



MIKE ROHRKASTE

STATE REPRESENTATIVE • 55TH ASSEMBLY DISTRICT

Assembly Bill 963

Relating to: authorizing certain tax benefits for a paper products manufacturer with facilities in the city of Neenah and village of Fox Crossing and making an appropriation.

Testimony of State Representative Mike Rohrkaste

Assembly Committee on State Affairs

February 20, 2018

Thank you, Chair Swearingen and members of the Assembly Committee on State Affairs, for holding this public hearing.

Kimberly-Clark, founded in my hometown of Neenah in 1872, has been a part of our community for over 140 years. The company has expanded time and again throughout the Fox Cities and now employs over 3,000 individuals in our area. This makes Kimberly-Clark the 3rd largest employer in the region and one of the larger employers in Wisconsin. With plants dotted across the Fox Cities area, Kimberly-Clark has woven itself into our community.

Several weeks ago, Kimberly-Clark announced a global restructuring plan that could affect its facilities across the globe. A week later, Kimberly-Clark delivered news that two of those plants would be the Cold Spring plant in Fox Crossing, and the Nonwovens facility in Neenah – two plants that employ over 600 hard-working men and women in the immediate Neenah area. This was disappointing news for not only the workers at these plants, but the family, friends, neighbors, and community-members who have come to know Kimberly-Clark so well.

Assembly Bill 963 is being introduced to ensure that Kimberly-Clark has the appropriate state resources available to potentially reconsider their announcement and retain these jobs. Working with Governor Walker, Senator Roth, Representative Steineke, the Wisconsin Economic Development Corporation, and local officials, we believe this is the best plan moving forward. The incentive package outlined in this legislation is designed to assist Kimberly-Clark in keeping good, family-supporting careers here in the Fox Cities. This also encourages Kimberly-Clark to consider additional capital investments in their local facilities, which could lead to long-term job retention in the Fox Cities area.

Kimberly-Clark is a pillar in the Fox Cities community, and that is because of the thousands of hard-working men and women who proudly clock-in at a KC facility every day.

Thank you for your time, and I encourage members of the committee to support Assembly Bill 963.



JIM STEINEKE

MAJORITY LEADER

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Testimony for Assembly Bill 963

Relating to: authorizing certain tax benefits for a paper products manufacturer with facilities in the city of Neenah and village of Fox Crossing and making an appropriation.

Assembly Committee on State Affairs

February 20, 2018

Chairman Swearingen and members,

Thank you for the opportunity to come before you to discuss the importance of Assembly Bill 963. As you'll also be hearing from a few of my colleagues, I'll plan to keep my remarks brief.

I'm here today to talk about an economic anchor in our region. Employing over 600 hard-working men and women at its two plants in the Fox Valley, Kimberly-Clark has spent the past 140 years developing deep roots here in Wisconsin.

Founded in Neenah back in 1872, northeast Wisconsinites understand how the company has helped generations of families put food on their tables, buy homes, and send their kids to college. They have been not only an employer in the Fox Valley, but an active member of the community, donating time, money, and resources to causes that give back. In short, Kimberly-Clark has proven time and again that they are a great Wisconsin employer.

When I first learned that the company was undergoing a restructuring process and that two plants in the Fox Valley may be in jeopardy, I knew it was my duty as not just a legislator but as a neighbor to use whatever tools necessary to create options and explore solutions for those affected families. Working with Governor Walker, Senator Roth, and Representative Rohrkaste, as well as leaders at the Wisconsin Economic Development Corporation, it became clear that our best option was to find a way for Kimberly-Clark to continue choosing Wisconsin as a place to call home.

Over the summer, we explored the incredible opportunity we had to bring Foxconn to Wisconsin. The quality jobs they will supply, the web of supply chains they will require, and the new businesses and opportunities they could bring to our state were just a few reasons why we knew they belonged here in Wisconsin. However, just as we're committed to bringing these new prospects to our state, we're equally dedicated to investing in fostering growth with our longstanding Wisconsin companies. I applaud Governor Walker's commitment to not only securing new business ventures for our state, but working to retain those that already call Wisconsin home.

By offering Kimberly-Clark these incentives to stay, we are sending a message that is loud and clear: We are committed to keeping family-supporting jobs in the Fox Valley, we are committed to an industry that has helped shape Wisconsin's past and will continue to shape its future, and we are committed to keeping quality employers here in Wisconsin.

It really is simple – businesses like Kimberly-Clark are worth keeping in Wisconsin, and we're willing to put our best offer on the table in order to do it.

Thank you again for your time and consideration. I would be happy to answer any questions.



ROGER ROTH

PRESIDENT
WISCONSIN STATE SENATE

February 20, 2018
Assembly Committee on State Affairs

2017 Assembly Bill 963

Relating to: authorizing certain tax benefits for a paper products manufacturer with facilities in the city of Neenah and village of Fox Crossing and making an appropriation.

Recently Kimberly-Clark announced a global restructuring plan, which will affect 5,000 employees and close 10 plants around the world. The two manufacturing facilities affected in the Fox Valley make up 600 of those jobs. The company has said the Neenah Nonwovens factory will be shut down within 18 months and the Cold Spring plant in Fox Crossing hasn't yet been determined.

Kimberly-Clark is a long-standing Wisconsin company and the largest manufacturer in the Fox Cities. Ensuring that the company continues to have a robust manufacturing presence and retaining its skilled workforce is vital to the region and our state. Now we must do all we can to fight for these 600 jobs and the families they support.

Under current law, the Wisconsin Economic Development Corporation (WEDC) is allowed to offer job retention credits of up to 7% of a company's payroll under its Enterprise Zone Program. Legislation approved last year created a new WEDC program that raised that figure to 17% as part of the incentives for Foxconn.

Assembly Bill 963 includes the following:

- Authorizes WEDC to certify Kimberly-Clark's facilities in Neenah and Fox Crossing to be eligible for a 17% jobs tax credit for existing jobs and/or a 15% capital investment credit.
- The jobs tax credit certification could last for a maximum of 15 years. The credit may be claimed on jobs paying at least \$30,000 annually, not exceeding \$100,000 per job. To remain eligible, the employer must retain 93% of its full-time employees in the base year, both at the affected facilities and in the state.
- The capital investment credit could be paid over a number of years determined by WEDC.
- Creates a sales and use tax exemption for building materials, supplies, and equipment used to construct or develop facilities for the capital investment.
- WEDC may seek repayment if the business fails to maintain employment levels or capital investment at the levels agreed upon in the contract. WEDC must revoke certification if the company provides false or misleading information or leaves the state and does not renew similar operations in the state within 12 months.

I believe this proposal for additional tax credits could help save these family-supporting jobs, sustain Wisconsin's paper industry, and retain a quality employer that has called the Fox Valley home for over 140 years.

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February 20, 2018

Members of the Assembly Committee on State Affairs,

Thank you for taking the time today to discuss Assembly Bill 963 which authorizes the Wisconsin Economic Development Corporation to award tax benefits for paper products manufacturers. Recently Kimberly-Clark, the largest manufacturer in the Fox Valley, announced a global restructuring plan, which will affect 5,000 employees and close 10 plants around the world. Two manufacturing facilities negatively impacted by this decision are located in the Fox Valley and make up approximately 600 of those jobs. The company has said the Neenah Nonwovens factory will be shut down within 18 months.

As you are aware, Governor Walker proposed this bill in hopes of ensuring the Fox Valley's paper industry remains competitive and robust. WEDC joins area legislators and dedicated local partners in their active involvement to make a compelling case for Kimberly-Clark to retain these jobs in the Fox Valley as well as grow the company's overall presence in the state of Wisconsin.

The paper industry represents an important segment of Wisconsin's economy. Wisconsin is number one in papermaking in the United States, producing 5.3 million tons of paper annually, and also ranks number one nationally in employment concentration in paper manufacturing. The forest products industry employs over 64,000 people in Wisconsin. In 2016, Wisconsin's forest product exports totaled \$1.4 billion, traveling to 123 countries worldwide.

This bill would authorize WEDC to certify Kimberly-Clark's facilities in Neenah and Fox Crossing to be eligible for a 17% jobs tax credit for existing jobs and a 15% capital investment credit. The bill also creates a sales and use tax exemption for building materials, supplies, and equipment used to construct or develop facilities for the capital investment. Using available labor market information for the Paper Manufacturing Industry, we estimate the average annual wages and salaries of the affected jobs are between \$65,000 - \$75,000.

As the Governor indicated, these incentives are designed to ensure the company continues to have a manufacturing presence and retain its skilled workforce. As with our other tax credit programs, this bill also has claw back provisions if the company fails to perform.

Since its founding in Neenah over 145 years ago, Kimberly-Clark Corporation has provided careers to thousands of individuals, giving generations of Wisconsin families the opportunity to pursue their dreams. Kimberly-Clark has also been an outstanding corporate citizen, adding

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greatly to Wisconsin's' quality of life and playing a key role in the state being recognized as a global leader in paper and advanced manufacturing.

Once again, thank you for the opportunity to testify today regarding this important legislation. I would be happy to answer any questions the committee may have.



Chairman Swearingen, and Committee Members:

Thank you for the opportunity to speak today. The announcement by Kimberly-Clark (K-C) to close two facilities in our communities came as a surprise to the business community in the Fox Cities. Although we expected some local impact due to the global restructuring announced by K-C, we did not anticipate the closure of both the nonwovens facility in Neenah and the facility in Fox Crossing.

This has been a difficult year for the paper industry in the Fox Valley. Companies like Appleton Coated, US Paper Converters, Appvion – and now Kimberly-Clark – have all made headlines. Each of them face unique business challenges, but these long-standing employers continue to be a part of our proud papermaking history. To the extent that it is possible to assist, the Fox Cities business community stands united in keeping these jobs in the Paper Valley.

The Partnership is committed to supporting all efforts to keep Kimberly-Clark as part of our manufacturing base and support efforts to make Wisconsin papermaking more globally competitive. We will continue to work with our legislators and local elected leaders to achieve that goal. **This is our primary focus.**

Again, the challenges facing K-C are unique to K-C. However, the Fox Cities Regional Partnership and our community partners believe that AB 963 will help address some of the issues facing Kimberly-Clark, and give us a shot at keeping those good-paying jobs in the Fox Cities.

Thank you for the opportunity to testify today.



125 N. Superior St.
Appleton, WI 54911

February 20th, 2018

TESTIMONY BEFORE THE ASSEMBLY COMMITTEE ON STATE AFFAIRS

Chairman Swearingen and Committee Members,

Thank you for the opportunity to testify on AB 963 related to authorizing certain tax benefits for a paper products manufacturer with facilities in the city of Neenah and village of Fox Crossing and making an appropriation.

My name is Mark Rahmlow, and I am the Vice President of Public Policy for the Fox Cities Chamber of Commerce and Industry located in Appleton, Wisconsin. The chamber's mission is a simple one: to promote growth and prosperity. We currently serve more than 900 member businesses, representing a variety of businesses in the Fox Valley.

We applaud the Walker Administration and the Wisconsin Economic Development Corporation's efforts to put together an incentive package to assist in the effort to retain more than 600 family-supporting jobs at Kimberly-Clark (K-C) in Neenah and Fox Crossing. Kimberly-Clark is a global company with approximately 42,000 employees worldwide. This is an innovative company with products sold in more than 170 countries, and it all started in Neenah, Wisconsin. Without a doubt, the Fox Valley is proud of its paper companies.

The legislation before the committee today authorizes WEDC to certify K-C's facilities in Neenah and Fox Crossing to be eligible for a 17% jobs tax credit as well as a 15% capital investment credit. It only applies to employees earning \$30,000 annually, not exceeding \$100,000 per job. It also provides a way for WEDC to hold the company accountable if the terms of the overall agreement are not met.

This incentive package is a thoughtful proposal assembled only after WEDC reached out to Kimberly-Clark in an effort to better understand the company's challenges. The Fox Cities Chamber of Commerce fully supports AB 963, and believes this legislation will help incentivize Kimberly-Clark to remain in the Fox Cities and remain in Wisconsin. Thank you for your consideration of this bill, and the opportunity to speak today.

Mark Rahmlow
Vice President, Public Policy
Fox Cities Chamber of Commerce

February 20, 2018

Joint Statement by Village of Fox Crossing Village President Dale Youngquist and Village Manager Jeffrey Sturgell

To the Honorable State Affairs Committee,

We greatly appreciate the opportunity to provide a statement to the Honorable State Affairs Committee regarding Assembly Bill 963, and we greatly appreciate the efforts of Representatives Mike Rohrkaste, Jim Steineke, and the other sponsors of the bill, for bringing the bill forward to committee. We also greatly appreciate the efforts of State Senator Roger Roth for leading the effort on this bill in the State Senate.

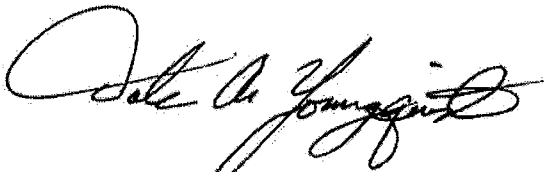
We strongly support the passage of Assembly Bill 963. This bill will provide needed incentives to aid in retaining valuable, high paying jobs in the Village of Fox Crossing and the City of Neenah.

The Kimberly Clark Cold Spring plant located in the Village of Fox Crossing is host to approximately 500 quality, high paying jobs, and one of the largest manufacturing facilities in the Fox Cities. Aside from the workforce impact, the plant generates nearly \$350,000 in real estate and personal property taxes each year for the local community, and approximately \$210,000 per year in municipal sanitary sewer and water sales.

The paper industry is undoubtedly one of the pillars in the Fox Valley economy, and retaining the Cold Spring Plant in Fox Crossing, and the Nonwoven Plant in the City of Neenah, would play a large role in maintaining the strong economy of the Fox Valley. The closure of these plants would not only negatively impact the economy of our local communities, but a faltering paper industry would have financial impacts extending well beyond the Fox Cities.

Once again, we strongly support the passage of Assembly Bill 963 to provide necessary incentives to retain quality jobs within the Fox Cities. Thank you for your time.

Sincerely,



Dale A. Youngquist
Village President



Jeffrey Sturgell
Village Manager