

Vote Record

Senate Committee on Economic Development, Housing and Government Operations

Date: 3-28-00 Grub
 Moved by: 841 Drz
 AB: _____
 AB: _____ SB: _____
 AJR: _____ SJR: _____
 A: _____ SR: _____
 Seconded by: _____
 Clearinghouse Rule: _____
 Appointment: _____
 Other: _____

A/S Amdt: _____
 A/S Amdt: _____ to A/S Amdt: _____
 A/S Sub Amdt: _____
 A/S Amdt: _____ to A/S Sub Amdt: _____
 A/S Amdt: _____ to A/S Amdt: _____ to A/S Sub Amdt: _____

- Be recommended for:
- Passage
 - Introduction
 - Adoption
 - Rejection
 - Indefinite Postponement
 - Tabling
 - Concurrence
 - Nonconcurrency
 - Confirmation

Committee Member	Aye	No	Absent	Not Voting
Sen. Robert Wirch, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Gwendolynne Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Richard Grobschmidt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Gary Drzewiecki	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. David Zien	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: _____

SENATE HEARING SLIP

(Please Print Plainly)

DATE: March 28 2000
BILL NO. AB 841
OR
SUBJECT _____

Eric Voight
(NAME)

(Street Address or Route Number)

(City and Zip Code)

Rep. Dave Hutchison (Author)
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger **PROMPTLY.**

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-28-00
BILL NO. AB-841
OR
SUBJECT _____

Jim Smith
(NAME)

730 Washington Ave
(Street Address or Route Number)

Racine 53403
(City and Zip Code)

City of Racine
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/28/2000
BILL NO. AB841
OR
SUBJECT DEVELOPMENT ZONES

(NAME)

DAVID LESS
(Street Address or Route Number)

CITY OF MANITOWOC
(City and Zip Code)

817 FRANKLIN PO BOX 1597
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/28/00
BILL NO. AB 841
OR
SUBJECT _____

(NAME) Sen. Mary Engerich
(Street Address or Route Number) 419 Washington St - Pulaski
(City and Zip Code) 30th District
(Representing) _____

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/28/2000
BILL NO. AB 841
OR
SUBJECT Dev zones

(NAME) Bill Wheeler
(Street Address or Route Number) _____
(City and Zip Code) Commerce
(Representing) _____

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking: Available as resource for questions
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-28-00
BILL NO. AB 841
OR
SUBJECT _____

(NAME) SENATOR FORBIA BURE
2nd SEN. DISTRICT
(Street Address or Route Number) _____
(City and Zip Code) MILWAUKEE

(Representing) _____
Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-28-00

BILL NO. AB841
OF

SUBJECT Community Dev.
Zone Extension

(NAME) Todd Jensen

201 W. Washington
(Street Address or Route Number)

Madison
(City and Zip Code)

Dept. of Commerce
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/28/00

BILL NO. AB841
OF

SUBJECT _____

(NAME) Vern Muecke

201 W. Washington Park Ave
(Street Address or Route Number)

Madison WI
(City and Zip Code)

Commerce
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-27-00

BILL NO. AB841
OF

SUBJECT _____

(NAME) Ed Huck

14 W. Madison
(Street Address or Route Number)

MADISON, WI
(City and Zip Code)

WI Alliance of Cities
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 03/28/00

BILL NO. AB 841

OR
SUBJECT _____

Richard Linsmeier
(NAME)

730 Washington Ave
(Street Address or Route Number)

Racine WI 53403
(City and Zip Code)

City of Racine
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/28/00

BILL NO. AB 841

OR
SUBJECT Community
Development Zones

Amy Cumbled
(NAME)

201 W. Washington
(Street Address or Route Number)

Madison 53707
(City and Zip Code)

WI Dept of Commerce
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-28-00

BILL NO. AB 841

OR
SUBJECT _____

Sen Robson
(NAME)

(Street Address or Route Number)

(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

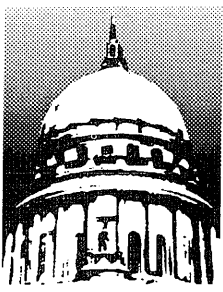
Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882



State Representative
DAVE HUTCHISON
1st Assembly District

To: Committee on Economic Development, Housing and Government Operations, Senator Wirch, Chair
From: Representative Dave Hutchison
Re: Testimony on Assembly Bill 841

Since 1989, the Community Development Zone program has been operating in the State of Wisconsin. The program began with the designation of eight development zones, and has expanded currently to 20 CDZ's across the state. The Department of Commerce also has the authority to designate two more development zones.

The Department of Commerce currently designates which areas can become a CDZ. The area must meet certain distress criteria in order to be certified. CDZs generally suffer from high unemployment, declining property values, industry layoffs, and low household income. They tend to be the most distressed areas of the state. In the 1st Assembly District. The City of Sturgeon Bay has suffered with the loss of the majority of it's shipbuilding industry. This devastated the downtown and waterfront areas of the city. Thanks to Sturgeon Bay being designated a CDZ, and improved economic conditions the city has seen a re-vitalization it's downtown businesses and an on-going redevelopment of the city waterfront.

Under current law an area may be designated as a development zone for seven years, with the possibility of five one-year extensions. For many municipalities and counties, a total of 12 years is just the beginning of the time they need. Assembly Bill 841 would extend the time limit to 20 years with the possibility of one five-year extension. Extending the time limit to 20 years would give counties and municipalities the time they need to re-develop these distressed areas. It will also put the State of Wisconsin on the same level as other states which are currently offering 20+ year enterprise zones.

AB 841 has no additional state fiscal effect. This is a continuation of a performance-based tax credit that encourages private investment and improves both the quality and quantity of employment opportunities. The program allocates job-related tax credits to businesses in needy areas of the state.

Right now, the time is running out for the eight original CDZs. While progress has been made in the past 10 years, these areas are still economically distressed and need to retain the CDZ as an economic development tool.

In closing I would like to leave the members with some figures which highlight the success of the CDZ program.

Since 1989:

8,845 new jobs have been created.

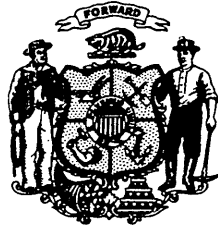
The average starting wage has been \$8.82 per hour.

And, there has been over \$500 million in new private investment.

Thank you for taking the time to hear Assembly Bill 841, and thank you for the opportunity to offer this testimony.

Assembly Chair, Joint Committee on Information Policy

P.O. Box 8952 ■ Madison, Wisconsin 53708-8952 ■ Toll-Free: (888) 482-0001 ■ Fax: (608) 282-3601 ■ Rep.Hutchison@legis.state.wi.us
Home: N8915 State Road 57 ■ Luxemburg, Wisconsin 54217 ■ Phone/Fax: (920) 866-2211 ■ hutch@dct.com



BRIAN BURKE

WISCONSIN STATE SENATOR

Senate Chair, Joint Committee on Finance

**TESTIMONY
OF SENATOR BRIAN BURKE
ON ASSEMBLY BILL 841**

**Before the Senate Committee on Economic Development,
Housing & Government Operations**

March 28, 2000

Chairman Wirch and Committee Members, thank you for taking public testimony today on Assembly Bill 841, which would extend the life of existing and future development zones in Wisconsin so that many communities may continue to offer tax credits that benefit workers and businesses.

Under current law, development zones are established for seven years, with the possibility of up to five one-year extensions. AB 841 extends the time for which an area's designation as a development zone is effective to 20 years, with the opportunity for one five-year renewal. However, the total amount of tax credits that may be claimed under the program is not changed.

Eight of the current zones were created in 1989, the first year of the program. Unless the current sunset period is amended, these eight zones will expire in September 2001. The eight zones are located in Beloit, Iron County, Manitowoc, Milwaukee, Racine, Stockbridge, Sturgeon Bay and Superior.

AB 841 will allow these communities to remain competitive in their efforts to attract and retain businesses. In Milwaukee alone, the development zone program has helped businesses make investments of over \$50 million since 1990.

Extending the life of the development zone program will also help communities clean up and redevelop environmentally contaminated properties.

Thank you for your consideration. AB 841 passed the Assembly last week on a voice vote. I respectfully urge your support for this important legislation.

#####

FOR INSTANCE...

If you hire 10 workers at \$7.72 per hour (up to \$3,000 credit per worker), 5 workers at \$10.30 per hour (up to \$5,000 credit per worker) and 2 workers at \$12.88 per hour (up to \$6,500 credit per worker), you could be allocated up to \$68,000 in jobs tax credits.

$$10 \times \$3,000 = \$30,000$$

$$+ 5 \times \$5,000 = \$25,000$$

$$+ 2 \times \$6,500 = \$13,000$$

\$68,000

Of course, your final tax credits will be based on your firm's performance in terms of number of jobs created, wages/benefits and the number of targeted employees hired.

Q: Are there any restrictions on who I can hire?

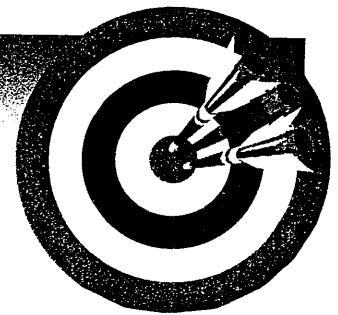
A: Only new jobs that are filled by Wisconsin residents are eligible for tax credits. Program guidelines state that at least one-third of the job tax credits shall be based on creating jobs for members of specific target groups. Since target

group credits are slightly higher than credits for non-target employees, a good rule-of-thumb is that one out of every four new employees should come from a target group.

Q: Who are members of eligible target groups?

A: Target groups include dislocated and laid-off workers, referrals from vocational rehabilitation programs, youths from low-income families, W2 participants, Vietnam-era veterans, and ex-felons.

Your local Community Development Zone coordinator can explain target group definitions in greater detail.



Q: How do I find target group members to hire?

A: Local employment and training service providers and Development Zone Job Specialists with the Department of Commerce can help you locate qualified employees who are also members of eligible target groups. The Wisconsin Job Service/Department of Workforce Development must certify eligible targeted employees.

◆ *Job Service will charge your business a \$50 fee for each target group member that is certified.*

◆ *You will not be charged for job applications that are submitted to Job Service, but are not certified.*

Q: The economy is so good that I can't find enough targeted employees to meet the 1-out-of-4 provision. What do I do?

A: While hiring targeted workers is a major goal of the Community Development Zone Program, we recognize that factors outside an employer's control can make it difficult to reach

the 1-in-4 level. When this happens, the Department may grant a waiver if you can show that you've made a good-faith effort to identify, recruit and hire members of target groups.



Q: My new business won't generate much tax liability in the first few years. Why should I consider your program?

A: While your current tax situation may prevent you from initially utilizing the credits, you actually have 15 years in which to use all of your tax credits.

Q: How large does my business have to be to qualify for your tax credit program?

A: Participating businesses come in all sizes. Many Community Development Zone Program participants have absolutely no employees when they apply to the program. At the other end of the

scale, we are working with one business that reported 1,400 workers when it filed its Community Development Zone application.

Q: It sounds like my business could benefit from your program. How do I get started?

A: The first step is to contact your local Community Development Zone coordinator (listed on Page 5).

- ◆ The coordinator will meet with you to discuss your project, to evaluate your need for tax benefits, and to answer any questions you may have.
- ◆ The local coordinator will assist you in making an application for certification in

the program through the Department of Commerce.

- ◆ The local coordinator's recommendation is sent to the Department of Commerce for review. The Department makes the final decision on the certification request and the actual level of tax benefits.



Q: Assuming that I meet or surpass my job creation projections, how soon can I start collecting my tax credits?

A: The Department of Commerce may distribute the tax benefits you claim over multiple tax years, based on the job creation phases of the project. The Department normally distributes 25% of the tax benefits in the first year and another 25% in the second year. The final 50% of the benefits is normally held until the third year to ensure that the projected job creation and target group hiring

are attained. If the actual number of jobs you create does not meet the original projections, adjustments to your total tax credit package will be made during the third year. *Your business must be certified in the Community Development Zone program for at least six months before you are eligible for tax credits..*



Q: I don't like jumping through a lot of hoops. How much work will I have to do to stay in compliance with this program once I'm a certified participant?

A: We ask each business in the program to complete and submit a Development Zone Annual Project Report. This report includes general business information; a summary of your business

activities for the past fiscal year, information on new investments, jobs created and anticipated hiring/acquisition plans for the coming year; estimated tax credits; signed certification by your CPA; and a copy of your fourth quarter payroll.

Q: The program sounds pretty straightforward, but where do we go if our CEO/CFO/CPA/HR people have questions?

A: Start with a call to your local Development Zone Coordinators. These are the people who are closest to your business and should be able to provide you with a quick answer. If they're stumped, they can contact the Bureau of Enterprise Development staff in Madison. Or you can contact the Bureau staff directly yourself. You'll find names and phone numbers of the local Development Zone Coordinators on Page 5, and the Bureau of Enterprise Development staff on Page 6.

And, of course, there's our newest resource for information/communication, the Internet.

Start out at the Dept. of Commerce home page – <http://www.commerce.state.wi.us/> – or go directly to the CDZ Program site at <http://www.commerce.state.wi.us/CD-bed-devz.html> which offers links to:

◆ **Jobs Tax Credits** – including detailed

definitions of eligible target groups.

◆ **Federal Work Opportunity Tax Credits/ Welfare to Work Credits** – including detailed definitions of eligible target groups for WOTC and WtW, how to get employees certified and where to get the necessary forms.

◆ **Advance Earned Income Credit**

◆ **Map of Wisconsin Community Development Zones** – including names, addresses and phone numbers for local zone contacts, as well as e-mail links.

◆ **Bureau of Enterprise Development staff** – including e-mail links.

Development Zone Coordinators

DEVELOPMENT ZONE	COORDINATOR	EMAIL	TELEPHONE	FAX
Adams County	John Hayt	Jhay@maqs.net	(608) 339-6945	(608) 339-7756
Juneau County	Marilyn Celeschi	jcedc@mwt.net	(608) 562-5850	(608) 562-5850
Juneau County	JoAnn Ehasz	gmadc@mwt.net	(608) 847-7483	(608) 847-5814
Marquette County	Jerry Smart	marqsurv@maqs.net	(608) 297-9147	(608) 297-7606
Ashland County	Frank Kempf	AACD@ncis.net	(715) 682-8344	(715) 682-8415
Bayfield County	Jim Radkte		(715) 373-5556	(715) 373-5556
Price County	Gail Huycke	gail.huycke@ces.uwex.edu	(715) 339-2555 ext. 307	(715) 339-3824
Beloit	Bob Skurla	SkurlaB@ci.beloit.wi.us	(608) 364-6614	(608) 364-6716
Eau Claire	Mike Schatz	mrschatz@ci.eau-claire.wi.us	(715) 839-4914	(715) 839-4939
Forest-Langlade Counties	Gary Rogers	grogers@antigo.city.org	(715) 623-3633	(715) 627-7099
Florence County	D. George Folz		(715) 528-425	(715) 528-5071
Lincoln County	Tom Geiger	tgeiger@co.lincoln.wi.us	(715) 536-0304	(715) 536-0336
Fond du Lac	John Angeli	jangeli@ci.fond-du-lac.wi.us	(920) 929-3316	(920) 929-3291
Grant-Lafayette Counties	Edward Bible	biblee@uwplatt.edu	(608) 342-1214	(608) 342-1220
Green Bay	Wendy Seronko	wendyse@ci.green-bay.wi.us	(920) 448-3396	(920) 448-3081
Iron County	Connie Loden	ironctydev@gogebic.cc.mi.us	(715) 561-2922	(715) 561-3103
Janesville	Doug Venable	venablejd@ci.janesville.wi.us	(608) 755-3180	(608) 755-3196
Lac du Flambeau	Emerson Coy	emer@newnorth.net	(715) 588-3303	(715) 588-3303
Manitowoc	David Less	dless@manitowoc.org	(920) 683-4435	(920) 683-4424
Marinette County-Oconto	Don Clewley	marinette@mari.net	(715) 732-0230	(715) 735-6682
Milwaukee	Dwayne Edwards	dkedwar@medcd.org	(414) 286-8639	(414) 286-5467
Racine	Dick Linsmeier	linsmeir@execpc.com	(414) 636-9151	(414) 363-9298
Richland County	Judy Bethke	rcedc@mwt.net	(608) 647-4310	(608) 647-5449
Stockbridge-Munsee	Doug Miller		(715) 793-4111	(715) 793-1307
Sturgeon Bay	Bill Chaudoir	dcedc@itol.com	(920) 743-3113	(920) 743-3811
Superior	Glenn Sweeney	sweeneyg@ci.superior.wi.us	(715) 394-0335	(715) 394-0247
Two Rivers	Dan Pawlitzke	Dpawlitzke@wppisys.org	(920) 793-5565	(920) 793-5563



City of
BELOIT, Wisconsin

ECONOMIC DEVELOPMENT DEPARTMENT • CITY HALL • 100 STATE STREET • БЕЛОIT, WI 53511

Office: 608/364-6748 • Fax: 608/364-6716

skurlab@ci.beloit.wi.us

Equal Opportunity Employer

March 27, 2000

State Senator Robert Wirch, Chair
Committee on Economic Development, Housing and Government Operations
Room 310 South, State Capitol
Madison, Wisconsin 53707

Ref: AB 841/SB 437, Jointly sponsored legislation to extend the effective lives of the Community Development Zones Program in the State of Wisconsin.

Sen. Wirch,

In a follow-up to a legislative effort that was recently sponsored by State Senator Burke and State Representative Hutchison, I am requesting your full support of AB 841/SB 437 which would extend the existing lives of the Community Development Zone programs from their current limit of 12 years to 20 years with a five-year potential extension. This legislation is absolutely mandatory for Wisconsin to remain competitive with our neighboring states. As this matter is being debated in our state Capitol, a similar measure to extend the life of Enterprise Zone Program in Illinois is also being debated, except in the Illinois version would provide for enterprise zones to be in existence for 30 years. If this comes to pass, Wisconsin will truly be at a great disadvantage to our neighboring state to the south.

The Community Development Zone in Beloit is scheduled to "sunset" in less than two years without this extension. And we in Beloit are competing with an Illinois Enterprise Zone that extends to within two blocks of our City Hall, since Beloit sits right on the border of Illinois. I respectfully request your office's full support of this legislation as necessary to implementing the economic development plan for the City of Beloit. With the recent closing of the Beloit Corporation, and its dislocation of over 1300 employees, it will be absolutely necessary for the City of Beloit to have the full benefits of our Community Development Zone in order to reutilize the 38 acre former campus of Beloit Corporation and help put those dislocated workers back to gainful employment.

I ask that you and your committee members work quickly to adopt this legislation and send it on to the Governor's desk for his ratification as soon as possible.

Sincerely,

Robert J. Skurla
Economic Development Director

cc: Senator Judy Robson
Representative Dan Schooff
Jane Wood, City Manager
Beloit City Council Members
Bill Wheeler, Department of Commerce

March 27, 2000 9:23 AM

From: 608-647-4310

Fax #:

Page 1 of 1

Richland County Economic Development Corp.

174 S. Central Ave. P O Box 49

Richland Center, WI 53581

608-647-4310

Fax: 608-647-5449

March 27, 2000

Senator Robert Wirch, Chair
Committee on Economic Development
Housing and Government Operations
Room 310 South
State Capitol

Dear Sir,

I am writing in support of Assembly Bill 841. The bill will increase the life of the existing Community Development Zones to twenty years with one five-year renewal. We have used the CDZ very successfully in Richland County and due to the fact that we are not located on an interstate highway, it is one competitive edge that we can use to compete with the communities that lie adjacent to the interstate highways.

The changes that have been made to the program over the past few years have streamlined the program and made it more useable. I would encourage you and your committee to continue the program improvements and extend the life of the zones to 20 years by recommending passage of Bill 841.

Thank you for your thoughtful consideration.

Sincerely,

Judy Derse Bethke
Executive Director



IRON COUNTY DEVELOPMENT ZONE COUNCIL

100 Cary Road - P.O. Box 97
Hurley, WI 54534

phone (715) 561-2922 - fax (715) 561-3103
e-mail: ironctydev@gogebic.cc.mi.us

March 27, 2000

TESTIMONY FOR HEARING ON DEVELOPMENT ZONE PROGRAM LEGISLATION CHANGE:

As Coordinator for the Iron County Development Zone Council, I would like to submit comment, on behalf of my Council, in support of the proposed legislative change to the Wisconsin Development Zone Program. The proposed change to extend the life of the Development Zones to 20 years, plus one 5 year renewal, is extremely important to business retention, development and expansion in Wisconsin, particularly in the border communities. These border communities face stiff competition for business development with neighboring states that are offering very attractive tax incentive programs. The Development Zone Program is the one tool that we have that allows us to compete, at least to some degree. When it is only a matter of locating a mile down the road to receive the other states' incentive, it is a tough fight to even retain the businesses that are currently located in our communities.

Development Zones were designated because there was documented need for development in these areas. The need has not disappeared. These communities, although making substantial progress, still lag behind the rest of the state in economic indicators. Additional development is vital to the economic health of the areas.

In Iron County, the Development Zone Program has resulted in private investments of \$13 Million creating over 300 jobs. We need to continue this upward swing. Without this legislation, we face losing our businesses to Michigan, where a 15 year completely tax free zone exists, just 3 miles away. This is not a just a possibility. It is reality, as we already struggle to combat the lure of the neighboring state programs.

With the original Development Zones sunsetting in September of 2001, this legislative change is needed now. To insure businesses that we are working with at present that they have the time available to earn the tax credits, we need to be certain our Zone's life will continue.

This legislative change to extend the Development Zone life allows us to continue to be a competitive player in maintaining the vitality of our distressed communities, while requiring no additional funding.

We encourage your support and vote to extend the life of the Development Zone Program.

I appreciate the opportunity to submit my comments on this issue.

Thank you.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Connie Loden".

Connie Loden
Marketing Coordinator

Council Manager Government Since 1924



Office of the City Manager
1717 East Park Street
Post Office Box 87
Two Rivers WI 54241-0087
Telephone 920/793-5532
FAX 920/793-5563

March 27, 2000

Senator Robert Wirch, Chair
Committee on Economic Development,
Housing and Governmental Operations
Room 310 South
State Capitol
Madison, WI 53707

Dear Senator Wirch:

This letter is in support of the *Senate Bill 437*.

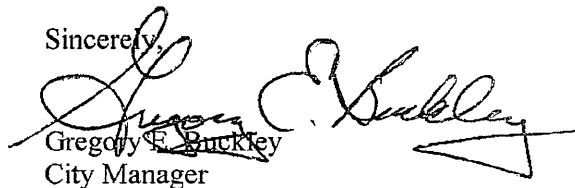
Two Rivers has been a Community Development Zone since 1995. During that period of time the City has 18 certified businesses which in aggregate, been allocated about \$1.2 Million in State Tax Credits. The businesses in turn have invested or will invest at least \$10 million dollars into Two Rivers, providing at least 300 jobs for the families of Two Rivers. These businesses and the others around the State have earned these tax credits by investing in people, plant and equipment. We believe in the Development Zone because it provides another tool to provide for business which says we care. We hope you care enough to vote for SB 437.

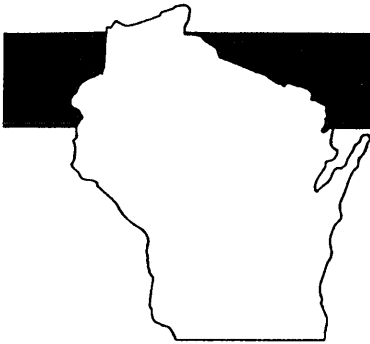
The City agrees with a statutory change extending the life of the existing 20 Community Development Zones and any future zones to twenty years with one five year renewal if the zone continues to meet certain distress criteria.

The City of Two Rivers urges your committee to approve AB841.

If you should have any questions you may contact me at 920/793-5532, or call Dan Pawlitzke, our Economic Development Supervisor at 920/793-5565.

Sincerely,


Gregory E. Buckley
City Manager



WISCONSIN ALLIANCE OF CITIES

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- Wisconsin Rapids

March 27, 2000

To: Members of the Wisconsin State Senate

From: Ed Huck & Gail Sumi

Re: AB 841, life of development zones

The Wisconsin Alliance of Cities supports AB 841, relating to extending the life of development zones. The bill is in the Senate Economic Development, Housing and Government Operations Committee and may be available for consideration by the full Senate on March 28.

The original 8 development zones, created by the legislature in 1989, are scheduled to expire in September 2001. Without this bill it is difficult for development directors in these economically distressed areas to assure businesses that tax credits will continue if they locate or expand within the zone. Tax credits are usually allocated over a three or four year period to coincide with the creation of a development zone.

This bill has no fiscal impact. The statewide development zone allocation remains the same. Available funds will be allocated over the longer period of time authorized under the bill.

Please approve this proposal and allow communities to continue to fuel the economic development boom that has made our state successful.

Thank you for your consideration.



March 28, 2000

Senator Robert Wirsch, Chair
Committee on Economic Development,
Housing and Government Operations
Room 310 South, State Capitol
P.O. Box 8953
Madison, WI 53708

**Re: Assembly Bill 841
Community Development Zone Program**

Dear Chairperson Wirsch and Committee Members:

My name is David Less, and I am the City Planner for the City of Manitowoc. I am providing testimony to your Committee today regarding the State's Community Development Zone program; a performance based program that provides certified companies with State tax credits for making capital and employment investments into distressed communities and areas. We are asking for your support of AB841 which will extend the life of all development zones in Wisconsin.

The City of Manitowoc was one of the State's first eight (8) zones, created in September, 1989, but today, I speak to you as the spokesperson for the State's 20 development zones. These zones are geographically diverse--big and small, urban and rural--and can be found in nearly every area of the State from Milwaukee, Racine, Janesville and Fond du Lac; to Manitowoc, Two Rivers, Sturgeon Bay and Green Bay; to Iron, Florence-Forest-Lincoln and Langlade Counties; to Bayfield and Superior; to Eau Claire.

AB841 is a revenue neutral proposal. We are not seeking additional tax credits under the program. All newly designated zones receive an initial credit allocation for use expressly within their zone. The remaining zones have all agreed to have their non-assigned credits reallocated to a central "pool" which had a fund balance of \$12.5mm at the beginning of this year.

David Less
City Planner

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plandept@manitowoc.org



Under current State law, development zones can exist for a maximum of 12 years. The original eight (8) zones, including Manitowoc, Iron County and Milwaukee will expire on September 13, 2001. Business verified tax credits can only be claimed as long as a zone exists, which means that without AB841, businesses that are participating in this program, will find themselves unable to claim zone tax credits after September 13, 2001. A detail that will catch many zone employers off guard, as the process of project inception through completion and claiming of tax credits, can easily take four (4) to five (5) years.

In Manitowoc, the zone has been a very important component to our community's revitalization strategy. Manitowoc has received \$2.4mm in tax credits since 1989, which has generated \$54mm in private investment for 20 certified companies. The \$2.4mm in tax credits has resulted in the creation of 1,307 new jobs, of which 442 (34%) have been positions for targeted workers.

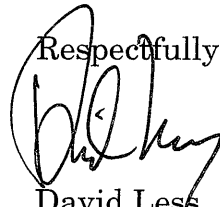
AB841 extends the life of all Wisconsin development zones to 20 years plus a single, five (5) year renewal (maximum of 25 years) if the zone continues to meet certain distress criteria as determined by the Department of Commerce. In support of AB841, I offer the following key points:

- A. This is not a request for new funding. It is simply a request to extend the operational life of all development zones in Wisconsin.
- B. AB841 is directly related to our desire to remain competitive (both inside and outside WI). Illinois Enterprise Zones, for example, have a life of 20 years. Minnesota Enterprise Zones can exist as long as the host city wants to continue the zone.
- C. While the zone program has been good for many communities, including Manitowoc, distress still prevails. All State-approved zones currently qualify under the Department of Commerce's distress criteria for inclusion in the program.
- D. Extending the life for development zones is easier than starting over with a new program.
- E. Program viability will continue as long as the State continues to invest additional tax credits into the program. The State controls the lifeline to this program.

- F. Zone communities, like Manitowoc, receive no direct financial support to operate the program. There are no administrative funds associated with the program. In many communities, the zone program is run through existing Planning or Economic Development departments, supported solely by local tax dollars.
- G. Loss of the development zone designation for an area will negatively impact area businesses, by decreasing their competitiveness in accessing other programs such as Industrial Revenue Bond financing, which is based on a competitive scoring process. The location of a company's expansion project in a development zone awards additional points in a highly competitive scoring process.
- H. Wisconsin's Department of Commerce strongly supports this proposal.

In closing and on behalf of all 20 Wisconsin development zones, we request your strong support for AB841. It is a tool that works for Wisconsin. Time is of the essence, so passage in this current legislative session would be very much appreciated.

Respectfully Submitted,



David Less
City Planner