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AB 493: Residency Requirements
Testimony of State Representative Joel Kitchens
Assembly Committee on Workforce Development
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Thank you, Chairman Petryk, and members of the Committee on Workforce Development for holding this public hearing.

Earlier this year, a conversation with Roen Salvage in Sturgeon Bay alerted me to issues facing Wisconsin contractors when bidding on certain projects in Michigan. Michigan currently requires at least half of the laborers employed on state projects to be Michigan residents, in other words, to live in Michigan for a year. This practice generally has the effect of preventing Wisconsin companies from bidding on projects in Michigan and is harmful to an open and free market.

Assembly Bill 493 requires contractors from neighboring states to follow their home state's residency requirements when bidding on similar projects in Wisconsin. Some neighboring states have policies that require bidders on certain projects to employ a specified percentage of workers from the state associated with the project. Such policies deter Wisconsin contractors from submitting bids outside of Wisconsin. However, contractors from neighboring states do not encounter residency requirements when applying to state projects in Wisconsin.

Make no mistake, I believe in the free market and I do not believe in protectionism. I believe that Wisconsin contractors will do just fine when competing on a level playing field with contractors from other states. I do not believe, however, that we should allow our Wisconsin contractors to be blocked from competing in those states while we allow their contractors to compete here. It is my hope that the result of AB 493 will be that those states stop enforcing these protectionist laws.

This bill only applies to states that actually enforce these laws. Illinois, for instance, has a similar law on the books but it is not currently enforced. If they begin to enforce the law in the future, AB 493 would apply. Michigan is currently the only neighboring state which enforces such a law. It is found in Section 18.1241a, Michigan Compiled Laws, as created by the 1984 Public Act 431.

The scope of AB 493 is designed to keep it simple and relevant to Wisconsin. Under this bill, the DOA is only responsible for tracking residency requirements in Illinois, Indiana, Iowa, Minnesota, and Michigan. Providing this specification reduces the bill's complexity and focuses on restrictions most relevant to our state. AB 493 will only be active in cases where, as in Michigan, a neighboring state utilizes a residency requirement. This approach balances addressing the impact residency requirements have on Wisconsin contractors while providing no interference with the rest of the economy.

Thank you for your time and consideration.