

TAXES & GOVERNMENT SPENDING

Wisconsin is on the road to a more competitive tax climate. The manufacturing and agricultural tax credit is making Wisconsin even more attractive for investment in these two key drivers of our economy. Recent income tax reductions and reforms to the state Alternative Minimum Tax (AMT) have helped lessen the burden. However, Wisconsin remains among the highest-taxed states. WMC supports the following reforms to reduce the tax burden facing Wisconsin families and employers.



- DEFEND THE MANUFACTURING AND AGRICULTURE TAX CREDIT (MAC)**

Protect the tax credit that has allowed two pillars of Wisconsin's economy, manufacturing and farming, to thrive. Since its implementation, the MAC is responsible for the creation of over 42,000 jobs (2017 numbers) and a higher manufacturing jobs growth rate than neighboring states.
- DEFEAT "DARK STORE" LEGISLATION**

Local governments have asked the Legislature to prohibit the use of physically comparable vacant properties as comparable sales to occupied properties for property tax assessment purposes. The result of this policy would allow tax collectors to more subjectively assess property value, and taxes, and make it harder for businesses to challenge their tax bill.
- DEFEAT LEASE TAXING LEGISLATION**

Local governments are attempting to make Wisconsin a national outlier in the way we assess property taxes by including the value of financing agreements, such as triple-net leases, as real property for property tax assessment purposes. This would lead to significant property tax increases on Wisconsin businesses and create a disincentive to create or expand businesses in the state.
- PHASE OUT THE PERSONAL PROPERTY TAX**

This annual double tax on property is both costly for businesses to comply with and difficult for government to administer. The Legislature took the first step towards eliminating this tax during the 2017-19 budget. Finishing the job and phasing out or eliminating the tax will make Wisconsin a more competitive place to do business.
- LOWER THE PERSONAL AND CORPORATE INCOME TAX RATES**

Repeal the 2009 tax hike that created the top individual income tax bracket of 7.65 percent. Reduce the 7.9 percent corporate income tax rate to keep Wisconsin's tax regime competitive for pass-through entities and corporations alike.
- MAKE THE RESEARCH AND DEVELOPMENT (R&D) TAX CREDIT FULLY REFUNDABLE**

Wisconsin's R&D credit has historically been used to incentivize high-tech, good-paying jobs to Wisconsin. However, it has lost its efficacy due to net operating losses carried or incurred by many companies during the great recession and an increasing number of states making their credit refundable. Making Wisconsin's R&D credit fully refundable will ensure our state can compete for these jobs in the future.
- ENACT TAX ADMINISTRATION REFORMS**

Update the manufacturing property classification, prohibit the state from contracting with third-party auditors, conform unclaimed property laws to national best practices, provide clearer guidelines for sales tax reporting, reverse changes to the Other States tax credit made in the 2017-19 budget, modernize the dividends received deduction, and eliminate the disparity between interest paid on underpayment of taxes and tax refunds.
- FEDERALIZE TREATMENT OF BONUS DEPRECIATION AND DEDUCTION FOR PASS-THROUGH BUSINESS INCOME**

Federal tax reform incentivized businesses to invest in capital improvements and provided tax relief to pass-through entities. Conforming Wisconsin's tax code to these federal provisions will incentivize capital investment in the state.
- STRENGTHEN PROPERTY TAX CONTROLS**

Strengthen limits on school districts' and local governments' ability to increase property taxes, while allowing for reasonable increases from new development.
- PROHIBIT TAXPAYER FUNDED LOBBYING**

With municipalities spending nearly \$4 million on lobbying expenses in the 2017-18 session and an unknown amount on issue advocacy, the Wisconsin state legislature should enact measures to prohibit such abuse of taxpayer dollars. Using taxpayer money to lobby in favor of higher taxes is inappropriate, and an abuse of local governments' responsibility to use finite resources wisely.
- OPPOSE ANY TAX HIKES OR ADMINISTRATIVE CHANGES THAT MAKE WISCONSIN A WORSE PLACE TO DO BUSINESS**

A competitive tax climate is a necessary component to promoting a strong economy. WMC will oppose any increases in tax rates or burdensome tax regulations that make Wisconsin's business climate less competitive.
- ENCOURAGE BALANCED BUDGETING AND LEVERAGE THE PRIVATE SECTOR**

The size and scope of government should be limited to avoid unsustainable spending that often drives future tax increases. Our state budget should avoid raids on dedicated funds, maintain a healthy reserve and budget stabilization fund, and dedicate surplus revenues to tax relief for the taxpayers to whom it rightfully belongs. The state should outsource those functions which can be accomplished more cheaply and efficiently by the private sector, and eliminate instances where taxpayers subsidize competition against private sector businesses.