

Committee Name:
**Senate Select Committee – Job Creation
(SSC–JC)**

Appointments

03hr_SSC–JC_Appt_pt00

Committee Hearings

03hr_SSC–JC_CH_pt00

Committee Reports

03hr_SSC–JC_CR_pt00

Clearinghouse Rules

03hr_SSC–JC_CRule_03–

Executive Sessions

03hr_SSC–JC_ES_pt00

Hearing Records

03hr_ab0000

03hr_sb0248

Misc.

03hr_SSC–JC_Misc_pt00

Record of Committee Proceedings

03hr_SSC–JC_RCP_pt00

MEMORANDUM

September 24, 2003

To: Members, Assembly Committee on Ways and Means

From: Michael L. Morgan, Secretary, Department of Revenue
Cory L. Nettles, Secretary, Department of Commerce

Re: SB – 248 Technology Zones

Thank you for the opportunity to provide our support to Senate Bill 248. Working together with the authors, the Departments of Revenue and Commerce, have suggested changes, detailed in SB 248 and described below, to address those concerns and improve the Technology Zone program. Governor Jim Doyle's Grow Wisconsin Plan specifically endorses this important enhancement to the Technology Zone Program.

The Technology Zone program provides tax credits to businesses as an inducement to technology related business development. Under current law, the Department of Commerce calculates tax credits for eligible businesses based on the amount of income and franchise taxes, sales and use taxes, and property taxes paid in a year.

Several issues have arisen in administering this program. For example, certain businesses (partnerships, limited liability companies and tax-option corporations) do not pay income or franchise taxes directly. Instead, they pass this liability through to their partners, members and shareholders. However, since these businesses do not pay income and franchise taxes, they can not benefit from that portion of the tax credit based on their payment. Additionally, many businesses are finding it overly burdensome to document sales and use taxes, and particularly difficult to do so for construction projects.

SB 248 was introduced to address these issues by modifying the way in which the tax credits are calculated. The bill, proposes to replace the portion of the credit based on income and franchise taxes with a credit for 10% of capital investments made during the taxable year. It would also replace the portion of the credit based on sales and use taxes with a credit for 15% of first-year wages paid for new full-time jobs in a Technology Zone. The property tax portion of the credit would remain in place. In addition, the bill makes other changes meant to clarify administration of the program.

These changes would help make the intended benefits of the Technology Zone program available to all types of eligible businesses and would reduce the program's administrative burdens. We believe it would make the program significantly more effective.



**Wisconsin
Manufacturers
& Commerce**

Memo

TO: Members of Select Committee on Job Creation
FROM: James Buchen, Vice President, Government Relations
DATE: September 25, 2003
RE: 2003 SB 248-Technology Zone Tax Credits

WMC supports SB 248 that relates to the method of calculating technology zone tax credits.

The purpose of SB 248 is to attract more high technology-based companies, more jobs and venture capitalists. With Wisconsin's economy still lagging and the loss of 70,000 manufacturing jobs over the recessionary period, we need to encourage more growth and more jobs and SB 248 is a step in the right direction.

WMC, also supports an amendment to SB 248 deleting the provision that defines full-time jobs, that requires certain conditions of employment such as paying at least 200 percent of the federal minimum wage and receiving benefits that are not required by federal or state law. The original version of the bill did not include this provision.

This provision goes against free-market principles and restricts companies from taking advantage of the technology zones.

By adding the provision that allows the Department of Commerce to determine what are or are not full time jobs does not allow flexibility in attracting those jobs to the state initially.

The provision not only discourages start-up companies locating in a technology zone, it also restricts those highly trained professionals who may not be working full time, such as part-time moms or other professionals who may be highly qualified, from being considered in that job market. In today's economy more flexibility is becoming the trend of the marketplace, not less.

For these reasons, WMC encourages the Committee to support SB 248 as amended.

A copy of the appropriate amendment is attached.



Wisconsin Economic Development Association Inc.

TO: Members, Senate Special Select Committee on Job Creation

FROM: Amy L. Boyer, on behalf of
Wisconsin Economic Development Association

DATE: September 25, 2003

RE: **Support for Senate Bill 248**

The Wisconsin Economic Development Association (WEDA), a statewide association of approximately 500 economic development professionals, respectfully urges support of Senate Bill 248.

This bill makes certain changes to Wisconsin's Technology Zone Program. Specifically, the bill closes a loophole in which certain businesses such as partnerships, LLC's, and tax-option corporations can not fully receive the benefits of the program because of the way they are taxed. The bill also makes changes to the way in which tax credits are calculated by the Dept. of Commerce.

WEDA believes that the changes included in SB 248 would make the Technology Zone program more beneficial to Wisconsin businesses and gets back to the original intent of the program, which is to attract more technology related businesses and jobs to Wisconsin. This bill also significantly contributes to the legislature's goal of promoting and improving economic development in Wisconsin.

Again, WEDA respectfully urges you to support passage of SB 248.

Thank you for your consideration.



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ALTERNATIVE WORK SCHEDULES

Alternative work schedules reflect the new reality of the workplace. Formerly, employees used to work in predetermined shifts.

As the nature of work and expectations of employees have changed, employers are allowing their workers greater flexibility in creating work schedules that reflects their needs and work patterns.

Why Are Alternative Schedules Needed?

We live in a world of global change.

Technology and the shift to a service-oriented economy have redefined the nature of work. It's no longer necessary -- and, sometimes it's even impractical -- for employees to be at their desk from 9 to 5 every day.

Organizations have customers around the country and around the world, resulting in the need for expanded hours of operation. The nature of work has changed for employees as well. They must balance the challenges of their jobs with the demands of running a household.

Alternative scheduling addresses these needs by creating flexibility for both employers and their workers. It allows employers to:

- Enhance employee productivity.
- Make better use of equipment and facilities by reducing idle time.
- Meet changing customer expectations (particularly in service industries).
- Maximizing the value of employee compensation and benefit expenses.

It also allows employees to tailor a schedule that lets them:

- Care for young children while both parents are more likely to be working.
- Look after an aged parent or other loved one.
- Handle the responsibilities associated with running a household.
- Schedule leisure time more easily.

What Options Are Available?

There are many alternatives to a traditional five-day, eight-hour workweek. Many of them have been in practice for some time, but are now being recognized as "alternative." The more established forms of alternative scheduling include:

- **Regular part-time work.** Such arrangements provides both employee and employer flexibility to meet individual and customer needs. Often, part-time employees do not receive the same level of benefits as full-time workers, although there are signs that this trend may be changing.
- **Temporary work.** The "temp" industry has existed for many years, but it has enjoyed a boom in recent years. Employers traditionally used temps on a short-

term basis to fill in when employees went on leave or left the organization, to complete a special project, to meet holiday staffing needs and so on. However, many organizations now use temporary arrangements to "audition" potential employees and meet long-term staffing needs.

- **Compressed workweeks.** This approach allows full-time employees to work the requisite number of hours in fewer than five days. The most common compressed workweek is a four-day, ten-hour schedule (a 4/40 plan). To meet production requirements, companies often schedule part of the workforce Monday through Thursday and the remainder Tuesday through Friday. Employers in the health care, production and manufacturing industries are the most likely to offer compressed workweeks to workers. Some employers offer compressed workweeks to employees during the summer.

More recent "alternatives" to traditional work scheduling include:

- **Flextime.** This allows employees latitude in setting the times they start and stop work, while covering "core" hours during which all employees must be on the job. Flextime is becoming increasingly common in large cities in which commuting is an issue or for employers who must meet customer needs in a variety of time zones.

- **V-Time.** A variation of flextime, V-time allows employees to voluntarily take a portion of the year off or change to a part-time schedule (and pay) to meet personal needs. Unlike regular part-time work, V-time scheduling includes an expected return to full-time work plan.

- **Job sharing.** This allows two part-time employees to do the work of one full-time worker by sharing hours, responsibilities and so on. Job sharing requires good communication between the employees and with the supervisor to maintain job efficiency and effectiveness.

- **Telecommuting.** Telecommuters spend part or all of the workweek working outside of the office (e.g., at home, on the road or in satellite locations). To keep telecommuters from feeling isolated, some big-city employers have joined together to locate employees in "suburban" facilities where rent is cheaper and arrangements can be made to share equipment, reception and so on.

- **Hoteling.** This is a popular option for large service organizations that employ many individuals whose work often takes them away from the office. Employees must call in advance to reserve "an office," which includes a telephone and computer and network access. Personal items are often stored in locker type facilities when the employee is out of the office.

Advantages and Disadvantages

Can alternative work schedules benefit your organization? It depends. Certainly, there are many benefits to alternative work schedules. These include:

- Increased employee retention, loyalty, and morale.
- Enhanced productivity (employees can schedule work for their individual "peak" hours).
- Improved ability to recruit employees (and reduce employee turnover).

- Expanded ability to attract or retain workers who may be otherwise unavailable for regular, full-time work -- e.g., students, parents with children at home or in school, individuals with handicaps, retired workers and so on.
- Reduced commuter congestion in large urban areas.
- Decreased occurrences of employee tardiness and unscheduled absences.
- Expanded hours of operation.
- Maximum use of facilities and equipment.

Alternative Work Schedule Policy Example

Companies are interested in alternative work schedules as a method of staff retention through work/life balance.

Alternative scheduling is available to assist employees in meeting their personal work performance goals and family needs.

Alternative work scheduling is an opportunity to maintain employee productivity through various forms of creative work scheduling.

In today's workplace, many alternative work schedule policies are in place. For example:

- Flex time defined as a block of time at the start and end of traditional eight (8) hour shifts where employees may report and complete their required shift hours of work;
- Ten (10) hour day, four (4) day workweek defined as the option to work ten hours per workday reducing the workweek to four days a week
- Nine (9) hour day, one day off every other week defined as the option to work nine hour workdays permitting approved employees to reduce every other work week to a four day workweek.

Job-sharing is defined as two (2) part-time personnel assigned to the same job equivalent to one (1) full-time employee. The position is shared between two employees. Job-sharing, as an alternative work schedule, must ensure the continuity of the work being done at the same workstation with two individual's working as a team to accomplish one full-time position's duties.

Implementation and the determinations of potential schedules usually must be approved with the consent of the Human Resources department prior to any announcements to assess overall feasibility and trial operations prior to announcement and implementation.

Thanks to Raylana Anderson, SPHR, CEBS, a member of the SHRM Compensation & Benefits Committee. This article is provided as general information and is not a substitute for legal or other professional advice.

JOB SHARING

- Job sharing isn't new — it's been around since the early 1970s, when husband-and-wife professors and others began the practice — but it's been slower to catch on than flextime and other flexible work options, all of which have grown in popularity as employers recognize the importance of "work-life" programs.
- Seventy-three percent of 1,020 major employers surveyed by Hewitt Associates in 2000 offered flexible scheduling arrangements. The most common arrangements were flextime (58 percent) and part-time employment (48 percent). Only 28 percent of these employers offered job sharing, in which two employees share the responsibilities, accountability and compensation of one full-time job.
- Job sharing appears to be more common among small employers. Of companies with 100 or more employees, 37.5 percent allowed job sharing, shows a 1998 survey by the New York-based Families and Work Institute.
- Employees who want to work part-time, such as parents of young children, students and those approaching retirement, obtain a steady income while preserving time for personal needs. Disabled workers who require reduced or non-standard hours could also use job sharing as a means of accommodation.
- For employers, the main benefits of job sharing are the retention of experienced workers who would otherwise leave their jobs (to work elsewhere or not at all) and the resulting avoidance of replacement and training costs. In addition, an established job-sharing team often shows an upswing in loyalty and productivity.
- "Two heads are better than one" holds true in many job shares. Two well-matched partners can bring complementary skill sets and better coverage to the workplace. Because one partner is always on the job, there are few, if any, absences for vacations, sick days and personal appointments, as there are when one person holds a job.
- Some job shares resemble two part-time jobs because a daily shift is split; most, however, involve two people who work closely together at one job.
- Most job sharing is initiated by employees and carried out informally on a case-by-case basis. However, employers can develop formal policies if employee surveys show — or higher-than-average turnover indicates — wider interest in the practice. These policies can be announced in employee handbooks and other materials.
- Most jobs, from nonexempt receptionists to high-level executives, can be adapted to job sharing. It's easier to share jobs with clearly defined tasks, projects or customers. Harder to share are jobs with unpredictable hours or heavy travel obligations. HR can help define the eligibility requirements for job sharing.
- Job sharing can be an effective way for employers to reduce the costs associated with turnover while meeting employees' desire to balance work and family or other personal needs. With the right team and careful planning, employers can enjoy the efficiency and loyalty of a "two for one" deal.

Source: Carolyn Hirschman

FLEXTIME

Flexitime allows employees to choose their work hours within the limits established by the employer. Some flexitime programs allow workers a great deal of leeway, while others provide very little flexibility. Examples:

- The band of time during which employees may start and finish work may range from as little as 15 minutes up to two hours or more.
- Some employers require their workers to stay on the schedule they select for six months or longer, while others let employees vary their hours from week to week.
- Some employers require staffers to work the same number of hours every day, while other organizations let their workers balance shorter days with longer days.

When carefully established and administered, a flexitime program allows employees to tailor the times they start and stop work, while providing the employer with greater hours of coverage. Examples:

- On a biweekly basis (two work days before the two-week period begins), employees at Company A select one of three established starting times (7, 8 or 9 a.m.) and inform their supervisor of that selection. The ending time is eight and one-half hours later (because the work day established by the employer is eight hours, with a one-half hour lunch period). Two weeks later, employees again select one of the three starting times for the next two-week period and inform the supervisor of that selection.
- On a daily basis (by noon, one day before the subject work day), employees at Company B select a starting time between the hours of 6:30 and 9:30 a.m. The ending time is seven hours later (because the work day established by the employer is seven hours, with a "work-through" lunch).
- At Company C, employees select a start time between 6 and 10 a.m. when they are first hired. Their ending time is eight hours later (employees work a seven and one-half hour day, with one-half hour for lunch). Although some leeway is given for special circumstances, employees are encouraged to stick with the same schedule. If they wish to permanently change their hours, they must notify their supervisor at least two weeks in advance.

In these examples, the employers established different flexitime programs, but all three programs achieved the objectives of allowing employees to tailor their schedules and increasing the employer's hours of operation.

Also, in these examples, all employees are scheduled for work during predetermined core work hours. This maximizes staffing during peak-demand hours. Potential inefficiencies -- such as staff meetings without 100 percent attendance -- are avoided by scheduling them only during the core hours that all employees are required to be on the job.

Employers with flexitime have found that almost all employees in operations that are "right" for flexitime can be relied upon to use their flexitime privilege appropriately. Careful design of the flexitime program helps ensure this outcome.

Thanks to Kenneth Pritchard of the SHRM Compensation and Benefits Committee for contributing this white paper. It is intended as general information and is not a substitute for legal or other professional advice.