

Testimony on 2019 Senate Bill 785

Senator Robert Cowles

Senate Committee on Economic Development, Commerce and Trade

February 19, 2020

Thank you, Chairman Feyen and Committee Members, for allowing me to testify on 2019 Senate Bill 785. This bill would allow the Village of Little Chute to create a tax incremental financing district (TID) for the purposes of allowing for the potential expansion of Agropur.

This expansion would entail a capital investment of \$140 million state-of-the-art 160,000 square foot dairy manufacturing facility. In addition to this capital expansion, the project would add about 40 new jobs and retain 100 current positions.

Milk is big business in Outagamie County and farmers are thirsty for additional paths to market and increased capabilities for milk sales. When completed, this new facility would result in approximately \$40 million being paid to dairy farmers within a 40-mile radius of the facility and would double the work for area milk and refrigerated transport haulers. Estimates show an incremental cost to just inbound raw milk haulers to be an annual increase of \$900,000. This would also pave the way for future opportunities for growth and expansion in Outagamie County.

Currently, Little Chute's percent of equalized value currently in a TID is 14.9%, exceeding the state's 12% equalized value limitation threshold for the creation of a new TID. However, this unique opportunity comes at a time of hardship for Wisconsin's dairy industry and should help concerns about over-production by building additional capacity for the region's milk.

Upon passage of Senate Bill 785, the Village of Little Chute would begin the process of creating this new TID. It has been specified by the Village that the development agreement with the company would be established as a 'pay-as-you-go' incentive. Utilizing this structure helps to alleviate financial risk to Little Chute. Furthermore, Little Chute would provide the 3-acre parcel for the expansion as part of the incentive bringing municipal-owned property back onto the tax rolls.

As an added bonus, over the past decade, Agropur's current Wisconsin-based plants have earned 15 World Championship Cheese Contest 'Best in Class' awards and 19 'Best in Class' awards at the United States Championship Cheese Contest. It is my hope that we can see even more world-class quality cheese championships for years to come from this expansion of their Little Chute facility.



RON TUSLER

STATE REPRESENTATIVE • 3rd ASSEMBLY DISTRICT

**Testimony on
Senate Bill 785**

**Senate Committee on Economic Development, Commerce, and Trade
February 19, 2020**

Chairman Feyen and members of the Committee, thank you for hearing Senate Bill 785, relating to Tax Incremental District (TID) 9 in the Village of Little Chute. Wisconsin's rich agricultural history is why we are known as "America's Dairyland." This bill will directly affect Wisconsin dairy farmers and help the state's dairy industry grow.

SB 785 makes an exception for Little Chute TID 9 to exceed the 12 percent limit of the total equalized value of taxable property in the municipality to no more than 15 percent.

Agropur Inc. is a cheese producer whose U.S. headquarters is located in Appleton with ties to Wisconsin dairy producers and cheesemakers dating back to the late 1800s. Agropur currently has facilities in Weyauwega, Luxemburg, and Little Chute. The Little Chute facility has been identified for expansion: construction of a new 160,000 square foot facility that will create 40 new jobs and set the stage for future expansion.

In order to make this expansion a reality, Agropur, in conjunction with local officials and the Wisconsin Economic Development Corporation, identified adjusting Little Chute TID 9. This legislative exception is not unprecedented. *See* 2017 Wisconsin Act 1. This bill is narrow and the adjustment expires upon the termination of the TID.

This expansion is expected to have a \$140 million impact that will flow into Wisconsin. In addition to this brick and mortar economic impact, the expansion is expected to generate an additional \$40 million impact on the Little Chute area and other Wisconsin farmers, have a \$1.5 million impact on local businesses involved in facility business operations, and, as mentioned, create 40 new full-time positions and set the stage for future expansion.

SB 785 bill is an opportunity to both bolster Wisconsin's dairy industry and have a direct, positive impact on Wisconsin businesses and workers. On behalf of the Village of Little Chute, residents of the Third Assembly District, and other Wisconsin dairy producers and workers who will be affected by this expansion, I encourage your support of this important legislation. Thank you for your consideration of this project.



JIM STEINEKE

MAJORITY LEADER

STATE REPRESENTATIVE • 5th ASSEMBLY DISTRICT

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P.O. Box 8953
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Testimony on Senate Bill 785

Relating to: *changing the 12 percent rule regarding the total value of taxable property included in the creation of, or amendment to, a tax incremental financing district in the village of Little Chute.*

Senate Committee on Economic Development, Commerce and Trade

February 19, 2020

Chairman Feyen and members,

I appreciate having the opportunity to come before you today to discuss a development opportunity that has the potential to impact dairy farm families across Wisconsin.

For decades, our state has been known as America's Dairyland. However, facing market headwinds due to a number of factors, today's farming families are often struggling to find a sustainable market for their milk products.

As a state legislature, there's no single solution we can propose or vote on to solve the problems facing the industry. However, there are certainly steps we can take to help mitigate the problem. That said, Senate Bill 785 is one approach as we look for solutions to help support struggling dairy farmers in our state.

With roots tracing back to as early as the late 1800's, Appleton-based Agropur is simply a standout leader within the global dairy industry. Processing more than 1.6 billion gallons of milk each and every year, today the company has grown to become the fifth-largest producer of cheese and dairy ingredients in the United States. With cheese-making facilities located in Little Chute, Weyauwega and Luxemburg, Agropur makes up a large part of our state's dairy industry.

With an eye toward the future, and thanks in part to strong performance within their market space, the company is now looking to expand its production footprint to keep up with market demands. Should the company ultimately make the decision to expand here in Wisconsin, there are a handful of items that must first be addressed.

Working in conjunction with local leaders, the Wisconsin Economic Development Corporation, and company officials, one of the items that was identified was an adjustment to local TID authority. Similar to what the legislature did for another cheese-making facility in 2017, Senate

Bill 785 would adjust the Village of Little Chute's equalized property value cap by 3%, allowing for the creation of a new TID to encompass this important project.

In a moment, we'll hear testimony from local officials who can address the Village's need for this legislation. However, I'd like to further impress upon you the potential impact this project's completion would have on Wisconsin and our state's dairy industry:

- As proposed, this expansion would entail \$140 million in capital expenditures;
- It is estimated that the completed facility would employ an additional 40 full-time workers;
- Once operational, the facility would generate an estimated \$40 million annually to dairy farmers in the state; and
- To help meet shipping and packaging demands, it's estimated the expanded facility would contribute \$1.5 million in economic impact to area businesses each year.

Joined by Representative Tusler and Senators Cowles and Roth, it is my hope that we as a legislature can move swiftly to pass this legislation and provide certainty to this growing company. With a number of other qualified options around the United States, the commitment we have the potential to show to one area employer through this legislation would have a far and wide effect on our dairy economy as a whole.

Testimony of President Mike Vanden Berg - Village of Little Chute
Senate Bill 785 - Committee Economic Development, Commerce and Trade
Wednesday, February 19th, 2020

Good morning. I am Mike Vanden Berg, President of the Village of Little Chute. For those of you not familiar with Little Chute, it is a community of approximately 11,000 nestled along the Fox River, along Interstate 41 between Appleton and Green Bay. In a region of the state known as the Fox Valley.

I am here to speak in support of Senate Bill 785. Passage of SB785 would help pave the way for a significant development in Little Chute in Agricultural industry.

Agropur is proposing a major expansion project in Little Chute, at what once was known as Simons cheese plant, which would entail a capital investment in excess of \$140M that would include a new, state of the art 160,000 square foot manufacturing facility. In addition to the capital expansion, the project would retain the approximately 100 jobs in Little Chute and enable the company to add approximately 40 additional jobs at its Little Chute facility. With this project, there are additional employment benefits at other facilities throughout Wisconsin.

When Little Chute was competing for the Agropur project, the other potential sites Agropur could choose were in other states and in other regions of the United States. We worked hard to get this project in Wisconsin and in Little Chute.

Agropur receives most of its required milk from local farmers within a 40-mile radius of the Little Chute facility. If completed, this project will provide an additional \$40M to be paid to dairy farmers for milk in the area annually. In addition, there would be additional economic impacts to the shipping and packaging industry at approximately \$1.5M annually.

Why does Little Chute need SB785 – we have been a victim of our own success. We have seen significant growth in the Village and much of that growth has occurred in our Tax Incremental Districts. Little Chute's percentage of equalized value currently located within Tax Incremental Districts (TID) is 14.9%. The state threshold for creating or adding districts is 12%.

With SB785, the Village of Little Chute would be able to create a TID to support this vitally important project to the benefit of the Village of Little Chute and Wisconsin's dairy industry. If the legislation referenced above is signed into law, Little Chute would begin the process of creating TID #9. The general parameters of a development agreement with the company would include a "pay-as-you-go" incentive. This means no incentive would be provided to Agropur unless the requisite property value is generated. This means there is no financial risk to the taxpayers of Little Chute or anyone else.

As everyone on this committee is aware, the Wisconsin's dairy industry is in crisis. Passage of SB785, would be a major benefit to the industry at no cost to the taxpayers. I suspect one of the reasons Agropur would like to do the expansion in Little Chute is because that is where the milk is. Increased demand for milk at this facility will directly benefit farmers.

Finally, the WEDC is working with company officials on a separate incentive package, that when coupled with Little Chute's efforts, we hope will effectively secure the plant expansion in Little Chute. Tentative project timeline for the capital expansion is a mid-2020 start date with completion occurring in late 2021.

On behalf of the Village of Little Chute, I respectfully request you support SB785 in the Committee on Economic Development, Commerce and Trade and throughout the legislative process. Thank you for the opportunity to address this committee.

Testimony of Mike Sipple, Agropur

To: Senate Committee on Economic Development, Commerce and Trade

February 19, 2020 | 10:30 a.m.

Mr. Chairman and members, thank you for the opportunity to speak in support of Senate Bill 785. I am Mike Sipple and I serve as Vice-President of U.S. Milk Procurement & Regional V.P of Operations for Agropur, Inc.

About Agropur

In addition to its U.S. headquarters in Appleton, Agropur operates four facilities in Wisconsin: Little Chute, Luxemburg, Weyauwega, and La Crosse. Agropur also operates six additional facilities throughout the US: in Michigan, Minnesota (2), Iowa, South Dakota, and Idaho.

We proudly employ 864 people at our Wisconsin plants, and support the communities in which we operate. We are also proud to purchase milk from 260 Wisconsin farms, totaling 160 million pounds of milk processing each month.

About Our Little Chute Facility

Our Little Chute facility primarily produces mozzarella sticks for the appetizer industry. That facility is at full capacity and is showing its age.

We are proposing a new, 160,000+ square foot facility that will provide the capacity and technological advancement required to expand our cheese production capabilities and focus on future growth of the business in Wisconsin. This \$140 million facility would allow us to eventually double our capacity and add 40 new jobs while retaining the current approximately 100 full time equivalent jobs.

In addition to the added plant jobs, the economic benefits of the project include the indirect impact the building project itself has on the Wisconsin building trades and at least \$40 million in additional annual purchases of Wisconsin milk to support the growth. As you know, those dollars paid for milk are amplified at the farm level and throughout the community.

Agropur is proud to have made recent significant investments in Kewaunee and Waupaca counties. This Little Chute project would allow us to continue to grow and strengthen Wisconsin's signature industry. Investments like these provide a viable, long-term market for Wisconsin milk, provide growth opportunities for Wisconsin dairy farmers, and strengthen the State's communities.

Our thanks go to the Senators and Representatives who've worked to bring this bill forward.

I know that the legislative session will soon come to a close, and I ask all of you to help advance Senate Bill 785 in this committee and on the floor before you adjourn.

Thank you.



February 19, 2020

Honorable members of the Senate Committee on Economic Development, Commerce and Trade:

Thank you for the opportunity to submit written testimony in support of Senate Bill 785 (SB 785). This legislation will allow the Village of Little Chute to provide an incentive package through the creation of a new Tax Increment Financing District to retain and expand a valued business.

Agropur Inc., a leader in the dairy processing industry, processes more than 1.6 billion gallons of milk per year and has proven to be a stable partner for the dairy farms in the state and region. Agropur is seeking development opportunities grow and modernize their business either in Little Chute or at a location outside of Wisconsin.

As an economic development organization within the Fox Cities region, we used the economic modeling software of JobsEQ to determine the economic impact Agropur has on Little Chute and Outagamie County. We ran a variety of reports using the NAICS code of 311513 for a cheese manufacturing facility. These reports we based on the current employee count of 100 employees and a potential future employee count of 140 employees. Below are the findings.

- The loss of Agropur Inc. and the contraction 100 employees would result in a loss of \$4,368,000 in wages annually.
- Approximately 64 percent of Agropur's supply chain is milk purchased within the region. This equates to about \$91,869,000 annually.
- This facility in its current state (100 employees) has a total direct, indirect and induced economic impact to Outagamie County is \$161,126,673.
- With Agropur's proposed expansion to a 160,000 sq. ft. facility adding 40 new full-time employees the total direct, indirect and induced economic impact to Outagamie County is \$225,577,342.

Agropur is the trusted and respected business within our region. SB 785 is vital to retaining Agropur not only for their 100 employees but also the dairy industry that has struggled over the past few years.

Thank you again for the opportunity to provide our research and support to this important issue.

Sincerely,

A handwritten signature in cursive script that reads 'Jayme Sellen'.

Jayme Sellen
Vice President of Economic Development and Government Affairs

TO: Members of the Senate Committee on Economic Development, Commerce&Trad
FROM: Kevin Krentz
DATE: February 19, 2020
RE: Tax Incremental Financing District in the village of Little Chute SB785 In support

Chairman Feyen and members of the committee, thank you for giving me a few minutes this morning to speak in support of SB785. My name is Kevin Krentz and I am a dairy farmer from Waushara county.

I'm not here today to speak on the technical of this bill. I'm here today to speak on what this expanding business means to rural Wisconsin.

I grew up on a dairy farm. In 1994 I purchased my father's herd of 60 cows. Over the years my family has grown the farm to 600 cows. I would like to express the support the farm has giving my family over the years, but it is far greater than that. A couple of years ago I went through every check I wrote out that year. I found that 62% of my expenses are spent within a 15mile radius of my farm. That would relate to about \$1.8 million in 2019. Those dollars go toward feed, rent, parts, fertilizer, employees, etc. I realized my farm supports my community when those dollars are spent over and over within it. Extrapolate that to the almost 8000 dairy farms in WI and you will see the financial impact.

A project such as the proposed one in Little Chute will purchase \$40+ million of raw milk from dairy farms. The expansion will make the plant more efficient, thus lowering the cost of manufacturing cheese. This will help create more competition for our milk, potential pushing our milk price higher. It will also pull milk in from a wide radius away. Thus effecting small rural communities all over Wisconsin.

In a time of economic hardship in the dairy industry and as we hear of bankruptcies within the supply chain such as Dean foods and Borden's, shows that margins are tight throughout the industry. We must do everything we can to protect \$105 billion agriculture industry in Wisconsin. Agropur has proven success in the US and has been good for dairy and good for Wisconsin.

In conclusion I want to express a project such as this can impact family farms from Wausau to Lake Michigan. And as those dollars are reinvested it raises the economy of each of their communities in which they live. I ask that you support SB785. Thank you and I would be happy to answer any questions.