

# JERRY PETROWSKI

WISCONSIN STATE SENATOR

## Senate Bill 560

September 22, 2021

Good morning Mr. Chairman and committee members and thank you for taking time today to hear Senate Bill 560. At the request of several member counties, this bill clarifies the tax-exempt status of facilities owned by Regional Planning Commissions.

Regional Planning Commissions (RPCs) are created pursuant to Wis. Stat. 66.0309 by the Governor upon petition of local units of government and are comprised of counties and municipalities located within their defined geographical areas. RPCs are granted broad power in order to address “physical, social, and economic development of the region.”

The Northwest Regional Planning Commission (NWRPC) was created in 1959 and is comprised of the counties of Ashland, Bayfield, Burnett, Douglas, Iron, Price, Rusk, Sawyer, Taylor, and Washburn counties. NWRPC provides various services for its region with a focus on economic and business development.

In order to combat challenging economic conditions that have persisted in rural northwest Wisconsin communities, the NWRPC has developed a business incubation/enterprise network. The network consists of 11 facilities totaling 180,000 square feet and predominantly serves manufacturers. Graduates of the program have gone on to acquire \$5 million of vacant/existing manufacturing space in addition to investing \$10 million in construction of new manufacturing space. The investment in fixed assets represents nearly 400,000 square feet of active production space in private ownership and has resulted in 464 high-quality jobs with over \$25 million in payroll. The NWRPC enterprise center network has addressed a gap that existed in the regional economy and is a vital tool for the ongoing development of manufacturers in northwest Wisconsin.

As a subunit of local government, the NWRPC—and all other RPCs—are property tax exempt. However, because RPCs are not specifically listed as tax exempt in state statute, recent questions have been raised by assessors. In order to ensure the NWRPC can continue its current business incubation network, SB 560 codifies decades of existing assessment practice and specifically includes RPCs as exempt from taxation.

It is imperative that strong public-private partnerships such as this continue so more private businesses in the state have the opportunity to grow and succeed. I would be happy to answer any questions.

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### 29TH SENATE DISTRICT



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# GAE MAGNAFICI

STATE REPRESENTATIVE • 28<sup>th</sup> ASSEMBLY DISTRICT

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TO: Senate Committee on Transportation and Local Government  
FROM: Representative Gae Magnafici  
DATE: September 22nd, 2021  
SUBJECT: Written Testimony in Support of SB 560

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Members of the Transportation and Local Government Committee, thank you for holding a hearing on Senate Bill 560 (SB 560), which clarifies the tax-exempt status of regional planning commissions.

Manufacturing is the lifeblood of Wisconsin. It's an industry worth more than \$60 billion, and employs nearly half a million Wisconsinites. Manufacturing, small and large, provides upward mobility for employees with high-paying, family-supporting jobs.

Maintaining these jobs is a top priority. One way to ensure these jobs stay in Wisconsin is through regional planning commissions.

Regional planning commissions are an intragovernmental cooperation whose duties are written in law. The commissions are made up by member counties and are granted broad powers to partake in the region's crucial economic development. Some planning commissions, such as the Northwest Regional Planning Commission (NWRPC), provide services to existing and new businesses. The NWRPC has directly aided in the creation of high paying jobs through an innovative program where they lease manufacturing facilities to both startups and existing businesses.

As a co-op between local governments, the NWRPC is exempt from property taxes. However, state law does not explicitly say they are tax exempt. SB 560 clarifies regional planning commissions are tax-exempt.

Thank you to Senator Petrowski for co-authoring this bill, and thank you to the Wisconsin Counties Association for supporting our regional planning commissions by advocating for their tax-exempt status. I'm happy to take any questions.



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## MEMORANDUM

**TO:** Honorable Members of the Senate Committee on Transportation and Local Government

**FROM:** Kyle Christianson, Director of Government Affairs *kc*

**DATE:** September 22, 2021

**SUBJECT:** Support for Senate Bill 560

The Wisconsin Counties Association (WCA) supports Senate Bill 560 (SB 560), relating to the property tax treatment of regional planning commissions (RPCs). RPCs are comprised of counties and municipalities and are created to address physical, social, and economic development challenges within geographic regions.

RPCs have developed unique programs and initiatives to spur private business activity and economic development throughout Wisconsin. The RPC in northwest Wisconsin developed a business incubation network that includes 11 facilities and serves predominantly manufacturers. These manufacturers may be new businesses exploring ways to bring a product to market or an existing business looking to introduce a new product.

Due to the capital-intensive nature of manufacturing, many businesses would be unable to create new products without warehouse space and machinery. The business incubation network offers these critical manufacturing tools on a temporary basis to local businesses looking to bring products from concept to market. Businesses that have used the RPCs incubation network have gone on to acquire \$5 million of vacant/existing manufacturing space and have invested an additional \$10 million in their facilities. This has directly resulted in nearly 500 new jobs with over \$25 million in payroll.

While all facilities owned by RPCs are exempt from property taxes, questions have recently arisen about this exemption as RPCs are not specifically listed in Wis. Stats. 70.11 (2). SB 560 codifies decades of assessment practice and clarifies that all RPCs—as subunits of local governments—are property tax exempt. SB 560 ensures RPCs can continue their mission of promoting economic development at the lowest possible cost to taxpayers and private business.



Jon Bram  
Operations Manager – Grantsburg  
390 Industrial Ave.  
Grantsburg, WI 54840

24-Jun-2020

Rick Roeser  
Business Development Specialist  
NWRPC  
1400 S. River Street  
Spooner, WI 54801

Dear Mr. Roeser,

I would first like to take this opportunity to send my thanks to you personally along with the NWRPC team for the service through first the leasing of the building located at 380 Industrial Avenue followed by the purchase in 2018. This space was essential to the growth of Kleiss Gears Inc, now Victrex.

Upon purchase of the additional space, Victrex has now made a substantial investment to enable significant business growth. We have already increased our labor force by nearly 50% and expect similar growth soon.

As we continue to grow our business, I encourage you to continue your work in Grantsburg through improvements to the land and expansion of the Industrial Park. I believe this is a critical factor in attracting and retaining the labor force necessary to support our development plans and further improve the surrounding community.

Sincerely,

Jon Bram  
Operations Manager – Grantsburg  
715-431-0068

**Victrex**  
390 Industrial Avenue Grantsburg, WI, USA 54840  
Tel: (715) 598 4486 / Fax: (715) 513 9842  
[www.victrex.com](http://www.victrex.com)  
Victrex is the trading name of Kleiss Gears Inc.

Grantsburg Industrial Development Corporation  
PO Box 9  
Grantsburg, WI 54840

August 23, 2021

Mr. Rick Roeser  
Business Development Specialist  
Northwest Regional Planning Commission  
1400 South. River Street  
Spooner, WI 54801

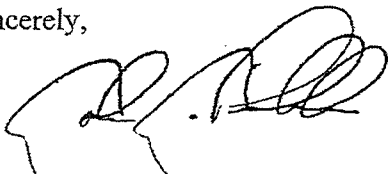
RE: Northwest Enterprise Center Network Letter of Support

Dear Mr. Roeser,

The Grantsburg Industrial Development Corporation (GIDC) has had a long-standing relationship with the Northwest Regional Planning Commission (NWRPC) to enhance business development opportunities in the Village of Grantsburg, WI. The Northwest Enterprise Center Network program has been a vital resource for growing high quality companies within the industrial park and surrounding area. With the pending expansion of our Industrial Park, the Enterprise Center Program will remain a valuable asset to continue our development efforts well into the future.

Therefore, the Grantsburg Industrial Development Corporation (GIDC) strongly encourages and supports the Wisconsin State Legislature in amending Wis. Stat. §70.11(2) to include a specific reference of Regional Planning Commissions as exempt entities for the purpose of real property taxation.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Richards", written over a faint, illegible typed name.

John Richards,  
President

# City of Shell Lake

P.O. Box 520  
Shell Lake, Wisconsin 54871  
(715) 468-7679 Fax (715) 468-7638



August 23, 2021

Mr. Rick Roeser  
Business Development Specialist  
Northwest Regional Planning Commission  
1400 South. River Street  
Spooner, WI 54801


RE: Legislation Letter of Support

Dear Mr. Roeser,

Although the Northwest Enterprise Center Network program does not have a physical presence of a Business Incubator facility located in the City of Shell Lake at this time, the community has benefitted by the graduation and location of several companies such as Exact Tool, Peragon Truck Bed Covers and Quality Tool Service in the City's Industrial Park and surrounding area. The program has been a vital resource for growing high quality companies. In addition, the business development programs available through the Northwest Regional Planning Commission will remain a valuable asset to continue our future development efforts in the more rural areas of Wisconsin.

Therefore, the City of Shell Lake strongly encourages and supports the Wisconsin State Legislature in amending Wis. Stat. §70.11(2) to include a specific reference of Regional Planning Commissions as exempt entities for the purpose of real property taxation.

Sincerely,



Andy Eiche,  
City Administrator



*Advanced Tooling & Manufacturing Solutions*

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August 23, 2021

Rick Roeser  
Business Development Specialist  
Northwest Regional Planning Commission  
1400 South River Street  
Spooner, WI 54801

Dear Mr. Roeser,

Quality Tool Service, Inc. (QTS) specializes in designing and building custom tooling for manufacturing and serves a wide variety of industries. While designing and building weld fixtures is the pinnacle of what we do, we also offer our design and build services for economy fixtures, inspection fixtures, machining fixtures, robotic EoAT, special machines, and more. With capabilities ranging from design to run off, we pride ourselves in creating the highest quality, custom built solutions for our clients. Quality Tool Service has become a valuable member of the Shell Lake community, and proudly offers its services to many local businesses, as well as states all across the US, Canada, and Mexico.

Starting from a garage, QTS growth has been highly capital intensive. Space provided by the Northwest Enterprise Center Network was a valuable resource as an intermediary step on the path to our permanent facility. Having this resource available allowed QTS to preserve working capital for focus on investment in operations, which, resulted in the company growing at a faster rate than owning a building as well. In addition, the Financial and Technical Assistance programs available through the Northwest Regional Planning Commission provided QTS the ability to leverage Bank Financing in meeting our capital requirements.

QTS supports modification of WI State statutes to add a specific reference to Wisconsin Regional Planning Commissions as entities exempt from property tax. Availability of the business development programs provided by the Northwest Regional Planning Commission are valuable resources to continue to improve the economy and surrounding community.

Sincerely,

A handwritten signature in black ink, appearing to read "Gordon Hodgett", is written over a light blue horizontal line.

Gordon Hodgett,  
President/CEO



**Northwestern**  
Wisconsin Electric Company

Phone (715) 463-5371  
FAX (715) 463-2765

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104 South Pine Street • P.O. Box 9 • Grantsburg, WI 54840-0009

August 23, 2021

Mr. Rick Roeser  
Business Development Specialist  
Northwest Regional Planning Commission  
1400 South. River Street  
Spooner, WI 54801

RE: Northwest Enterprise Center Network Letter of Support

Dear Mr. Roeser,

Northwestern Wisconsin Electric Company (NWE) has had a long-standing relationship with the Northwest Regional Planning Commission (NWRPC) to enhance business development opportunities in Burnett County. The Northwest Enterprise Center Network program has been a vital resource for growing high quality companies within the industrial parks and surrounding areas that NWE provides electric service to. With the pending expansion of the Grantsburg Industrial Park, the Enterprise Center Program will remain a valuable asset to continue development efforts well into the future.

Therefore, NWE strongly encourages and supports the Wisconsin State Legislature in amending Wis. Stat. §70.11(2) to include a specific reference of Regional Planning Commissions as exempt entities for the purpose of real property taxation.

Sincerely,

John Richards,  
President





Peragon Enterprises, Inc.  
W7041 Woodcraft Road  
Shell Lake, WI 54871

[www.peragon.com](http://www.peragon.com)

August 23, 2021

Rick Roeser  
Business Development Specialist  
Northwest Regional Planning Commission  
1400 South River Street  
Spooner, WI 54801

Dear Mr. Roeser:

Peragon is a manufacturer and direct marketer of truck bed covers. Our signature tonneau cover has been extensively refined to provide lockable security for items stored in the cargo area with the ability to be quickly folded and easily removed when access to the entire truck bed is needed. The covers are precision manufactured from aluminum to provide a high quality, durable product. Completely American made, Peragon tonneau covers have been installed on truck beds throughout the US and Canada.

Peragon began operations in Eastern North Dakota/Western Minnesota with a number of manufacturing processes being outsourced. Consolidation of capabilities became a major objective for Peragon in order to have better control over product quality and delivery timelines. The Northwest Enterprise Center Network provided a "soft landing" while we worked out the logistics for our manufacturing processes and solidified our position in the marketplace. Peragon has since realized substantial growth and acquired our current facility in Shell Lake, WI which houses "state-of-the-art" manufacturing equipment and corporate offices.

Peragon supports modification of WI State statutes to add a specific reference to Wisconsin Regional Planning Commissions as entities exempt from property tax. The business development programs provided by the Northwest Regional Planning Commission are valuable resources to continue to improve the economy and surrounding community. It was the strength of those resources and the value proposition of their incubator facilities that attracted Peragon to Wisconsin. We'd like to see that robust tradition continue to help other entrepreneurial ventures grow.

Sincerely,

A handwritten signature in black ink that reads "Heath Copp".

Heath Copp  
President



June 17, 2020

**Mr. Rick Roeser**  
**Northwest Regional Planning Commission**  
**1400 South River Street Spooner, WI 54801**

**Subject:** AFSS Growth Plans and Space Requirements

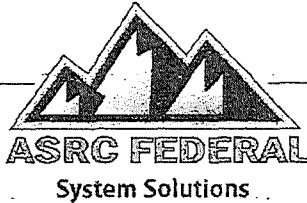
Dear Mr. Roeser:

As you know, ASRC Federal System Solutions (AFSS, LLC), colloquially known by ASRC Federal and our customers and the corporate parent as "ASRC Badger Works", began its Sustainment Engineering Center effort in your facility just over three years ago. This effort began with one person and the commitment from ASRC Federal to re-establish and rebuild a strong Department of Defense (DoD) Engineering facility in Grantsburg, seeking and hiring much the same highly regarded staff that occupied that space previously under another, similar effort with less long-term commitment. Without the continued strong support by Northwest Regional Planning Commission, this new and much stronger effort would never have gotten off the ground.

AFSS started with that single person in a single unit and has now grown to more than a dozen highly qualified and highly paid professional staff members known for their unique expertise, engineering abilities and agile problem solving capabilities by their customers and have earned a national reputation for excellence and are sought out as Subject Matter Experts in a wide range of technical fields. In that time, space utilization at 355 Industrial Ave., in Grantsburg, WI has grown to 75%+ of the available space, and projected 2020 revenue of more than \$8M. The space occupied by Badger Works houses highly technical and advanced equipment and ASRC Federal has invested more than \$1M so far in specialized rapid prototyping, test and manufacturing equipment, with more capital equipment being acquired regularly to enhance capabilities.

The staff of AFSS includes highly educated and experienced staff most with more than 15 years experience in the rigorous and demanding DoD aviation and weapons platform engineering and development. The average annual wage of the staff here in NW Wisconsin is six figures, far above the average wage for employment in NW Wisconsin, and we continue to bring in the brightest young talent to be mentored by highly experienced and educated engineering and scientific staff.

At the current growth rate of AFSS "Badger Works" and long-term strategic planning (that annual process is being worked on at this time), we project that within two to three years, we will be required to work from significantly expanded facilities. It is, and has been the commitment of the key staff and ASRC Federal to remain in Grantsburg, as witnessed by the community involvement that our staff has shown and continues to show through our local efforts to support local health first responders in and around Burnett County and surrounding counties during the COVID-19 pandemic.



As such, we strongly urge and support expansion of the Grantsburg Industrial Park so that we can continue our growth and stay within the Grantsburg Community. It is our intention and plan to do so, providing we are able to have space to “graduate” into during the next few years as our business and capabilities expand.

Finally, I wish to thank Rick Roeser and the Northwest Regional Planning Commission for having the vision, knowledge and drive to make ASRC System Solutions “Badger Works” a proud member of the Grantsburg community, with all of the encouragement and support that this community brings.

Respectfully,

Eric Peterson  
Chief Scientist  
ASRC Federal System Solutions (AFSS — “BadgerWorks”)  
355 W. Industrial Ave.  
PO Box 307  
Grantsburg, WI 54840  
715-463-1602 (direct) | m: 586-823-3645 | [epeterson@asrcfederal.com](mailto:epeterson@asrcfederal.com)  
[www.ASRCFederal.com](http://www.ASRCFederal.com) | *Customer-Focused. Operationally Excellent*



June 17, 2020

**Mr. Rick Roeser**  
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