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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

1995-96

(session year)

Assembly

(Assembly, Senate or Joint)

**Committee on Insurance, Securities and
Corporate Policy...**

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

TESTIMONY BY REP. SERATTI
on AB 275 to the
Assembly Committee on Insurance, Securities, and Corporate Policy
April 20, 1995

Dear Chairperson Albers and Committee Members:

As Chairperson of the Assembly Small Business and Economic Development Committee, I feel that AB 275 is very vital to economic development in the State of Wisconsin.

This bill repeals a current statute that was created in 1849, at a time in history when public companies were rare and stockholders were also the managers of the business. It imposes personal liability on each shareholder of a corporation, in an amount up to the value of the shares he or she owns, for any amount owed by the corporation to its employees for up to six months of work per employee. It was created to resolve a problem that no longer exists. This statute is out-dated and is hurting the economic development of this state.

Defining liability is one of the most important factors in determining an appropriate investment level. If a shareholder does not control or play an active role in the management of a corporation, the current statute reduces the amount of capital that investors can afford to put into new and expanding companies to create new jobs and economic growth. Therefore, it is a deterrent for providing funding for deserving young companies.

Since the current statutes would allow a person who invests \$10,000 in a Wisconsin corporation to lose that \$10,000, and also an additional amount up to that \$10,000 if employees are owed unpaid wages, a change in the statutes, through Assembly Bill 275, would encourage the investment of additional capital in smaller companies.

New companies often rely on the less sophisticated investors to develop company growth. The current shareholder liability provision hurts families and other individuals who are taking the greatest risks in order to create new jobs and opportunities.

I feel that any provision to Wisconsin law that benefits small business and economic development should be endorsed. The current law limits the growth of business and is a major deterrent to Wisconsin investors and out of state investors who may be considering investing in Wisconsin companies. Also, foreign markets may be deterred from investing within the State of Wisconsin. We need to encourage the recent efforts made in many global markets, such as with NAFTA. These investors are unsure of the effects of this current law and the ramifications it could have upon their investment.

With capital markets tightening the current provision stands as an impediment to economic growth in Wisconsin. This state has been a job generator for the entire nation. This legislation would ensure our continued success in ensuring jobs for working families.