been here year after year asking for your attention to help Superior prosper. I have personally walked the halls lobbying during Superior Days and talked with many of you about our needs. Thank you all for listening year after year. We have done our research and leg work to prepare for this request. We passed a referendum at 75% in favor of the Expo District for our city. Our community has spoken. I am coming to you again today to ask for your support as a resident and professional. Help us continue to build our city to reflect its name and continue the positive momentum in Superior. Help us draw more young professionals, like me, back to Superior that have a passion for its future. More importantly help me make a community that my children also want to stay and call Superior their home when they can make the decision for themselves.

The time is now to support Bill AB 167. We need your vote here in Madison to help make our vision a reality. This is the missing key to our future.

Thank you for your consideration.

I am Kevin Boreen, CEO of Exodus Machines in Superior, WI.

Exodus Machines is a leading manufacturer and distributor of hydraulic attachments for the demolition and scrap industries.

We have in-house engineering, team of field service technicians that travel the world, parts and rebuild services.

Exodus currently has 93 employees, 65 of which report to work at our factory in Superior the remainder live throughout the US as part of our sales teams.

We have a modern 90,000 SF facility with state-of-the-art machine tools and equipment. Our employees are 2^{nd} to none!

Our facility is located on the beautiful shores of Lake Superior.

I say all of this because we are an attractive employer!

That said, of the 65 employees that report to work at the factory 33 of them live "across the bridge" in MN. I believe many of them would never even consider living in Superior based on past bias.

I have a *personal story* from 20+ years ago. It's still relevant.

I was working as a CPA in Duluth, MN (living in Superior) and was considered a solid recruit with a bright future.

One day, while I was in the Partner in Charge's office, he said "You would do your career well if you moved to Duluth".

There was then, and I believe it holds true today an attitude that Superior is a click below our neighbor.

That said, Superior is changing, attitude has and is improving, we are moving in the right direction; however, more needs to be done.

With 25+ employees living outside of our area, and regularly coming back to the factory, you can imagine we ring up some pretty good hotel, food and beverage expenses!

At this point 95% of our hotel stays go to Fitger's Inn in Duluth because of their walking distance to many bars and restaurants.

With Exposition District and corresponding private investment; Superior could easily become the community of choice for our hotel stays...but it will take changes.

I'm here to ask for your support of the Exposition District in Superior, WI to allow our community to have the access to funds to invest and reinvest in our own community.



TO: Members of the Assembly Ways and Means Committee

FROM: NCSRCC

DATE: September 26, 2019

RE: Support AB 167 Authorizing a Superior Exposition District

The North Central States Regional Council of Carpenters [NCSRCC] fully supports Assembly Bill 167 which will advance economic development in Superior by authorizing the creation of an Exposition District. This legislation will provide job opportunities, encourage business activity, expand the tax base, and encourage tourism. This will benefit Superior, Douglas County, and our hardworking members.

With over 100 Carpenters residing in Douglas County, we are excited about the possible economic development the Exposition District would bring for not only our members, but for all the citizens in the region.

We ask for your support in creating the Superior Exposition District.



To:

Assembly Committee on Ways and Means

From:

Corydon Fish, General Counsel and Director of Tax, Transportation and Legal

Affairs

Date:

September 26, 2019

Re:

Testimony in Favor of Assembly Bill 167 to Create a Superior Exposition District

Thank you Chairman Macco and members of the Assembly Ways and Means Committee for hearing my testimony on Assembly Bill 167, which would allow the City of Superior to create an exposition district. Wisconsin Manufacturers and Commerce (WMC) respectfully requests that you support this proposal.

WMC is the state chamber of commerce and largest general business association in Wisconsin. We were founded over 100 years ago, and are proud to represent approximately 3,800 member companies of all sizes, and from every sector of our economy. Our mission is to make Wisconsin the most competitive state in the nation in which to do business.

Since 1960, Superior has lost nearly 16 percent of its population while its neighbor, Duluth, Minnesota continues to grow and prosper. The exposition district would allow Superior the opportunity to generate revenue from tourists and others who utilize the hospitality industry to fund local development projects that would increase tourism and business activity.

During the 2016 election, 82 percent of eligible voters in Superior casted votes – it was extremely high turnout. Of those who voted, 75.5 percent voted in favor of a local exposition district tax on food, beverages, lodging, and rental cars.

Although WMC generally opposes the imposition of higher taxes and adding to what is already an unacceptably high tax burden on Wisconsinites, the taxpayers of Superior have sent a strong and clear message at the ballot box that they support imposing this tax upon themselves. In addition, a Superior Exposition District is supported by the local business community, public entities, government, local foundations, and associations in the area.

Thank you again Chairman Macco and members of the Committee for the opportunity to testify. For these reasons, WMC respectfully asks that you support the authorization of a Superior Exposition District in AB 167.



formerly the Wisconsin Innkeepers Association

Serving the lodging industry for more than 100 years

September 26, 2019

To:

Assembly Committee on Ways and Means

Representative John Macco, Chairman

From: Kathi Kilgore, Lobbyist

RE:

Opposition to AB 167 Creation of a Local Exposition

District by the City of Superior

The Wisconsin Hotel & Lodging Association (WH&LA) represents lodging properties of all sizes throughout Wisconsin. Our members provide hospitality experiences and overnight accommodations to travelers away from home. We service the guests that are valued the most by the tourism industry – those who choose to pay to stay overnight and invest much more of their money with local businesses than those briefly stopping by.

The valued overnight customers of ours are already subject to a local Room Tax in over 290 municipalities around the state, including in Superior. What many people do not realize is that Room Tax is a layered tax, meaning that the local Room Tax is on top of the 5% state sales tax and, in 66 Wisconsin counties including Douglas County, the .5% county sales tax. In some parts of the state, there are also additional taxes such as Premier Resort Area Tax or Baseball Stadium District or what is being proposed here – an Exposition District tax.

While each of these taxes separately does not sound significant, unfortunately when you add them together, the customers of just one industry – lodging – pay a total room tax in double digits, a noticeable impact when families and leisure travelers check out. Again, these are the guests to your community that spend the most money while there.

Currently, Superior charges just under the maximum allowable local Room tax rate (7.5% for properties with 25 rooms or more, and 6.5% for smaller properties). When adding the state and county taxes to the local room tax rate, the total tax on lodging rooms in **Superior** is **13%**.

By comparison, **Duluth**, one of Superior's main competitors for overnight guests, charges a total tax on lodging rooms of **13.875%**.

1025 S. Moorland Road
Suite 200
Brookfield, WI 53005
262/782-2851
fax: 262/782-0550
whla@wisconsinlodging.org
wisconsinlodging.org

This includes a state sales tax of 6.875%, a county sales tax of 0.5%, a city sales tax of 1% and a 5.5% local room tax on lodging establishments.

AB 167 proposes creation of a local exposition district for Superior that would be funded by a combination of a new <u>additional 2%</u> room tax plus a new food & beverage tax. This would mean Superior would have a **total room tax of 15%** - a noticeable sum added to an overnight stay. Keep in mind that this tax is paid by visitors that invest a significant amount of their hard-earned money in the community during their stay.

The average total tax on rooms in Wisconsin, based on the most recent filings with the Wisconsin Department of Revenue, is around 11%. This bill would put Superior's total room tax among Wisconsin cities with the highest taxes on rooms and above Duluth's tax on rooms.

It is critical that communities study carefully the impact of continuing to push new taxes on the customers of our lodging properties for new local development and facilities that may service local residents and local businesses more than travelers.

This legislation could set a precedent for other cities to pursue legislation to also enable their city to fund all sorts of development that may or may not generate increased overnight stays, but which would be paid for by the lodging industry.

WH&LA understands and supports the need for local referendum for local tax increases even the result of the referendum is highly dependent on how the question is framed. This legislation would allow an exception for Superior based on a 2016 referendum. We do not feel this is appropriate since the proposal's funding package has been changed since that referendum (the car rental tax was removed.)

In conclusion, our concerns are primarily that what appears to be an insignificant new tax on visitors who already pay significant taxes to the city is <u>not</u> insignificant in total; this puts the area priced above the competition; that this sets a dangerous precedent that may spread

around the state; and if a referendum is required there should be no exceptions – especially when the proposal has changed.

New development is frequently exciting for a community. Universally the challenges are with who pays for it. We ask that more broad-based funding options be considered to avoid the burden falling once again on the lodging and tourism industry. A reputation for high taxes on tourists is not something that any city would want.

On behalf of WH&LA's members around the state, we respectfully ask that you oppose AB 167. Thank you for your consideration.