



2013-2014
WMC LEGISLATIVE VICTORIES

Our Policy Wins Make Your Business More Competitive

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WMC made significant advances during the 2013-2014 legislative session toward our mission of making Wisconsin the most competitive state in the nation to do business. With the help of pro-job lawmakers and Governor Walker, we were able to win key victories to reduce taxes, curb lawsuit abuse and streamline regulations.

Following is a list of some of the more significant pro-business victories enacted this session:

TAX REFORM

Income Tax Reduction

The 2013-15 state budget cut income taxes by \$648 million in 2013 and 2014 by lowering the tax rates in four income brackets and eliminating a fifth bracket.

Manufacturers Tax Credit

Originally passed in 2011, the Manufacturers Tax Credit took partial effect in 2013 and is phasing-in over a four-year period. In 2014, manufacturers and agricultural producers can claim a 3.75% credit against state income tax liability for production that occurred in Wisconsin. The credit will be fully phased in during 2016 at 7.5%, almost completely offsetting the 7.9% corporate income tax or the top 7.65% individual income tax rate.

Property Tax Relief – School Levy

Using surplus funds reported in fall 2013, Act 46 provided \$40 million in relief for K-12 school spending on the December 2013 property tax levy and will provide \$60 million in relief for December 2014.

Property Tax Relief – Tech College Levy

Using further surplus funds reported in spring 2014, Act 145 replaces over half of the technical college property tax levy with state relief for December 2014 property tax bills. All \$406 million is allocated for that year's property tax bill and each year following.

Additional Income Tax Relief

Act 145 provides a further reduction to the lowest income tax bracket, reducing rates from 4.4% on the first \$10,900 of income (for a single taxpayer; \$14,500 for married couples) to 4.0% in 2014 and beyond. The state budget had reduced this same bracket from 4.6% to 4.4% for 2013.

TORT REFORM

Asbestos Trust Claims Transparency Act

Act 154 provides transparency for claims made against asbestos trusts and in the tort system. This law prevents solvent defendants from being unfairly saddled with a larger share of the liability while trust funds are being drained away from deserving clients.

Transparency In Private Attorney Contracting

Act 105 requires the state make a written determination that outside representation is cost-effective and in the public good and also ensures that government attorneys maintain control of the litigation. In addition to transparency measures, this law provides limits on fees paid by the state to outside firms.

Lemon Law Reform

Act 101 repeals Wisconsin's double-damage provision for "lemon" vehicles, the only such standard in the nation. The law requires manufacturers to furnish the purchaser with a comparable new vehicle or a cash refund. The new law prevents plaintiff attorneys from gaming the system to trigger double damages.

EMPLOYMENT REFORM

Sweeping Unemployment Insurance Reforms

Several pro-business reforms were enacted in 2013 to the Unemployment Insurance (UI) system. The common sense reforms have helped balance the UI Trust Fund, which had gone deep in debt during the great recession. Additionally, they've saved millions for employers and brought common sense back to the system.

- **Work Searches**

Claimants are now required to complete at least four work searches per week to stay eligible for benefits. Previously, the requirement was only two. This will help get people back to work faster.

- **Quit Exceptions**

Wisconsin was an outlier in the number of quit exceptions allowed. Quit exceptions are reasons why a worker could voluntarily quit a job and still be eligible for UI benefits. Under the reforms this session, these exceptions were cut in half, from 18 to 9, bringing Wisconsin in line with neighboring states.

- **Misconduct**

Lawmakers also created a two-tiered standard for disqualifying fired workers from receiving UI benefits if they were terminated for misconduct. Under the new law, not only is misconduct clarified, but certain actions, such as excessive tardiness, falsifying records, and acts of harassment, are clearly identified as misconduct. A second benefit-disqualifying standard of "substantial fault" was also created for cases that might not rise to the level of misconduct, but are still cases where an employee failed to follow a reasonable job policy.

- **UI Loan Interest Payments**

During the great recession, the state borrowed over \$1 billion from the federal government to continue paying benefits due to unemployed workers. The interest payment alone on that loan was millions per year. Rather than pass that additional cost on to employers, still struggling from the recession, the state covered \$30 million for the interest payments in 2013-14.

Electrician Licensing

A law passed in 2007 threatened to stop in-house electricians employed in manufacturing facilities from performing routine tasks, unless they got costly training and licensing from the state. WMC successfully amended the law to allow in-house electricians to continue doing their jobs, thereby avoiding possible production delays. WMC also ensured that manufacturers won't be bogged down with time consuming inspections and costly permit requirements simply for routing electrical work.

WMC GOVERNMENT RELATIONS TEAM



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Expanded School Choice

Building on the successes of the long-standing Milwaukee and Racine parental school choice programs, a limited statewide parental choice program was created in 2013 to help low-income students in failing schools obtain a strong education.

Wisconsin Fast Forward

A total of \$50 million was invested for high-demand job training. \$15 million was allocated in 2013 to help train workers with needed job skills through private-public partnerships. An additional \$35 million was used in 2014 to eliminate waiting lists of high demand technical college programs and hire people with disabilities.

Labor Market Information System (LMIS)

The 2013 budget authorized the Labor market Information System (LMIS) to help connect job seekers with employers faster by matching a job seeker's skills with an employer's needs. This also helps job seekers understand what skill sets are needed for particular jobs so they can obtain those skills.

Apprenticeship Reform

Recognizing that apprenticeships are a great way to teach young people a trade or manufacturing skills, Acts 57 & 113 invested \$1,000,000 to encourage apprenticeships in Wisconsin. Act 57 established a tuition reimbursement for apprenticeship tuition costs, and Act 113 increased funds for youth apprenticeship, a program that helps high school students gain experience through on the job and training.

Air Permit Streamlining

When faced with proposed air permit fee increases of 141% for state air permits and as high as 3,000% for some federal permits, WMC responded by pushing a series of streamlining reforms to lower costs at the Department of Natural Resources while reducing regulatory burdens on businesses. These successful WMC lead efforts led to millions of dollars in reduced permitting costs for businesses, permitting exemptions for small sources of emissions, and expanded streamlined permit opportunities for many small to medium-sized manufacturers including a new Registration Operation Permit set at 50% of federal thresholds.

Phosphorus Discharge Reform

During the final months of Governor Jim Doyle's administration, the DNR promulgated a standard for phosphorus in wastewater streams at levels far more stringent than anything seen in neighboring states. With compliance costs estimated between \$3 and \$5 billion, this Wisconsin only rule threatened the competitiveness of core Wisconsin industries like pulp and paper production, cheese making, and food processing and would have increased waste water utility bills for thousands of businesses. Recognizing that the EPA wouldn't allow Wisconsin to repeal the rule, WMC lead an effort to provide businesses and municipalities with an alternative compliance option, affording additional time and flexibility while promoting improved environmental outcomes.

Iron Mining Reform

Wisconsin rests upon the largest untapped iron ore deposits in North America but due to an untenable regulatory climate, these resources have gone untapped for decades. In 2013, WMC led the charge to enact sweeping iron mine permitting reforms in Wisconsin that simultaneously allow for the safe extraction of mineral resources while preserving robust environmental standards. The reforms are poised to attract a \$1.5 billion investment to one of Wisconsin's most economically depressed counties while also benefiting Wisconsin's numerous manufacturers of mining equipment.



WMC VICTORIES: 2013-2014 LEGISLATIVE SESSION

