The past four years of legislative reforms have been nothing short of remarkable. Lawmakers focused on key problems impeding economic growth and hampering our business climate, and enacted bold reforms to address them.

For example, Wisconsin has made tremendous progress toward badly-needed tax relief. The Legislature passed across-the-board income tax cuts for all taxpayers, made a historic reduction in property taxes, and enacted the manufacturing and agricultural tax credit to strengthen these two Wisconsin economic super sectors.

On top of the $3 billion in savings from public employee collective bargaining reforms, the Legislature and Governor have cut taxes by $2 billion over the past four years.

We also saw the Legislature enact some of the most aggressive legal reforms in the country, as well as a groundbreaking set of regulatory reforms that has wrestled rulemaking away from unelected bureaucrats. These reforms, and many others, are drawing national attention as Wisconsin continues to move up in various business climate rankings.

Despite these successes, there is much more work to be done. The era of bold reform must continue in order to unleash Wisconsin’s full potential for job creation and economic development.

The Legislature must make continued progress toward tax relief, including the repeal of the job-killing income tax hike enacted in 2009. We need to give workers the freedom of choice in the workplace by passing a Right to Work law, thereby putting our state back on the map for new job creation projects. And we need to build upon recent regulatory reform by requiring lawmakers to approve the most expensive and impactful agency rules before they can become law.

Although our state is clearly headed in the right direction, there are many more reforms we can pass to make Wisconsin’s business climate even stronger. The following legislative agenda provides a roadmap for reform that will empower job creators, and provide a strong, stable and predictable business climate in Wisconsin.

WMC looks forward to working with lawmakers and the Governor toward enacting these policies, and ensuring that the era of bold reform continues.

Sincerely,

Scott Manley
WMC Vice President of Government Relations
TAXES & GOVERNMENT SPENDING

Wisconsin has recently made significant tax reforms to strengthen our economic competitiveness. For example, the manufacturing and agricultural tax credit is making Wisconsin even more attractive for investment in these two key drivers of our economy. We have also made steady progress toward reducing the income and property tax burden in our state. Despite these victories, Wisconsin remains among the top 10 highest taxed states. WMC supports the following reforms to lessen the tax burden on Wisconsin families and employers.

**LOWER PERSONAL AND CORPORATE INCOME TAX RATES**
Repeal the 2009 tax hike that created the top individual income tax bracket of 7.65%. Reduce the 7.9% corporate income tax rate to keep Wisconsin’s tax regime competitive for corporations and pass-through entities alike.

**MAINTAIN PROPERTY TAX CONTROLS**
Continue meaningful limits on school and local government property taxes while allowing for reasonable increases from new development.

**ENACT TAX ADMINISTRATION REFORMS**
Adopt the federal economic substance statute, repeal the additional penalties adopted in 2009 for producing documents, prohibit the state from contracting with third-party auditors, narrow the interest rate disparity between assessments and refunds, and provide clearer guidelines for unclaimed property.

**ENCOURAGE BALANCED BUDGETING**
We must avoid unsustainable spending that often drives future tax increases. Our state budget should follow generally accepted accounting principles, avoid raids on dedicated funds, and maintain a healthy reserve/budget stabilization fund. Any surplus revenue should be dedicated to tax relief for the taxpayers to whom it rightfully belongs.

**PHASE OUT THE PERSONAL PROPERTY TAX**
Items that can be removed from real estate without affecting it are considered personal property and are taxed on top of real estate property taxes. This double taxation drives cost for businesses and is difficult and costly to administer. Wisconsin should phase this tax out.

**REFORM THE TREATMENT OF THROWBACK SALES**
Presently the 100% sales factor of the apportionment formula is applied to “throwback sales,” which is a tax assessed on sales in states without an income tax. Repeal this burden on Wisconsin firms that succeed at selling in other parts of the country.

**LEVERAGE THE PRIVATE SECTOR**
State and local government should outsource as many functions as possible to the private sector, which can accomplish them more cheaply and efficiently than government can.
REGULATORY REFORM

Wisconsin’s regulatory climate and permitting burdens are often viewed as among the most aggressive in the country. Businesses with operations in multiple states often cite Wisconsin’s regulatory framework as the slowest, most complex, and most costly they have encountered. This must change if we hope to attract new businesses or additional investment from existing employers. The reforms enacted in 2011 Act 21 are an important first step, but additional reforms are necessary to put Wisconsin businesses on a level playing field.

1. REQUIRE LEGISLATIVE APPROVAL OF THE MOST COSTLY RULES
   Strengthen regulatory checks and balances by requiring the affirmative approval of lawmakers in both houses for any administrative rule expected to cost businesses or local government more than $25 million.

2. RETROACTIVELY REVIEW AND REPEAL OBSOLETE REGULATIONS
   Improve our regulatory environment by reviewing existing administrative rules to repeal or reform obsolete, costly or cumbersome regulations.

3. HARMONIZE STATE AND FEDERAL REGULATIONS
   Align Wisconsin employment and environmental regulations with corresponding federal requirements to eliminate the additional cost and complexity of complying with overlapping and “Wisconsin-only” regulations.

4. ENSURE AGENCIES REGULATE BY RULE INSTEAD OF GUIDANCE
   Promote a consistent, stable and transparent regulatory environment by holding state agencies accountable to the requirement to regulate through promulgated rules, as opposed to internal policy guidance documents.

5. MODERNIZE WISCONSIN’S CAMPAIGN FINANCE LAWS
   Courts have consistently found Wisconsin’s campaign finance laws to be confusing, outdated and unconstitutional. Most of the laws governing Wisconsin’s political campaign process were established decades ago, and no longer reflect the state of modern jurisprudence on free speech. Modernize these statutes to reflect changes that occurred during the past 40 years, including protecting the constitutional free speech rights of businesses.
CIVIL JUSTICE & LEGAL REFORM

Just a few short years ago, Wisconsin’s legal climate was rated among the worst in the country. However, Wisconsin has recently received a national award for tort and legal reform as a result of the bold legislation enacted over the past four years. We can add even more fairness, transparency and predictability to our legal system with the following reforms.

1. REMOVE FELONS AS A PROTECTED CLASS UNDER THE FAIR EMPLOYMENT ACT
Allow employers to refuse to employ or to terminate from employment someone convicted of a felony and require uniform enforcement at the state, county, and municipal levels, pre-empting local governments from treating felons as a protected class.

2. PRE-EMPT LOCAL EMPLOYMENT DISCRIMINATION LAWS
Federal and state laws each provide workers and potential workers with several areas of protection from discrimination. Some municipalities have gone further and have written additional protected classes into their ordinances, creating a patchwork of local employment laws. Employment discrimination laws are of a statewide concern, and should be treated as such under law.

3. PREVENT PLAINTIFFS FROM RECOVERING PHANTOM DAMAGES
Allow the admission of evidence of collateral source payments and the admission of evidence of the injured person’s obligations or reimbursement resulting from those payments.

4. PLACE REASONABLE LIMITATIONS ON LAWSUIT LENDING
As banking regulations do not apply to third party financing of consumer litigation, create a state regulatory regime governing lawsuit loans.

5. REPEAL THE FALSE CLAIMS ACT FOR MEDICAL ASSISTANCE
This law was slipped into the 2007-09 state budget, which provides for triple damages and harsh civil fines as an incentive for private attorneys to sue businesses for alleged fraud. Instead, maintain this authority with the experienced investigators within the state Department of Justice.
Wisconsin’s economy is moving in the right direction. The unemployment rate is the lowest it’s been in years, and employers are hiring again. Unfortunately, employers too often struggle to find qualified, skilled workers for well-paying jobs. The following reforms will help connect workers with training so that there is a pipeline of skilled workers throughout our state. This starts in K-12 and continues through adult learning.

1. **WISCONSIN FAST FORWARD**
The Wisconsin Fast Forward program has been a success story, using training grants to help employers train workers for current jobs. Fast Forward should be continued and improved upon going forward, while maintaining its ability to react to the current needs of employers. As part of Fast Forward, the state also created a state of the art labor market information system (LMIS) to better connect workers with employers. This system should also be continued and improved to better connect workers with available jobs in real time.

2. **ENCOURAGE THE UW TO FOCUS ON PREPARING FOR THE WORKPLACE**
While they are already moving in this direction, the state should continue to encourage the UW System to identify job sectors of greatest need and enhance career information available to students.

3. **EMPHASIZE WORKFORCE NEEDS IN K-12**
Strengthen the focus on STEM and career and technical education, enhance dual enrollment opportunities, and improve youth apprenticeship so more students and employers have access.

4. **INCREASE APPRENTICESHIPS**
Wisconsin passed the nation’s first apprenticeship law in 1911, and for over 100 years has been at the forefront of using apprenticeships to train workers. Both adult and youth apprenticeships should be continued and expanded, with input from employers, as a way to connect workers and students to on the job training while earning a paycheck. It’s a win-win for employees and employers.

5. **EXPAND CHARTER SCHOOL OPTIONS**
Charter schools are public schools that have greater flexibility in how they teach students, but they are limited by how one gets started. The law should be expanded to allow more than just public school districts and certain universities to authorize charter schools.

6. **SUPPORT SCHOOL CHOICE**
Parents should be able to make the educational choices they believe are in the best interest of their children.

7. **CAREER PLANS FOR ALL STUDENTS**
Encourage schools to guide students toward the career path of their choice, including technical and vocational training. Ensuring that every student, starting in 6th grade, develops a road map for their future will improve the career decision-making process.

8. **INCREASE WORK EXPERIENCES FOR STUDENTS**
In today’s changing society, many students graduate from high school, and sometimes college, without work experience. That makes the transition very difficult. Business and education, at all levels, should maximize opportunities to integrate work and education.

9. **SCHOOL ACCOUNTABILITY**
Improve accountability standards for students, teachers, and schools, and expand public access to the evaluation data. Evaluations should be expanded to include more measures of workforce readiness.

10. **IMMIGRATION**
Wisconsin is facing a worker shortage, and immigration is one piece of the puzzle we need to solve. Although immigration is not a state policy issue, the business community believes we need smart and practical immigration reform that begins with securing our border, and ensures that the best and brightest who want to come to our country to work and be productive have an opportunity to do so.

11. **STOP BRAIN DRAIN**
Too often, graduates of our public and private institutions of higher learning leave our state upon graduation, seeking employment opportunities elsewhere. Already facing a worker shortage, we need to turn that trend around. To compete for their talent, we need to foster a business climate that will lead to the creation of jobs new graduates desire, so that they’ll stay here to work and start their family.
TRANSPORTATION & INFRASTRUCTURE

Wisconsin is a national leader for manufacturing, tourism and agriculture. We need a safe, robust and reliable transportation infrastructure to support these key sectors of our economy. Unfortunately, we have a significant gap between existing transportation revenue streams and our highway, port and rail needs. The following items will help ensure that Wisconsin’s transportation infrastructure is well-positioned to meet the needs of businesses and consumers.

FUND NECESSARY ROAD IMPROVEMENT PROJECTS
Keep the Zoo Interchange, I-39/90 from Madison to the state line, I-94 from Milwaukee to the state line, US 41 from Appleton to Green Bay, and other major projects on-time.

ESTABLISH SUSTAINABLE TRANSPORTATION REVENUES
We cannot support our state transportation needs without the necessary levels of revenue to do so. Support fair and transparent user fee increases in an amount necessary to provide adequate funding to meet our transportation needs.

MAINTAIN ADEQUATE PORT AND AIRPORT FACILITIES
Provide appropriate state and federal funding to keep our airports and ports on the Great Lakes and Mississippi open to commercial activity.

ENHANCE WISCONSIN’S RAIL NETWORK
Support the re-establishment of an intermodal container facility in the Milwaukee area, as well as developing such public facilities in other parts of the state beyond the current Chippewa Falls location.

ENSURE EFFICIENT USE OF AVAILABLE TRANSPORTATION RESOURCES
Identify areas where costs can be reduced in the construction or maintenance of state transportation facilities without compromising the safety of the traveling public.

LEVERAGE THE PRIVATE SECTOR
Many aspects of transportation development and design can and should be done by private sector consultants and engineers. Reduce costs to state government by utilizing private businesses to do design and project management instead of government employees.
Wisconsin must implement a focused economic development strategy to help position our employers to grow family-supporting jobs. These policies should facilitate investment in Wisconsin companies, and build upon our strength as a leader in technological research. Although government does not create jobs, it can either facilitate or hinder private sector investment. Economic development policy should recognize opportunities for government agencies to incent job creation, and expedite regulatory approval processes. The following policies will help achieve a focused economic development strategy.

1. ACCELERATE TECHNOLOGY TRANSFER
   Work to accelerate the pace of technology transfer from Wisconsin’s public and private universities to harness the economic benefits of academic research and development, and transform that research into useful patents and start-up companies.

2. ESTABLISH A PRO-JOBS CULTURE IN GOVERNMENT AGENCIES
   Emphasize the importance of customer service in government, and dedicate staff to act as a liaison facilitating regulatory approvals for economic development projects.

3. REDUCE TIMELINES FOR REGULATORY APPROVALS
   Reduce the time businesses must wait for regulatory permits by shortening deadlines, and utilizing private sector “lean” principles to improve state regulatory processes.

4. LEVERAGE THE PRIVATE SECTOR
   State and local government should outsource as many functions as possible to the private sector, which can accomplish them more cheaply and efficiently than government can.

“Although our state is clearly headed in the right direction, there are many more reforms we can pass to make Wisconsin’s business climate even stronger.”
ENVIRONMENT & ENERGY

Wisconsin employers face an increasingly costly environmental regulatory climate. Many environmental regulations in Wisconsin are more stringent than what is necessary to protect the environment, and more stringent than what is required by other states. In addition, federal regulations on the electric power sector are driving significant increases in the cost of electricity. Wisconsin employers need affordable and reliable energy, and relief from costly and burdensome environmental regulations. The following initiatives will help level the playing field by making Wisconsin’s environmental and energy cost structures more competitive.

ALIGN STATE AND FEDERAL ENVIRONMENTAL STANDARDS
Remove the cost and complexity of existing “Wisconsin only” environmental regulations and work to ensure that newly promulgated rules are no more stringent than federal requirements.

OPPOSE BURDENSOME EPA RULES
Aggressively work with the State of Wisconsin and the legal system to push back against the onslaught of costly new federal environmental regulations.

PROVIDE REGULATORY CERTAINTY TO THE GROWING SAND MINING INDUSTRY
Codify the DNR as the state’s environmental regulator and protect lawfully operating mining operations from being shut down by overzealous government regulation.

RESTORE FAIRNESS AND PREDICTABILITY TO GROUNDWATER PERMITTING
Create a permitting framework that preserves Wisconsin’s groundwater resources while protecting existing businesses and allowing for growth in our agricultural sector.

STREAMLINE AIR PERMITTING
Build upon existing permit streamlining tools and marshal recent legislative victories to fruition including the creation of exemptions for small facilities and an increase in the threshold for registration permits.

AVOID EXPENSIVE ENERGY MANDATES, SUBSIDIES, AND TAXES
Stop the escalation that has made electric rates in Wisconsin among the highest in the Midwest by rejecting the enactment of expensive energy mandates, unfair cost-shifting or new energy taxes.

REPEAL THE MORATORIUM ON NUCLEAR ENERGY
Allowing for carbon-free, base load power generation has become more important than ever due to EPA’s proposed regulations of carbon dioxide emissions from power plants.

REPEAL THE MINING MORATORIUM
Eliminate a huge barrier to mining investment in our state by repealing the arbitrary mining moratorium law.
HUMAN RESOURCES & EMPLOYMENT LAW

Wisconsin’s employment laws are out of sync with federal regulations and those of many other states. This adds compliance costs to employers and increases the risk for costly litigation. Add to that the expensive worker’s compensation and unemployment insurance systems, and our status as a non-right to work state, and it’s easy to see that Wisconsin employers are at a competitive disadvantage. WMC supports reforms to make our employment laws a positive for employers, rather than being cumbersome and costly.

PASS RIGHT TO WORK
Right to Work states have an economic advantage over forced-unionization states. Businesses and site selectors consistently rate Right to Work as an important factor when considering where to place a new economic development project. That means Wisconsin often misses out on even being considered for potential new development. In addition, job growth, wage growth, disposable income adjusted for cost of living, and population growth are all demonstrably higher in Right to Work states.

PRE-EMPT LOCAL EMPLOYMENT DISCRIMINATION LAWS
Federal and state laws each provide workers and potential workers with several areas of protection from discrimination. Some municipalities have gone further and have written additional protected classes into their ordinances, creating a patchwork of local employment laws. Employment discrimination laws are of a statewide concern, and should be treated as such under law.

REFORM WISCONSIN’S FAMILY AND MEDICAL LEAVE ACT (FMLA)
Governor Thompson signed Wisconsin’s FMLA in 1988. President Clinton signed the federal FMLA in 1993. A harmonization of our state law and federal has never taken place, leaving Wisconsin companies to deal with two sets of rules. Exempting employers who must follow federal regulations from the state law would remove the burden of complying with both laws, and would remove a litigation threat if both laws aren’t followed precisely.

VOLUNTARY OVERTIME
There are other areas of employment wage and hour law where state and federal definitions have significant differences that should be harmonized. One such area is overtime. In Wisconsin, an employee of a manufacturing or retail firm cannot work seven straight days, even voluntarily, without first getting permission from the state. This should be a decision exclusively between the employer and employee, as it is in other states.

STRENGTHEN RESTRICTIVE COVENANT PROTECTIONS
Non-compete clauses protect the intellectual property and proprietary information of employers from misuse by former employees. Wisconsin judges are often forced to nullify these employment contracts in their entirety if even one part of the contract is found to be invalid. Giving judges a greater ability to “blue pencil” a clause they find to be invalid while still preserving the remainder of the contract will give employers certainty that their intellectual property will be protected by the courts.

PASS MEANINGFUL COST CONTAINMENT FOR WORKER’S COMPENSATION
WMC advocates before the Department of Workforce Development and before lawmakers for reforms to the worker’s compensation system that ensure injured workers get healthy and back to work in a timely fashion at a cost that is affordable. Unfortunately this is an area where our state is increasingly at a competitive disadvantage as medical costs grow. While we have quality care and quick return to work for injured workers, there is growing evidence that meaningful cost containment must be approved to keep Wisconsin employers competitive.
AFFORDABLE HEALTH CARE

While we have high quality health care in Wisconsin, rising health care costs continue to be a top business concern. Compounded by the increased costs brought on by the federal Affordable Care Act, offering health insurance has never been more expensive for employers. WMC believes Wisconsin should enact policies to help contain the cost of health care without damaging the high quality we enjoy.

REDUCE THE HIDDEN HEALTH CARE TAX
According to Wisconsin’s hospitals, Wisconsin reimburses hospitals just 65% of the cost of providing care to Medicaid patients. This amounts to a shortfall of about $960 million. Providers recover this cost by shifting the bill to other payers, increasing the cost of health care for employers. Wisconsin should work towards closing the “hidden health care tax” gap.

PROMOTE CONSUMER-DRIVEN HEALTH CARE AND ACCESS TO COST AND QUALITY DATA
Informed health care consumers create a competitive market. Wisconsin should continue down the path of providing all health care consumers with cost and quality data, enabling them to make informed decisions on their providers and facilities.

AVOID MANDATES THAT INCREASE INSURANCE COSTS
Although possibly well intended, health insurance coverage mandates increase insurance costs and should be avoided.

MAINTAIN AN EMPLOYER-BASED SYSTEM
The employer-based health insurance system we currently enjoy is in everyone’s best interest. When it becomes too expensive for employers to provide coverage, the workers are shifted to costly government programs, increasing the financial burden on taxpayers and further threatening provider reimbursements.

REPLACE THE AFFORDABLE CARE ACT
The Affordable Care Act has been anything but affordable, and it is time to replace it with a consumer-driven model. Without change, costs will dramatically increase for employers and employees going forward.
positively pro-business

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Wisconsin’s Chamber