WISCONSIN LEGISLATURE

P.O. Box 7882 • Madison, WI 53707-7882

Date: April 7, 2009

To: Assembly Committee on Urban and Local Affairs

Fr: State Senator Sheila Harsdorf and Representative John Murtha

Re: Assembly Bill 173 – Elmwood Tax Incremental District #4

Chairperson Berceau and Committee members:

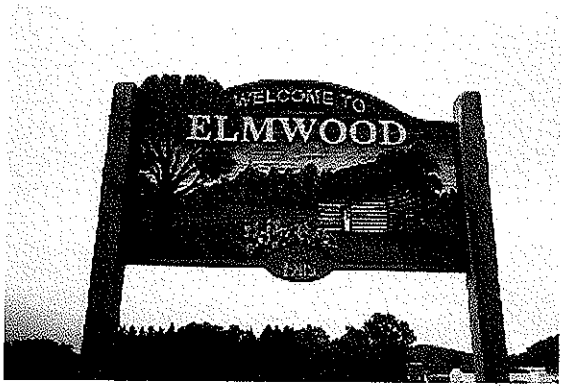
We would like to thank you for holding a public hearing and allowing us to testify in support of Assembly Bill 173, which would allow the creation of a tax incremental district in the Village of Elmwood.

In 2006, the Village of Elmwood sought to create a tax incremental district encompassing their downtown area to promote mixed-use development. This tax incremental district also sought to assist the expansion of a business in the village that serves as an important employer in the community.

Due to the calculation of personal property attributed to one of the land parcels in the tax incremental district, but actually not entirely located within the parcel's boundaries, the district was not approved by the Department of Revenue. We believe an exception should be made due to the particular circumstances involving this tax incremental district, as well as the fiscal impact upon Elmwood's taxpayers if the district is not created.

Similar legislation allowing a TID to be created notwithstanding the 12% requirement has been approved in a previous legislative session. 2007 Assembly Bill 457 was passed by the Legislature and signed into law last session to create such an exemption for TID's in Beloit and Union Grove.

We would like to thank you for holding a public hearing on AB 173 and urge your support and timely passage of this legislation.



Village of Elmwood

P.O. Box 26
323 West Winter Avenue
Elmwood, WI 54740-0026
Office: (715) 639-3792
Fax: (715) 639-3799
E-Mail: villelm@celectcom.net

Village President – William Stewart

Assembly Bill 173: Village of Elmwood Tax Incremental District Number 4

Purpose for Creation of TID No. 4

Approved by the Village Board on May 8, 2006, with unanimous support by all taxing districts, TID No. 4 was created as a "mixed-use" TID to promote commercial, industrial, or residential growth.

The boundaries of TID No. 4, as submitted, were to encompass the downtown area of Elmwood. The vast majority of commercial enterprise in Elmwood is located within a centralized downtown business district and inclusion of this area would afford the Village to promote future projects to allow for blight elimination, façade improvement, in-fill development, and other redevelopment efforts.

The initial development project contemplated for TID No. 4 was the relocation of one of the Village's successful private businesses, Sailer's Food Market & Meat Processing, Inc. (Sailer's), who had outgrown their current location.

- Sailer's has been located in the Village of Elmwood for five generations since the early 1920s.
- Sailer's had reached the limit of its financing options for relocation, which led the proprietors to request assistance from the Village in the form of TIF.
- The primary TIF-eligible expenditures were to be in the amount of $80,000 in the form of land acquisition and site preparation for location of a new building.
- The Village entered into a development agreement with Sailer's to be financed through issuance of a State Trust Fund Loan.
- Rather than create a "single-site" TID, the Village viewed this as an opportunity for other projects within the more broadly defined TID boundary.
- The Village entered into an additional agreement with a commitment of $12,000 in TIF for the construction of a storage facility adjacent to Sailer's development.
- In both cases, the Village entered into these agreements under the assumption that the District would be certified by the Department of Revenue (DOR).

Compliance with 12% Valuation Requirement

In creating a new TID or amending the boundaries of a new TID to incorporate additional territory, municipalities are required to comply with Section 66.1105(4)(gm)4.c., Wisconsin Statutes. This provision of the statutes requires that the existing value increment plus the proposed base value of the new TID or amended boundary not exceed twelve percent (12%) of a municipality's total equalized value.

The Village submitted documentation to the DOR that represented it was in compliance with this section of the statute.

- Unknown to the Village, a personal property value of roughly $350,000 within the boundary of the TID was not reported, causing it to exceed the 12% rule.
- The personal property was attributable to the inclusion of a telecommunications company parcel that included that business' personal property throughout the entire Village, and not necessarily located within the boundaries of TID No. 4.
- The name and address of the personal property tax statement differed from that of the real property tax statement.
- Had it been readily known that this was in fact the case, the Village would have not included this parcel within the boundaries of the TID.
- Efforts to re-submit the TID Certification omitting the above referenced parcel were denied.

Repercussions of Non-certification

The Village has incurred $122,481.71 in costs and obligations related to TID No. 4. If special legislation is not approved, this obligation will fall to the Village's general tax base, rather than be paid from available TID No. 4 revenues. This would place undue burden to the general tax-paying public as the total budget for the Village is $580,323.00. The Village acted in a good-faith manner with regard to entering into development agreements with counterparties, as well as in gathering and submitting the relevant data to the DOR.

Conclusions

The Village appreciates the opportunity to come before the Committee, as well as the efforts of its state legislative representation in moving forward this bill. The use of TIF is essential to continued economic development within the Village that benefits its residents in the form of job opportunities, as well as the other taxing jurisdictions. As recognition of this fact, it should be noted that this endeavor enjoyed unanimous support from the overlying taxing jurisdictions represented on the Joint Review Board.

Recently, Sailer's has presented to the Village an opportunity for expansion of its facility, as success has brought additional demand for its business. Sailer's currently employs 20 full-time staff, an increase of 12 employees prior to their first expansion, and would be able to add additional workers and continue to expand its economic footprint. The efforts of the Committee can be of enormous support in this regard.

SAILER'S
MEATS
National Grand Champion Bac
Reserve Champion Wieners