

WISCONSIN SENATE REPUBLICANS

ISSUE BRIEFS FOR THE 2015-16 LEGISLATIVE SESSION

JOBS AND THE ECONOMY: BUSINESS

IMPROVING WISCONSIN'S BUSINESS CLIMATE

www.wisenategop.com

BACKGROUND

When Governor Walker took office and Republicans gained majorities in both legislative chambers in 2010, we inherited a national economy mired in a recession and a jobs crisis that had reached levels not seen in decades. In the four years prior to the 2010 GOP takeover, Wisconsin had hemorrhaged 133,000 private sector jobs. In November 2009, government employees outnumbered private sector employees, Forbes ranked Wisconsin the 3rd worst state in the nation for business, and by January 2010, the unemployment rate had soared to 9.2%.

Over the last several years we have taken tremendous strides in digging our state out of that hole. As Republican legislators, we have embraced the fact that the private sector creates jobs, not the government. The government's role, rather, is enacting reforms to create a business climate that is friendly to economic expansion. Tax policy, workforce development programs, and eliminating bureaucracy and red tape all factor in to employer confidence. As our reforms take hold and employer confidence steadily rises, we are seeing continual growth in our state's economy and an expanded workforce ready to meet the challenges of a recovery era.

STATISTICS

Under Republican control, Wisconsin has seen dramatic improvement in our state's economy accompanied by a consistent rise in national indicators of statewide business climate. Thanks to recent reforms, business leaders are increasingly looking to Wisconsin as an attractive place to move and create jobs.

DRAMATIC INCREASE IN CHIEF EXECUTIVE MAGAZINE'S BEST STATES FOR BUSINESS

↑ UP 30 PLACES **2010: 41ST** **2016: 11TH**

"Wisconsin's new right-to-work legislation is drawing more business prospects to the state."
(Chief Executive Group)

"CEOs are confident in Wisconsin's business-friendly leadership. They say that low taxes and minimal regulations are creating significant new business investment opportunities."
(Chief Executive Group)

BLS: BEST 12-MONTH PRIVATE SECTOR JOB GROWTH IN OVER A DECADE

↑ 47,500 PRIVATE-SECTOR JOBS CREATED IN 12 MONTHS

"Wisconsin also added a significant 47,500 private-sector and 51,200 total non-farm jobs over the year ending in March 2016, the best year-over-year growth since August 2004 in both categories." (Department of Workforce Development)

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WISCONSIN'S HIGHEST RANK EVER ON FORBES' BEST STATES FOR BUSINESS

↑ UP 17 PLACES

2009: 48TH

2015: 31ST

"The Badger State adopted the slogan of 'Open for Business' in 2011, erecting signs along the state border. Wisconsin's forecasted job picture has improved dramatically since then moving from No. 49 to No. 31 this year."(Forbes)

CLIMBING THROUGH THE RANKS ON CNBC AMERICA'S BEST STATES FOR BUSINESS

↑ UP 22 PLACES

2008: 37TH

2015: 15TH

AREA DEVELOPMENT'S 2016 SILVER SHOVEL AWARD FOR ECONOMIC DEVELOPMENT

"The states and communities receiving 2016 Shovel Awards not only have the right combination of factors to attract and retain business, they also display a pro-business attitude and marketing savvy. They deserve to be recognized for winning high-impact economic development projects."(Geraldine Gambale, Area Development Magazine Editor)

LEGISLATION

This legislative session we implemented a number of reforms to improve the state's business climate, building on previous sessions' efforts to reduce the tax burden, develop our workforce, reform the tort system, and so much more. Below are some of the highlights of this session's business-friendly reforms.

RIGHT TO WORK

ACT 1 made Wisconsin the nation's 25th Right to Work state, creating an advantage in attracting investment and creating jobs. Right to Work put Wisconsin businesses on the path to faster job and wage growth.

TAX RELIEF

The most recent biennial **BUDGET** holds the line on property taxes and does not raise sales or income taxes.

This **BUDGET** federalizes the Wisconsin Alternative Minimum Tax (AMT) in tax year 2016.

This **BUDGET** continues to phase in the Manufacturers Tax Credit (MTC)

- Implements the MAC for 2015 at a rate of 5.025% instead of 5.526% for 2015
- Full implementation of the MAC at a rate of 7.5% would apply in 2016

ACT 218 simplifies and streamlines several areas of Wisconsin's tax code to try to reduce onerous burdens on businesses. Including:

- Clarifies the definition of "business expense" for depreciation when claiming the Manufacturing and Agriculture tax credit.
- Simplifies the Contractor Sales Tax, and allow general contractors to determine tax exempt status.
- Updates the Economic Substance Reform definition to increase fairness.
- Increases efficiency, rights, and protections in the event of an audit.

WORKER'S COMPENSATION REFORM

ACT 180 provides a comprehensive reform to Worker's Comp. This reform specifically targets:

- Employee negligence: employee may not be eligible or may have benefits reduced due to negligence on behalf of the employee
- Stacking of benefits: prevents claimant from "double dipping" in two states, WI benefits reduced by amount paid in another state
- Employee misrepresentation: false statement on application may result in denial of benefits.
- Denial for cause in other states: WI cannot accept WC claims that have been denied in other state for cause.
- Fraud investigation: DOJ authorized to investigate and prosecute fraud by all parties; employees, employers, insurance carriers and providers.
- Employee misconduct or substantial fraud: Employer would not be liable to pay temporary disability payments if employee is terminated for good cause
- Includes directed care, a cost-saving mechanism which would give employers the ability to negotiate directly with providers.

UNEMPLOYMENT INSURANCE (UI) REFORM

ACT 334 ensures certain businesses are not saddled with the costs associated with borrowing money from the federal government to pay UI claims.

It strengthens the UI Trust Fund and ensures future solvency by:

- Clarifying benefit eligibility requirements.
- Establishing penalties for fraudulent tax avoidance.
- Eliminating unfair competition against law-abiding Wisconsin employers.

VARIOUS MISCELLANEOUS PROTECTIONS AND IMPROVEMENTS

ACT 203 protects the autonomy of franchisees, making it clear that a franchisor is not the employer of a franchisee's employees for regulatory purposes and protects the franchisor from being forced to qualify as an employer.

ACT 302 protects businesses by preventing local ordinances from placing restrictions on the use of auxiliary containers (plastic bags, boxes, etc.) to ensure a uniform standard.

ACT 15 benefited the agriculture industry with a clean-up of previously enacted Implements of Husbandry (IOH) changes.

ACT 293 ensures that a private campground will not be held liable for property damage or personal injuries if the damage, injury or death is the proximate result of the act of a person other than the owner or operator of the campground or their agent.

ACT 116 ratifies the Interstate Medical Licensure Compact to cut red tape and create a more expedient process for physicians to receive a medical license in Wisconsin.

ACT 344 increases Wisconsin's competitiveness by lifting the nuclear energy moratorium allowing advanced nuclear energy to be considered along with other energy options.