



WISCONSIN'S BUSINESS VOICE SINCE 1911

To: Chairman Terry Moulton
Members of the Senate Committee on Workforce Development, Small Business,
and Tourism

From: Jason Culotta, Director of Tax and Transportation Policy

Date: September 13, 2011

Subject: Support SB 164, creating an income and franchise tax credit
for workplace wellness programs.

Wisconsin Manufacturers & Commerce (WMC) respectfully requests that you support SB 164.

WMC is a long-standing supporter of initiatives to reduce Wisconsin health care costs and to help preserve affordable access to high-quality health care. Rising health care costs are a major concern for businesses, both big and small, as they strive to stay competitive and create and retain good, family-sustaining jobs. Two-thirds of the Wisconsin population is covered by employment-based health insurance, but rising health care costs are jeopardizing the ability of Wisconsin employers to offer good health care benefits to their workers.

In general, WMC supports patient-centered reforms aimed at increasing consumer choices and competition to help keep health care costs under control. Given appropriate financial incentives to spur them to act and access to quality and outcome data on which to base their actions, consumers are the surest way to stem the rising cost of health care. Consequently, WMC supports a multi-faceted approach to health care reform, a key component of our which is encouraging Wisconsin businesses to promote living healthier lifestyles by their employees.

SB 164 would create an income and franchise tax credit for employers who institute workplace wellness programs for their employees. Under the bill, the tax credit would be 30 percent of the amount the employer pays to provide such a program. Programs such as smoking cessation, weight management, nutrition education, and fitness incentives could qualify. The bill would limit the annual amount of credits which could be claimed to \$2.5 million for businesses with 50 or fewer employees and \$2.5 million for businesses with more than 50 employees.

WMC urges your support for SB 164 because we believe that one way we can collectively help offset rising health care costs is for all of us to start leading better, healthier lifestyles. Heart disease, cancer, and stroke are often cited as the leading "causes" of death in the United States. But why do people suffer these conditions? Tobacco use, poor diet, lack of regular exercise, and excess alcohol consumption are primary reasons why people suffer these conditions.

Unfortunately, we in Wisconsin tend to be a bit heavier and smoke a bit more than the national average. According to surveys, over one in five Wisconsin adults are cigarette smokers, nearly two in three are overweight or obese, and nearly one in five Wisconsin adults engaged in no leisure-time physical activity in the past month. How we live our lives matters, in terms of avoiding health care problems and their associated costs, both physical and financial.

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WMC is a business association dedicated to making Wisconsin the most competitive state in the nation.

For example, a recent national study concluded that by implementing a program combining smoking cessation, weight management, moderate physical activity, and a healthier diet, American adults could prevent the incidence of:

- 90 percent of Type II diabetes,
- 80 percent of coronary artery disease,
- 70 percent of strokes, and
- 70 percent of colon cancers.

WMC has talked with a number of Wisconsin companies who have successfully implemented workplace wellness programs. They have been effective in improving the health status of their workers while controlling health insurance cost increases. A number of these case studies are featured on our website, www.wmc.org.

Many other businesses, particularly small businesses, are interested in implementing workplace wellness programs, but they may not have the resources to do so. The income and franchise tax credit envisioned in this bill will help them get started.

In summary, we all need to avoid tobacco, be physically active, and eat right. Healthier lifestyles – coupled with early detection of diseases – can play a significant role in preventing heart disease, diabetes, high blood pressure, many cancers, memory loss, and more. How we live matters, both in terms of our physical health and the health care costs we incur. Preventing health problems is one of the few known ways to stem rising health care costs. Smart employers are getting serious about wellness and prevention programs, leading to healthy, productive workers who incur lower health care costs. SB 164 would provide an additional incentive for employers to invest in workplace wellness programs.

As such, Wisconsin Manufacturers & Commerce respectfully requests you support SB 164.