

Seeking Public Input

Use of Excess Stadium Sales Tax Revenue

November 17, 2015

6:30PM, Allouez Village Hall, 1900 Libal Street

The Village of Allouez is seeking public input from our citizens on the use of the recently passed Assembly Bills AB296/SB233 requiring the Department of Revenue (DOR) to distribute excess sales tax revenue collected from the local professional football stadium district to Brown County and to the municipalities within Brown County.

Allouez is to receive an estimated \$719,000 in the coming months that could be used for debt reduction, tax relief or for economic development projects.

The Village Board invites you to attend the Village Board meeting on November 17th, 2015 at 6:30PM to share your idea(s).



DAVID STEFFEN

STATE REPRESENTATIVE • 4TH ASSEMBLY DISTRICT

The Wisconsin State Legislature recently passed legislation to return excess Lambeau Stadium sales tax back to Brown County and its municipalities for the purposes of property tax relief, tax levy supported debt relief or economic development. As local units of government have begun considering possible uses for this revenue, our office has received numerous contacts requesting clarification as to what qualifies as “economic development” under this bill. The Wisconsin Legislative Council has prepared a memo on the definition of “economic development,” as it relates to 2015 Senate Bill 233.

As you will see in the memo, the legislation does not specifically define “economic development” for the purposes of this bill. This was done intentionally when crafting the bill to allow local governments the flexibility they requested in determining economic development projects. However, the memo does provide the statutory and common usages of “economic development” in Wisconsin. While these definitions are not comprehensive, this may provide a useful framework when determining qualifications for “economic development” projects in your community. This legislation also requires that governing bodies adopt a resolution specifying the purposes and amount of revenue to be spent. Clearly defining an agreed upon definition of “economic development” within that resolution is strongly encouraged. Adoption of a definition within the resolution will ensure consistency and can serve as a point of reference should a challenge arise as to the proper use of these funds.

If you have additional questions regarding the details of this legislation, please feel free to contact my office at any time.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Steffen".

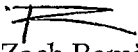
David Steffen
State Representative
4th Assembly District
608-266-5840
Rep.Steffen@legis.wisconsin.gov



WISCONSIN LEGISLATIVE COUNCIL

Terry C. Anderson, Director

TO: REPRESENTATIVE DAVID STEFFEN

FROM:  Zach Ramirez, Staff Attorney

RE: The Definition of "Economic Development" in 2015 Senate Bill 233

DATE: November 9, 2015

You asked for an explanation of what is included in the definition of "economic development" as that term is used in 2015 Senate Bill 233 ("the bill"). As discussed in detail below, the bill does not define the term, so its meaning is determined according to its common usage. Because there is no generally accepted definition of the term, it may include a range of diverse activities.

2015 SENATE BILL 233

The bill requires the Department of Revenue to distribute certain excess sales tax revenue to the cities, villages, and towns within Brown County, and it specifies the purposes for which the revenue may be used.

The bill specifies that a municipality that receives revenue under the bill may use the revenue only for the purposes of providing property tax relief, tax levy supported debt relief, or economic development. The bill also requires a municipality's governing body to adopt a resolution specifying the purpose for which the revenues will be spent and the amount of the revenues to be spent for that purpose.

The bill does not define "economic development," nor does it provide a basis for differentiating expenditures that provide economic development from those that do not.

DETERMINING THE MEANING OF "ECONOMIC DEVELOPMENT"

If a word or phrase in a statute is not defined, the general rule for determining its meaning is that "All words and phrases shall be construed according to common and approved usage; but technical words and phrases and others that have a peculiar meaning in the law shall be construed according to such meaning." [s. 990.01 (1), Stats.]

Lack of a Generally Accepted Definition

One accepted method for identifying the common usage of a word or phrase in a statute is to refer to the definition provided in a standard dictionary. However, recent editions of the Merriam-Webster Dictionary do not provide a definition of "economic development."

The lack of a commonly accepted definition appears to extend more broadly, as well. In 2006, the Legislative Audit Bureau (LAB) researched the common usage of the term "economic development," and it reported that:

There is no generally accepted definition of economic development. Some professionals define it solely in terms of economic indicators such as productivity, investment, employment, or income; others view it in terms of creating economic opportunities within a community. Business leaders commonly view economic development as the enactment of public policies that foster private sector development and growth, while local and state officials— who are interested in creating jobs for their constituents— often characterize it in terms of assisting individual businesses to avoid plant closings and mass layoffs, attracting new businesses, or preventing existing businesses from relocating. [*State Economic Development Programs*, LAB Report 06-9, p. 9.]

Statutory Definitions of "Economic Development" in Other Contexts

Reviewing definitions of "economic development" that are provided elsewhere in statute may help provide context for understanding the common usage of the term. However, the content of each definition is necessarily limited by the specific statutory matter to which each definition relates. Therefore, with regard to the bill, the definition of "economic development" would not necessarily be limited to or include all activities and objectives identified in the following statutes.

State Agency Reporting

Following the release of the LAB report cited above, 2007 Act 125 created a definition of "economic development program" that is intended to identify state programs for which state agencies must develop goals and accountability measures. The definition states:

"Economic development program" means a program or activity having the primary purpose of encouraging the establishment and growth of business in this state, including the creation and retention of jobs, and that satisfies all of the following:

- (a) The program receives funding from the state or federal government that is allocated through an appropriation under ch. 20.

(b) The program provides financial assistance, tax benefits, or direct services to specific industries, businesses, local governments, or organizations. [ss. 23.167 (1), 36.11 (29r) (a), 38.04 (1m) (a), 41.11 (1g) (a), 84.01 (6m) (b), 93.07 (18) (a), and 234.032 (1), Stats.]

Although this definition may help provide context for understanding the common usage of "economic development," it is not meant to apply to local governments.

Local Government Comprehensive Plans

To understand the common usage of "economic development" with regard to local government activity, it may be helpful to refer to statutory requirements regarding local government comprehensive plans.

The economic development element of a local government's comprehensive plan is defined as "A compilation of objectives, policies, goals, maps and programs to promote the stabilization, retention or expansion, of the economic base and quality employment opportunities in the local government unit, including an analysis of the labor force and economic base of the local governmental unit." [s. 66.1001 (2) (f), Stats.]

Although this definition may help provide context for understanding the common usage of "economic development," it is not directly applicable to the bill. Therefore, the activities and objectives included in "economic development" in the bill are not necessarily the same as those that are included in this definition.

CONCLUSION

The bill does not provide a definition of "economic development," nor does it provide a basis for differentiating expenditures that provide economic development from those that do not. As a result, "economic development" is construed according to its common usage.

Although provisions elsewhere in statute provide context that may be helpful for understanding the common usage of the term, the meaning of the term as used in the bill is not necessarily limited to the elements contained within those other statutory provisions.

If you have any questions, please feel free to contact me directly at the Legislative Council staff offices.

ZR;jal