



DEVIN LEMAHIEU

STATE SENATOR

Senate Committee on Economic Development, Commerce, and Local Government Testimony on Senate Bill 1 January 10, 2017

Chairman Feyen and Members,

Thank you for hearing my testimony on Senate Bill 1, which will allow the Village of Oostburg to establish an additional tax incremental district (TID). I especially want to thank Chairman Feyen for quickly scheduling a hearing on this important jobs bill.

The quick action is necessary. If we move quickly, this legislation will allow an important Wisconsin-based company to break ground on a new facility this spring.

Current law prohibits a municipality from creating a new TID if the total TID value exceeds 12% of the total valuation in the municipality. Oostburg's current valuation is 12.91%. This legislation allows the Village to create a third TID by temporarily increasing the cap to 15%. The bill also requires the Village's total valuation to return to 12% after the TID is closed.

Plymouth-based Masters Gallery Foods, Inc, has proposed building a \$30 million facility in Oostburg. Specifically, the project is expected to result in the following:

- 150,000 square foot facility
- 120 new jobs over three years
- Retention of jobs within Sheboygan County

In order to support the proposed development, the Village needs to be able to create a third TID. Without this legislation, this project will not move forward.

The Committee will hear testimony today from representatives from Masters Gallery and the Village of Oostburg. They will be able to answer specific questions about the project. However, I am happy to answer questions from Members about the bill.



TERRY KATSMa

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P.O. Box 8952
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Date: January 10, 2017
To: Senate Committee on Economic Development, Commerce and Local Government
From: Representative Terry Katsma
Re: Senate Bill 1: Creating Wisconsin Jobs

Dear Chairman Feyen and Committee Members,

Thank you for acting promptly to convene a public hearing on Senate Bill (SB) 1. Passage of this bill into law is expected to pave the way for the creation of about 120 new jobs in the district that I serve over the next two to three years and, perhaps, as many as 200 additional new jobs in the future.

Masters Gallery Foods, Inc., a national supplier of cheese products headquartered in Plymouth, WI, has announced plans to build a new packaging and distribution facility in nearby Oostburg, WI. The company was founded in 1974 and presently employs approximately 600 associates. Although the company explored building its proposed new facility in another state, its leaders have determined instead to reinvest in Wisconsin and our workforce here in the heart of America's Dairyland.

This opportunity is fleeting and time-sensitive. The company plans to break ground on this expansion project immediately—in spring 2017—but the entire negotiated plan is contingent upon the creation of a new tax incremental district (TID) by the Village of Oostburg. The 2016 value increment of the two existing TIDs within the Village is 12.91 percent of the total valuation of the Village; because this total exceeds 12 percent, statute currently prohibits the creation of a new TID or amendment of existing TID boundaries.

SB 1 creates a temporary exception to this "12 percent rule" for the Village of Oostburg, raising the limit to 15 percent and thereby enabling the Village to create TID 3. In the future, upon the termination of TID 3, SB 1 will sunset and current law—the 12 percent rule—will go back into effect.

Masters Gallery Foods is committed to reinvesting tens of millions of dollars in Wisconsin and getting started on its planned expansion right away. I urge you to support SB 1 and help make sure that these new jobs remain here in Wisconsin.



TO: Chairman Feyen and members of the Senate Economic Development, Commerce and Local Government Committee

FROM: Wisconsin Economic Development Association;
League of Wisconsin Municipalities;
Wisconsin Realtors Association; and
NAIOP Wisconsin

DATE: January 10, 2017

RE: Senate Bill 1 and TIF modernization efforts

The above-listed organizations support the solution proposed in Senate Bill 1 to address the problem facing the Village of Oostburg caused by the current 12 percent limit on the total equalized value of taxable property permitted to be within a Tax Incremental District (TID).

Unfortunately, for many communities across the state, the 12 percent limit has restricted their use of TIF and ultimately hinders their ability to attract new development and jobs. Under current law, a municipality generally cannot create a new TID if it exceeds the current 12 percent cap. The current limit has hit small to medium municipalities particularly hard. Due to their relatively small tax base, these communities can easily “TIF out” with just a single successful TID.

The village of Oostburg is currently facing this predicament, and without relief from the 12 percent rule, a proposed \$50 million development project with over 100 associated jobs could be in jeopardy. However, Oostburg is not the only community experiencing this problem. Over 55 other municipalities currently have 10 to 15 percent of their equalized values in TIDs. Instead of taking a parochial approach to solving a statewide problem, we would encourage the Legislature to address this issue in a way that would give all municipalities more flexibility under state TIF law.

The current 12 percent limit is outdated, does not reflect modern economic realities, and significantly devalues TIF – one of the only economic development tools available to local government. Passing a more expansive bill, like 2015 AB 136 to increase the TIF limit to 15 percent statewide, would give communities greater ability to encourage economic development and advance business investment that would not otherwise occur. It would also reduce or eliminate the number of individual requests from municipalities to exceed the 12 percent limit.

In closing, we applaud the solution identified in Senate Bill 1 and would urge the Legislature to pass comprehensive legislation this session to increase the current TIF limit to 15 percent for all Wisconsin communities. Thank you for your consideration of our request.