



**WISCONSIN LEGISLATIVE COUNCIL
ACT MEMO**

2003 Wisconsin Act 250 [2003 Senate Bill 271]	Transferring Certain Alcohol Beverage Licenses to Another Municipality
2003 Acts: www.legis.state.wi.us/2003/data/acts/	Act Memos: www.legis.state.wi.us/lc/act_memo/act_memo.htm

2003 Wisconsin Act 250 allows a person who holds Class "A" and beer wholesaler's licenses issued before May 5, 1994, to transfer both licenses together to a premises in another municipality within the same county.

Current law generally prohibits a person from selling alcohol beverages unless the seller possesses a license or permit authorizing the sale. A Class "A" license authorizes the license holder to sell at retail, from premises within the issuing municipality, beer in original packages for consumption off the licensed premises. A beer wholesaler's license authorizes the license holder to sell to retailers or wholesalers from premises within the issuing municipality, beer in original packages that may not be consumed on or about the wholesaler's premises. As of May 5, 1994, municipalities may not issue a Class "A" license and a beer wholesaler's license to the same person. However, persons holding both licenses issued before that date may, with certain exceptions, continue to operate under both licenses.

Generally, licenses may be transferred to another premises within the same municipality.

The Act allows a person who holds Class "A" and beer wholesaler's licenses issued before May 5, 1994, to transfer both licenses together to a premises in another municipality within the same county upon approval by the municipality receiving the transferred license.

Effective Date: Act 250 becomes effective on April 28, 2004, and first applies to applications for transfer of a license made on that date.

Prepared by: Anne Sappenfield, Senior Staff Attorney

May 6, 2004

AS:ksm

This memo provides a brief description of the Act. For more detailed information,
consult the text of the law and related legislative documents.



MILLER BREWING CO
SINCE 1855
MILWAUKEE, WIS. USA

CENTRAL BEER DISTRIBUTORS, INC.

300 Creske Avenue • Mosinee, WI 54455 • (715) 359-8252 • Fax: (715) 355-5257

January 23, 2004

Dear Committee Members,

My name is Dean Schmalz, and I am the owner of Central Beer Distributors. Our distribution center is located in Marathon County, however we service accounts in 8 counties in north central Wisconsin. We have 50 employees and annual revenue of \$14,000,000.

In 1981, I was able to receive both a Class "A" along with my beer wholesaler's license for our company. The class "A" license was critical for me to be competitive with other Distributors in my market.

In 1994, changes were made to the statutes stating that as of May 5, 1994, municipalities could not issue both a Class "A" license and a beer wholesaler's license to the same person, but persons holding both licenses issued before that date would be allowed to keep both licenses.

In 1999, I moved my business from Schofield to Rothschild in order to expand. The company would have remained in Schofield, except that there was not a location large enough to meet the growing needs of the business. Unfortunately, upon moving from Schofield to Rothschild, the Class "A" license was not able to transfer. This has created a financial impact on my business and put me in a less competitive position with other Distributors in my market. This will continue to have a financial impact on my business and means less revenue for the state of Wisconsin.

That is why I urge you to support Senate Bill 211 (SB), which will allow our company to transfer the Class "A" license that we had prior to moving our operation to a new municipality. The Village of Rothschild, the municipality that our business is now in, fully supports us in re-obtaining the Class "A" license.

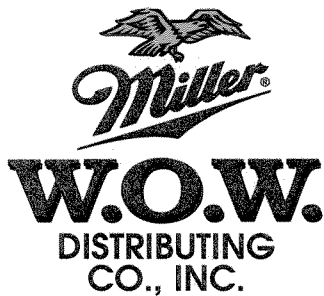
It is critical to our company, and to our local economy, that this bill passes. SB 211 will allow our company to expand, to invest in additional capital, and to hire new employees.

I regret that I cannot attend this important hearing.

Thank you for your consideration and time.

Sincerely,

Dean H. Schmalz
President & Owner



W.O.W. Distributing Co., Inc.
W222 N5700 Miller Way
Sussex, Wisconsin 53089

Phone; 262-932-2337
Fax; 262-932-2350

January 22, 2004

Dear Committee Members,

My name is Tom Madigrano, I am the owner/Vice President of WOW Distributing Co., Inc. in Sussex, employing 140 employees and servicing the counties of Waukesha, Ozaukee, Washington and Dodge.

In 1986, we were able to receive both a Class "A" and a beer wholesaler's license for our company. Both licenses were critical in allowing our business to both sell and distribute beer products.

In 1994, changes were made to the statutes, stating that as of May 5, 1994, municipalities could not issue both a Class "A" license and a beer wholesaler's license to the same person, but persons holding both licenses issued before that date would be allowed to keep both licenses.

In 2001, we moved the business to Sussex in order to expand. The current location of the company was not large enough to meet the growing needs of the business. Unfortunately, upon moving to Sussex, the Class "A" license was not able to be transferred. This cost our company a loss of revenue.

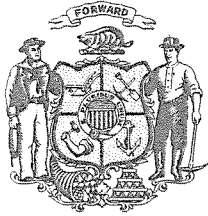
That is why I urge you to support Senate Bill 271 (SB), which will allow our company to transfer the Class "A" license that we had before moving municipalities. The municipality of Sussex, where our business is now, fully supports us in re-obtaining the Class "A" license.

It is critical to our company, and to our local economy, that this bill SB271 passes.

I thank you for your time taken to read this letter in order to help you to understand the position of our company on this bill. If I can be of any further assistance feel free to contact me.

Sincerely,

Tom Madigrano
Vice President



TED KANAVAS

STATE SENATOR

Date: Thursday, January 29, 2004

To: Members of the Senate Committee on Homeland Security, Veterans and Military Affairs and Government Reform

From: Senator Kanavas

Re: Testimony in support of SB 271 - relating to: transferring certain alcohol beverage licenses to premises in another municipality within the same county.

Chairman Brown and members of the Senate Committee on Homeland Security, Veterans and Military Affairs and Government Reform, I appreciate the opportunity to testify in favor of Senate Bill 271.

Current law states that a person or a business may not hold both a Class A liquor license and a beer wholesaler license simultaneously unless they have had both licenses before May 5, 1994. However, once one of those licenses are lost, they may not be regained.

This bill will protect the few persons or businesses that have both the Class A liquor license and the beer wholesaler license. It will allow these persons or businesses to transfer these licenses to other municipalities within the same county if they were to change the location of their operation.

The few persons or businesses that currently have both licenses are limited in their ability to expand or relocate for fear that they may lose one or both of their licenses. This bill will allow these operations to grow and expand. And, more importantly, it will allow these businesses to create more jobs and help stimulate the local economy.

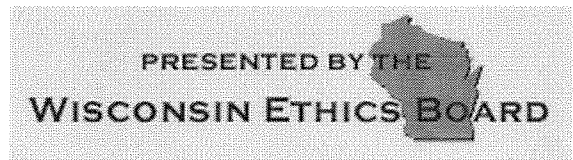
One of these businesses is WOW Distribution Company, which is in my district. WOW had both the Class A liquor license and the beer wholesalers license. However, in 2001 the company had to move from their location due to limited space. In moving they lost their Class A liquor license. The village of Sussex is supportive of WOW's want to regain their Class A liquor license. And, therefore we should enact this legislation to help businesses like WOW expand their operations. Right now, WOW employs over 140 individuals.

This is good public policy. And, I ask for your support of this legislation.

STATE CAPITOL

P.O. BOX 7882 • MADISON, WISCONSIN 53707-7882
(608) 266-9174 • (800) 863-8883 • FAX: (608) 264-6914

- ▶ Home
- ▶ Lobbying in Wisconsin
- ▶ Organizations employing lobbyists
- ▶ Lobbyists



as of Friday, February 27, 2004

2003-2004 legislative session

Legislative bills and resolutions

(search for another legislative bill or resolution at the bottom of this page)

- Text, Sponsors and Analysis
- Status and Fiscal Estimate
- Lobbying Effort on this item

Senate Bill 271

transferring certain alcohol beverage licenses to premises in another municipality within the same county.

Organization		These organizations have reported lobbying on this proposal:	Place pointer on icon to display comments click icon to display prior comments		
Profile	Interests		Date Notified	Position	Comments
		Wisconsin Grocers Association	10/9/2003		
		Wisconsin Restaurant Association	12/30/2003		

Select a legislative proposal and click "go"

House

Proposal Type

Proposal Number (enter proposal number)

Legislative Session

10/29/03

SB 268

Wirth - how flexible can schools be to meet needs of workers' schedules?

Jensen - many schools, especially private institutions, willing to be flexible

Wirth - marketplace has not been responsive - backlog of applicants for nursing classes

Jensen - credit greater benefit than - deduction

10/29/03

SB 268

Jensen and Tom Petr: (Darling)

- 1999
+ in Assembly Budget

+ passed as separate bill in Assembly on 9-4-3 vote

+ passed Senate committee on 4-0 vote
+ never came to Senate floor

- supported by gov's economic proposal.
- goal to upgrade skills of all workers

WMC > all support
WW
WTCs

* technical amendments drafted to address DOR concerns

* may be other amendments - will try to achieve consensus before vote

10/29/03

SB 2008

Dr. Rolf Wegente

Pres. WAIKU

Board of Directors of Forward will

Gov's economic growth panel

income level dependent on education

→ w/ 31st in country in educational level of citizenry

state needs additional

150,000 residents w/ ^{bachelor's degrees} ~~BA~~

150,000 residents w/ graduate degrees

to become average

businesses will re-locate if workers are available

business needs will help drive course offerings by educational institutions

Ex. Canal College / QuadGraphics

10/29/03

SB 2008

Sean Hansen-WIAC

employers often unable to find workers w/ necessary skills although work w/ tech schools to provide training → labor shortage despite high unemployment

higher ed, not PDI, can certify income eligibility

10/29/03

Charlie Hoslet - CUW - Madison

SB 268

direct correlation between

per capita income & education

bringing education levels up

to average could generate \$100 million +
in taxes

employers want to get workers

into continuing ed courses

ex. technology means engineering

graduates today will have obsolete

knowledge in 3-7 years



**WISCONSIN LEGISLATIVE COUNCIL
AMENDMENT MEMO**

2003 Senate Bill 268

**Senate Substitute
Amendment 1**

Memo published: January 21, 2004

Contact: Mary Offerdahl, Staff Attorney (266-2230)

2003 Senate Bill 268 creates an education tax credit that a “claimant” (defined as a sole proprietor, partner, member of a limited liability company, corporation, or shareholder of a tax-option corporation) may claim against the claimant’s income tax if the claimant pays the tuition of an individual enrolled in a degree-granting program at a “qualified postsecondary institution.” A claimant that is a partner, member of a limited liability company, or shareholder of a tax-option corporation claims the credit in proportion to his or her ownership interest in the business. The bill defines “qualified postsecondary institution” to include a University of Wisconsin System institution, a technical college system institution, a regionally accredited four-year nonprofit college or university having its regional headquarters and principal place of business in Wisconsin, or a school approved by the Educational Approval Board under s. 45.54, Stats., that delivers education and has a physical presence in Wisconsin.

The education credit is generally 50% of the qualified tuition that the claimant paid or incurred for the individual during the taxable year, but it is 75% if the individual’s taxable income in the year prior to beginning the program was not more than 185% of the federal poverty line. The bill requires the Department of Revenue (DOR) to annually submit a report to the Legislature that identifies each qualified postsecondary institution that has received tuition payments paid by a claimant for the fiscal year and specifies the total amount of the tuition for each such institution claimed as an education credit in the fiscal year.

Senate Substitute Amendment 1 specifies that it changes statutes “as affected by 2003 Wisconsin Act 99” and makes changes to the bill that can be grouped into the following five items.

1. If 50% of the tuition that the claimant paid or incurred during the taxable year is claimed as a credit:
 - Written certification requirement: No education credit is allowed unless the claimant’s tax return includes written certification from a qualified postsecondary institution concerning the amount of tuition that the claimant paid or incurred during the taxable year for an individual to participate in an education program of the qualified postsecondary institution.

2. If 75% of the tuition that the claimant paid or incurred during the taxable year is claimed as a credit:

- Two written certification requirements:

No education credit is allowed unless the claimant's tax return includes written certification from a qualified postsecondary institution concerning the amount of tuition that the claimant paid or incurred during the taxable year for an individual to participate in an education program of the qualified postsecondary institution.

No education credit is allowed unless the claimant's tax return includes written certification from a qualified postsecondary institution that the taxable income of the individual for whom the claimant has paid or incurred tuition during the taxable year for the individual to participate in an education program of the qualified postsecondary institution is not more than 185% of the poverty line.

- If the individual for whom the claimant has paid or incurred tuition is claimed as a dependent on another person's tax return, the individual's taxable income shall be the taxable income of the person on whose return the individual is claimed as a dependent.

3. Regarding the requirement that DOR report to the Legislature:

- The substitute amendment requires the DOR to submit the report biennially, rather than annually, and to cover the previous biennium, rather than the fiscal year.
- Instead of requiring the DOR to identify in the report each qualified postsecondary institution "that has received tuition payments paid by a claimant," the substitute amendment requires the DOR to identify in the report each qualified postsecondary institution "for which it has received written certification from a claimant under par. (bm)." The certification referred to is the written certification required to be included in a claimant's tax return from a qualified postsecondary institution, as discussed above under items 1. and 2.

4. No credit allowed for tuition for a claimant's or managing employee's family member unless all of the following apply:

- The family member was employed an average of at least 20 hours a week by the claimant or the claimant's business during the one-year period prior to participating in the education program.
- The family member is enrolled in, and making satisfactory progress towards completing, a degree-granting program substantially related to the claimant's business.

The substitute amendment defines the terms "family member" and "managing employee."

5. No credit allowed unless the claimant certifies to the DOR that the claimant will not be reimbursed for any amount of tuition for which the claimant claims a credit.

Legislative History

On January 14, 2004, the Senate Committee on Homeland Security, Veterans and Military Affairs, and Government Reform introduced and recommended for adoption Senate Substitute Amendment 1 by a vote of Ayes, 5; Noes, 0, and recommended passage of the bill, as amended, by a vote of Ayes, 5; Noes, 0.

COPY

January 13, 2004

The board of directors of the Wisconsin Technology Council, meeting Tuesday, Jan. 13, 2004, at Rockwell Automation in Milwaukee, resolved to the following:

WHEREAS, the Wisconsin Technology Council is the non-profit, non-partisan science and technology adviser to the governor and the Legislature, and;

WHEREAS, the Tech Council's publications and policy papers – "Vision 2020: A Model Wisconsin Economy" and its July 2003 white paper – have called for renewed "human capital" investments in the state's knowledge-based economy, and;

WHEREAS, the Tech Council specifically endorsed the framework of an Education Tax Credit in its July 2003 white paper, and;

WHEREAS, the Wisconsin Technology Council continues to believe that enactment of an Education Tax Credit would greatly enhance Wisconsin's efforts to build a world-class workforce; therefore;

BE IT RESOLVED that the board of directors of the Tech Council, voting unanimously with one abstention, urges the Legislature to pass and the Governor to sign the Senate Substitute Amendment to the Education Tax Credit bill, and further urges that it become effective in calendar year 2005.

Respectfully submitted by:

Tom Still, president
Wisconsin Technology Council
615 E. Washington Ave.
Madison, WI 53703

Dropped 1/14



WISCONSIN LEGISLATIVE COUNCIL

Terry C. Anderson, Director
Laura D. Rose, Deputy Director

TO: SENATOR ALBERTA DARLING

FROM: Mary Offerdahl, Staff Attorney

RE: Summary of Changes in Senate Substitute Amendment __ (LRBs0287/2) to 2003 Senate Bill 268, Relating to an Education Tax Credit for Businesses

DATE: January 13, 2004

This memorandum responds to a request from your staff for a summary of the changes in Senate Substitute Amendment __ (LRBs0287/2) to 2003 Senate Bill 268 (the bill).

The **bill** creates an education tax credit that a “claimant” (defined as a sole proprietor, partner, member of a limited liability company, corporation, or shareholder of a tax-option corporation) may claim against the claimant’s income tax if the claimant pays the tuition of an individual enrolled in a degree-granting program at a “qualified postsecondary institution.” A claimant that is a partner, member of a limited liability company, or shareholder of a tax-option corporation claims the credit in proportion to his or her ownership interest in the business. The bill defines “qualified postsecondary institution” to include a University of Wisconsin System institution, a technical college system institution, a regionally accredited four-year nonprofit college or university having its regional headquarters and principal place of business in Wisconsin, or a school approved by the Educational Approval Board under s. 45.54, Stats., that delivers education and has a physical presence in Wisconsin.

The education credit is generally 50% of the qualified tuition that the claimant paid or incurred for the individual during the taxable year, but it is 75% if the individual’s taxable income in the year prior to beginning the program was not more than 185% of the federal poverty line. The bill requires the Department of Revenue (DOR) to annually submit a report to the Legislature that identifies each qualified postsecondary institution that has received tuition payments paid by a claimant for the fiscal year and specifies the total amount of the tuition for each such institution claimed as an education credit in the fiscal year.

The **substitute amendment** specifies that it changes statutes “as affected by 2003 Wisconsin Act 99” and makes changes to the bill that can be grouped into the following five items.

1. If 50% of the tuition that the claimant paid or incurred during the taxable year is claimed as a credit:

- Written certification requirement: No education credit is allowed unless the claimant's tax return includes written certification from a qualified postsecondary institution concerning the amount of tuition that the claimant paid or incurred during the taxable year for an individual to participate in an education program of the qualified postsecondary institution.

2. If 75% of the tuition that the claimant paid or incurred during the taxable year is claimed as a credit:

- Two written certification requirements:

No education credit is allowed unless the claimant's tax return includes written certification from a qualified postsecondary institution concerning the amount of tuition that the claimant paid or incurred during the taxable year for an individual to participate in an education program of the qualified postsecondary institution.

No education credit is allowed unless the claimant's tax return includes written certification from a qualified postsecondary institution that the taxable income of the individual for whom the claimant has paid or incurred tuition during the taxable year for the individual to participate in an education program of the qualified postsecondary institution is not more than 185% of the poverty line.

- If the individual for whom the claimant has paid or incurred tuition is claimed as a dependent on another person's tax return, the individual's taxable income shall be the taxable income of the person on whose return the individual is claimed as a dependent.

3. Regarding the requirement that DOR report to the Legislature:

- The substitute amendment requires the DOR to submit the report biennially, rather than annually, and to cover the previous biennium, rather than the fiscal year.
- Instead of requiring the DOR to identify in the report each qualified postsecondary institution "that has received tuition payments paid by a claimant," the substitute amendment requires the DOR to identify in the report each qualified postsecondary institution "for which it has received written certification from a claimant under par. (bm)." The certification referred to is the written certification required to be included in a claimant's tax return from a qualified postsecondary institution, as discussed above under items 1. and 2.

4. No credit allowed for tuition for a claimant's or managing employee's family member unless all of the following apply:

- The family member was employed an average of at least 20 hours a week by the claimant or the claimant's business during the one-year period prior to participating in the education program.

- The family member is enrolled in, and making satisfactory progress towards completing, a degree-granting program substantially related to the claimant's business.

The substitute amendment defines the terms "family member" and "managing employee."

5. No credit allowed unless the claimant certifies to the DOR that the claimant will not be reimbursed for any amount of tuition for which the claimant claims a credit.

If you have any questions, please feel free to contact me directly at the Legislative Council staff offices.

MO:rv:tl;tl;jal

issues: individual doesn't have to
be employee



WISCONSIN LEGISLATIVE COUNCIL

Terry C. Anderson, Director
Laura D. Rose, Deputy Director

TO: SENATOR RONALD W. BROWN

FROM: Mary Offerdahl, Staff Attorney *me*

RE: Summary of Changes in Senate Substitute Amendment __ (LRBs0287/1) to 2003 Senate Bill 268, Relating to an Education Tax Credit for Businesses

DATE: January 9, 2004

This memorandum responds to a request from your staff for a summary of the changes in Senate Substitute Amendment __ (LRBs0287/1) to 2003 Senate Bill 268 (the bill).

The *bill* creates an education tax credit that a "claimant" (defined as a sole proprietor, partner, member of a limited liability company, corporation, or shareholder of a tax-option corporation) may claim against the claimant's income tax if the claimant pays the tuition of an individual enrolled in a degree-granting program at a "qualified postsecondary institution." The bill defines "qualified postsecondary institution" to include a University of Wisconsin System institution, a technical college system institution, a regionally accredited four-year nonprofit college or university having its regional headquarters and principal place of business in Wisconsin, or a school approved by the Educational Approval Board under s. 45.54, Stats., that delivers education and has a physical presence in Wisconsin.

The education credit is generally 50% of the qualified tuition that the claimant paid or incurred for the individual during the taxable year, but it is 75% if the individual's taxable income in the year prior to beginning the program was not more than 185% of the federal poverty line. The bill requires the Department of Revenue (DOR) to annually submit a report to the Legislature that identifies each qualified postsecondary institution that has received tuition payments paid by a claimant for the fiscal year and specifies the total amount of the tuition for each such institution claimed as an education credit in the fiscal year.

The *substitute amendment* specifies that it changes statutes "as affected by 2003 Wisconsin Act 99" and makes changes to the bill that can be grouped into the following three items.

1. If 50% of the tuition that the claimant paid or incurred during the taxable year is claimed as a credit:

- Written certification requirement: No education credit is allowed unless the claimant's tax return includes written certification from a qualified postsecondary institution concerning the amount of tuition that the claimant paid or incurred during the taxable year for an individual to participate in an education program of the qualified postsecondary institution.
2. If 75% of the tuition that the claimant paid or incurred during the taxable year is claimed as a credit:

- Two written certification requirements:

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- If the individual for whom the claimant has paid or incurred tuition is claimed as a dependent on another person's tax return, the individual's taxable income shall be the taxable income of the person on whose return the individual is claimed as a dependent.
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If you have any questions, please feel free to contact me directly at the Legislative Council staff offices.

MO:rv;tlu

Gilbert, Melissa

From: Offerdahl, Mary
Sent: Monday, January 05, 2004 4:55 PM
To: Gilbert, Melissa
Cc: Tormey, Jessica; Sweet, Richard
Subject: FW: SB 268 amendment redraft

Hi Missy,

I am copying this, as per your request, to Jessica in Sen. Darling's office.

Earlier today I mentioned to you that apparently the LRBA1577/1 amendment would not achieve its intended effect in adding the words "or incurred" to the SB 268 provisions requiring DoR to submit a report identifying each qualified institution that **has received** tuition payments **paid or incurred**, because of the preceding words "has received" that I've bolded. Once having received payment, "paid" is the only operative word and adding "or incurred" doesn't do anything for you. Here is a possibility I thought of for redrafting LRBA1577/1 to fix that problem, after I read the related draft amendment, LRBA1887/1. Perhaps the two draft amendments (or all three--I'll use a slash below indicating the additional option of combining LRBA1578/1) could be combined and the language--e.g., on page 4 of SB 268, lines 3 to 7--could be redrafted to correspond to the par. (bm) language added by LRBA1887/1, as follows:

"The department of revenue shall annually / biennially submit a report to the legislature under s. 13.172 (2) that identifies each qualified postsecondary institution **for which it has received written certification from a claimant under par. (bm)**. The report shall specify the total amount of the tuition for each such institution that the claimant claims as a credit under this subsection in the fiscal year / previous biennium."

Best regards, Mary O.

Gilbert, Melissa

From: Tormey, Jessica
Sent: Friday, December 19, 2003 3:12 PM
To: Gilbert, Melissa
Subject: SB@^*

Missy,

The bill generally allows for a 50% reimbursement for tuition expenses, except if a person meets income eligibility (185% of the poverty level) the percentage increases to 75%. The bill didn't define who would determine if a person meets that 75% eligibility criteria. This amendment makes the postsecondary institution (rather than a business, or DOR) make the determination, since those institutions regularly do this for students and have a procedure already set up, and also since it would be invasive and cumbersome for businesses. UW, TECH Colleges and WAICU have signed off. So has Gwen.

I believe no more amendments are needed on this bill. Please let me know if you have questions or concerns.



Alberta Darling

Wisconsin State Senator

Co-Chair, Joint Committee on Finance

Testimony before the Senate Committee on Homeland Security, Veterans and Military Affairs and Government Reform October 29, 2003

Thank you Chairman Brown and members of the Committee for scheduling this bill for a public hearing and for allowing me the opportunity to testify on its behalf. I am Senator Alberta Darling, the co-author of this bill with Representative Scott Jensen.

Senate Bill 268 will provide Wisconsin employers a credit equal to 50 percent of tuition paid at any Wisconsin college, university, or technical college. Tuition could be paid for current or prospective employees. The credit would rise to 75 percent of tuition paid for individuals at 185% of the federal poverty level. In contrast to direct state tuition assistance programs, each state dollar of tax credit in this program will leverage another dollar in tuition assistance from the private sector. As a result, for a \$9 million taxpayer investment we leverage \$18 million in tuition assistance for our workers.

Qualified businesses include corporations, insurers, partnerships, limited liability corporations, sole proprietorships and tax-option companies. The list of groups endorsing this initiative is also long and impressive. They include Wisconsin Manufacturers and Commerce, UW – System, UW United Council of Students, Wisconsin Association of Independent Colleges and Universities, Wisconsin Technical College System, and the Wisconsin Technology Council. The Wisconsin State Journal newspaper also endorsed the concept in an editorial earlier this year.

This bill is similar to 2001 Assembly Bill 320 that passed the Assembly 73-25. The main changes to the 2001 bill are that it removes the provisions that relate to "family members of managing employees" and adds a reporting provision for the Department of Revenue. It is also important to note that DOR has indicated they would like to see some changes to the current bill draft. Senator Darling is supportive of these ideas and is currently working to adopt some of the amendments requested by DOR (see amendments).

In the old economy, prosperity came from gaining a competitive advantage in land, labor or financial capital. Wisconsin must strive to create the best and the brightest workplace in the world and I believe we are making strides despite our painful budget situation. Providing tax incentives to employers to fund the continuing education and the skilled trades training of their workers is one of the most effective and cost efficient ways to ensure our workforce is able to adapt to the rapid changes in the high-tech economy of the next century.

Thank you for your time today and for allowing me the opportunity to testify today. I would be happy to answer any questions you may have.



TESTIMONY IN SUPPORT OF SENATE BILL 268

CHARLES HOSLET
MANAGING DIRECTOR OF CORPORATE RELATIONS
UW-MADISON
October 29, 2003

I am here to testify in support of Senate Bill 268. This legislation will create new educational opportunities for Wisconsin students and will contribute to Wisconsin's ability to retain students. This legislation is an important component of a 'brain gain' strategy.

Employers and students both gain when an employer is willing to pay for the cost of higher education. Taxpayers gain because this approach leverages private dollars as financial aid for students.

One of the challenges Wisconsin faces in growing its economy is the low per capita income of our residents. In 2001 our per capita income was more than \$1,000 below the national average, ranking 21st in the country. Minnesota by comparison ranked 9th in the country, with a per capita income of almost \$3,000 above the national average. There is a correlation between per capita income and educational attainment. Wisconsin ranks 31st in the country in people with 4 year degrees; less than 24% of Wisconsinites age 25 or older have a college degree. In Minnesota more than 31% of people age 25 or older have a college degree, ranking them 7th in the country. I think it is well understood that if we can increase the number of people with higher education degrees in this state, we will increase the per capita income. If our per capita income was at the national average, it would generate an additional \$460 million in tax revenues without doing anything else. And I'm pretty sure the Legislature is looking for some additional revenues right now.

This bill will also help meet the demand for continuing education, whether it be at the technical college or university level. One of the things I have learned since working more closely with businesses in the state is that the need for our workforce to receive continuing education and professional development in their fields has never been more important. Our new Office of Corporate Relations – which serves as a single point of contact for businesses in Wisconsin that want to access the many resources of the university – has received a lot of calls and e-mails from business owners looking for courses and programs to which they can send their employees for updated training and education. Advances in technology alone – which affects every industry – make it critical for businesses to be sure their employees are trained in the latest processes and

Office of Corporate Relations

equipment if they are to stay competitive. A perfect example of this is in engineering; the knowledge and techniques learned by students who graduate from UW-Madison this year will be obsolete in three to seven years, depending on their field of expertise. If they are not able to get updated training and education they are of no value to their employers.

I recognize that there is a cost to this bill. The Department of Revenue estimates that this bill would decrease revenue by \$11.8 million annually, but as I illustrated above tax payments from individuals with higher incomes would more than offset this. The difference between a high school degree and a Bachelor's degree generates \$1,250 in additional income taxes annually.

Thanks for allowing me to testify in support of this bill. I'd be happy to answer any questions you have.

ALVERNO COLLEGE
BELOIT COLLEGE
CARDINAL STRITCH UNIVERSITY
CARROLL COLLEGE
CARTHAGE COLLEGE
CONCORDIA UNIVERSITY
EDGEWOOD COLLEGE
LAKE LAND COLLEGE
LAWRENCE UNIVERSITY
MARIAN COLLEGE



WISCONSIN ASSOCIATION OF INDEPENDENT
COLLEGES AND UNIVERSITIES

MARQUETTE UNIVERSITY
MILWAUKEE INSTITUTE OF ART & DESIGN
MILWAUKEE SCHOOL OF ENGINEERING
MOUNT MARY COLLEGE
NORTHLAND COLLEGE
RIPON COLLEGE
ST. NORBERT COLLEGE
SILVER LAKE COLLEGE
VITERBO UNIVERSITY
WISCONSIN LUTHERAN COLLEGE

October 29, 2003

The Honorable Ronald W. Brown
Wisconsin State Senate
Post Office Box 7882
Madison WI 53707-7882

OCT 30 2003

Dear Senator Brown:

I wanted to thank you personally for your support of the Education Tax Credit (SB 268). Wisconsin needs to address its lack of brain workers. Halfway measures (invitations to homecoming) do not work. The costs of not acting will far exceed the cost of the bill itself.

I have attached a copy of my October 29 testimony on the bill. Please call on me if I can help in any way.

With gratitude . . .

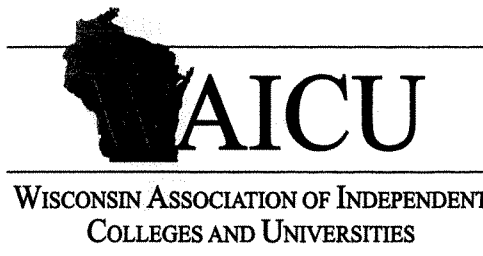
Sincerely,

a/k/a Dr. Brown

Rolf Wegenke, Ph.D.
President

Enclosure

ALVERNO COLLEGE
BELOIT COLLEGE
CARDINAL STRITCH UNIVERSITY
CARROLL COLLEGE
CARTHAGE COLLEGE
CONCORDIA UNIVERSITY
EDGEWOOD COLLEGE
LAKELAND COLLEGE
LAWRENCE UNIVERSITY
MARIAN COLLEGE



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**SENATE COMMITTEE ON HOMELAND SECURITY, VETERANS AND MILITARY
AFFAIRS AND GOVERNMENT REFORM**

TESTIMONY

by

**Dr. Rolf Wegenke, President
Wisconsin Association of Independent Colleges and Universities
on**

2003 Senate Bill 268

October 29, 2003

Senator Brown and members of the committee, my name is Rolf Wegenke. I am president of the Wisconsin Association of Independent Colleges and Universities (WAICU), representing the 20 private, or independent, colleges of Wisconsin. For 17 years before coming to WAICU, I worked in economic development with five Wisconsin Governors. I am currently a member of the boards of Forward Wisconsin, Inc. and the Wisconsin Technology Council, a member of the Governor's Economic Growth Council, and a participant in "Building the New Wisconsin Economy," a statewide civic journalism project designed to educate citizens about economic development issues.

I am here today speaking in support of Senate Bill 268. This legislation has the unanimous endorsement of the WAICU Board (the 20 college and university presidents). Versions of this bill have been passed by the full Assembly with bipartisan support in two previous sessions of the Legislature but were never scheduled for full Senate consideration. Not only is there a history of bipartisan support for this legislation, the earlier versions of the bill have been endorsed by Wisconsin Manufacturers and Commerce, the Wisconsin Technology Council, *The Wisconsin State Journal*, the University of Wisconsin System, UW students (United Council), the Wisconsin Technical College System, and others. After nearly six years of effort, the time has come to enact an Education Tax Credit.

As you know, SB 268 provides Wisconsin employers with a tax credit equal to 50 percent of the tuition they may pay for any individual to attend a public or private college, university, or technical college. The credit rises to 75 percent for tuition paid for individuals with incomes at or below 185 percent of poverty. For Wisconsin's economy, the incentives provided by an Education Tax Credit form a key strategy of the "Human Capital Policy Agenda" that has been endorsed by the Wisconsin Technology Council in its recommendations to Governor Doyle's Economic Growth Council.

Today's Knowledge Economy is dependent for success on an educated citizenry. Education itself can no longer be seen only as part of the infrastructure or as a means to an end. Rather, education is an economic cluster, a generator of wealth, and an export industry. Education—specifically higher education—is a key predictor of personal income. State per capita personal income is largely determined by the proportion of each state's population age 25 and over that has at least a bachelor's degree from college. In order to thrive in the Knowledge Economy, Wisconsin must attract and retain an educated workforce.

Unfortunately, Wisconsin is in danger of being left behind in the Knowledge Economy. According to the 2003 U.S. Census, Wisconsin ranks 31st among the states in the percentage of its population with college degrees. If Wisconsin could raise the percentage of its population with college degrees just to the national average, our state would add \$7 billion to its tax base. Furthermore, Wisconsin does not have enough workers to keep it positioned for leadership in the Knowledge Economy. To solve this problem, Wisconsin needs to increase not only the absolute numbers of knowledge workers, but also knowledge workers in the right fields. The Education Tax Credit provides the best tool to accomplish these objectives.

First of all, I believe that "if you build it, they will come." If government invests in the supply of knowledge workers, Wisconsin will be well positioned for the Knowledge Economy. According to researchers, most college and university graduates end up employed within 125 miles of the institution in which they enrolled. Wisconsin's private colleges have 210,000 alumni living and working in this state. Approximately 40 percent of the first-time, first-year students in a private college or university are from out of state, and 30 percent of them stay here after graduation, making Wisconsin's private colleges and universities net importers of knowledge workers to this state. Knowledge workers who come here to develop their brains at both public and private colleges and universities and at technical schools are apt to stay here to employ their brains in Wisconsin's economy. As Hewlett-Packard CEO Carley Fiorina once told this nation's governors, "Keep your tax incentives and highway interchanges; we will go where the highly skilled people are." We cannot expect businesses to relocate to or expand in Wisconsin unless we grow our supply of educated brainworkers.

Second, Wisconsin needs to expand educational opportunity for all. A recent study published in *Postsecondary Education Opportunity* indicates that Wisconsin has had **declining** participation in higher education by low-income families for over a decade. The wisdom of this bill's authors in inserting a larger credit when tuition is paid for low-income individuals is vindicated.

Third, employers should determine what fields of study will drive the economy. Government is ill-suited to make decisions about the kind of investments needed in education because we don't know what kind of knowledge workers will be needed in the future. No one has a crystal ball with sufficient clarity. Half of the jobs this fall's freshmen will hold when they graduate in four years do not yet exist. Should Wisconsin invest in more microbiologists? More computer scientists? More teachers? More healthcare workers? More welders? Should students attend a public or private college or university, or a technical college? The Education Tax Credit lets the marketplace and the students decide.

Lastly, maximizing educational opportunity for Wisconsin citizens is clearly important, but it is not enough. Business leaders have long recognized that immigration is essential for Wisconsin to become a player in the Knowledge Economy. For example, a few years back, Metavante (formerly M&I Data), paid for 30 students from India to study at Marquette University. All but one of those students ended up employed in Wisconsin at Metavante. In other words, the corporate world already recognizes that the way to address worker shortages is immigration plus expanded investment in education. The Education Tax Credit provides the incentives for businesses to import more knowledge workers into Wisconsin from around the country and around the world, and provides incentives for Wisconsin students to learn, work, and stay in Wisconsin.

Senate Bill 268 provides an incentive for private sector employers to do more to invest in students. Moreover, this legislation does not put the entire burden on the taxpayers. The credit would equal only a portion (50 percent to 75 percent) of the tuition paid, and the effective date is delayed until taxable years beginning in 2006. While the credit will initially have an impact on state revenue collections, the impact will be offset by the return on the investment in worker productivity and in personal income growth. This is just the kind of public-private partnership for which Wisconsin is famous.

For all of these reasons, I consider Senate Bill 268 one of the most creative and most promising ways to help Wisconsin into the future.

I would be happy to answer any questions.



**Wisconsin
Manufacturers
& Commerce**

Memo

TO: Members of the Senate Committee on Homeland Security, Veterans and Military Affairs and Government Reform

FROM: Joan Hansen, Director Tax & Corporate Policy

DATE: October 29, 2003

RE: 2003 Senate Bill 268 – Education Tax Credit

Wisconsin Manufacturers & Commerce (WMC) strongly supports Senate Bill 268 introduced by Senator Darling and Representative Jensen. SB 268 creates a corporate income tax credit for businesses that pay tuition for an individual to attend a university, college or technical college.

The business community has been and must continue to be actively involved in educating and training Wisconsin's workforce. Because employers are often unable to find individuals with appropriate skills, businesses have established training programs in partnership with technical schools, colleges and universities to improve the skills of their incumbent workforce as well as new hires.

Current Wisconsin unemployment rates have obviously been much higher during this recessionary period than during the huge economic boom of the 90's, but ironically even with high unemployment, employers are still experiencing labor shortages in many areas because individuals do not have the skills or education levels needed to match job opening requirements.

Adoption of SB 268 will assist businesses in this effort to match education with skill levels with the job market. It assists businesses that offer educational opportunities to employees; and at the same time encourages more employers to participate in the education of their workforce. This trend should be encouraged and continued as a means of broadly expanding the pool of highly trained and qualified workers in Wisconsin. Encouraging employers to sponsor educational and training programs will ensure an effective match between the kinds of skills employers need and the kinds of training individuals receive.

Senate Bill 268 is significant because it allows employers, not government to decide where the most appropriate investment should be made. This approach will have the broader benefit of increasing the number of people in Wisconsin working in higher quality, higher paying jobs. It hopefully will also encourage more individual to remain in Wisconsin's workforce.

For these reasons, WMC supports SB 268 and asks the committee to support the legislation.