

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 2-2-2000
BILL NO. SB 320
OR
SUBJECT _____

(NAME) Sen Robson
155
(Street Address or Route Number)

(City and Zip Code) _____

(Representing) _____

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-2-00
BILL NO. SB 320
OR
SUBJECT _____

(NAME) Pete Christanson

15. Pinckney Suite 600
(Street Address or Route Number)

MSN WI 53701-2113

(City and Zip Code) _____

(Representing) Mutual Savings Bank

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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State Capitol - B35 South
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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-2-2006
BILL NO. 320
OR
SUBJECT _____

(NAME) Dennis Coleman

2515 W. Auelow Rd
(Street Address or Route Number)

Janesville 53544

(City and Zip Code) _____

(Representing) Bel's Corporation Employees

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-2-2000

BILL NO. SB 320

SUBJECT _____

(NAME) Mr Aaron Halstead

(Street Address or Route Number) 217 S. Hamilton St #400

(City and Zip Code) Madison

(Representing) Private Sector

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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State Capitol - B35 South
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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/2/2000

BILL NO. 320

SUBJECT PRIORITY ONE

(NAME) WAGE CLAIM LEAD

(Street Address or Route Number) JOHN PETERSONS

(City and Zip Code) 1439 GRAND ST

(Representing) BELoit, WI 53511

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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Senate Sergeant-At-Arms
State Capitol - B35 South
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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: March 2, 2000

BILL NO. 320

SUBJECT Priority of Wage claim

(NAME) Lien

(Street Address or Route Number) Robert Kravig

(City and Zip Code) 4912 N. Row + Washington #2

(Representing) Milwaukee, 53217

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/2/00
BILL NO. SB 320
OR
SUBJECT _____

Carl Rosen
(NAME)

3020 W. Vliet St.

(Street Address or Route Number)

Milwaukee, WI 53208

(City and Zip Code)

United Electrical Workers
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/2/2000
BILL NO. SB 320
OR
SUBJECT _____

Joanne Ricca
(NAME)

6333 W. Bluemound

(Street Address or Route Number)

Milwaukee, WI 53213

(City and Zip Code)

Wisconsin State AFL-CIO
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/2/00
BILL NO. SB 320
OR
SUBJECT _____

MICHAEL R. VAUGHAN
(NAME)

P.O. BOX 2038

(Street Address or Route Number)

MADISON WI 53701

(City and Zip Code)

WISCONSIN BANKERS ASSOCIATION
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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State Capitol - B35 South
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Madison, WI 53707-7882

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DATE: 3/2

BILL NO. SB320

SUBJECT _____

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(Please Print Plainly)

DATE: 3-2-00

BILL NO. SB 320

SUBJECT _____

SENATE HEARING SLIP

(Please Print Plainly)

DATE: _____

BILL NO. SB 320

SUBJECT _____

Darryl Lund
(NAME)

7818 Big Sky Dr. Ste 104
(Street Address or Route Number)

Madison 53719
(City and Zip Code)

Community Bankers of WI
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O.Box 7862
Madison, WI 53707-7862

Pete CHRISTIANSON
(NAME)

15. Pindelney Suite 600
(Street Address or Route Number)

MSN WI 53701-2113
(City and Zip Code)

Wis. Land Title Assoc.
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O.Box 7862
Madison, WI 53707-7862

REP. RILEY
(NAME)

(Street Address or Route Number)

(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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Senate Sergeant-At-Arms
State Capitol - B35 South
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Madison, WI 53707-7862

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-2-2000

BILL NO. SB-320

SUBJECT JOE WINERS

(Name) JOE WINERS

(Street Address or Route Number) 3231 LAURA LANE

(City and Zip Code) MILWAUKEE, WISCONSIN

(Representing) OPERATING ENGINEERS LOCAL 139

Speaking in Favor:

Speaking Against:

Registering in Favor:

Registering Against:

Speaking for information only:

Neither for nor against:

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Senate Sergeant At Arms
Room 410 - South
P. O. Box 7882
State Capitol
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-2-2000

BILL NO. SB 320

SUBJECT Ken O'Fly

(Name) Ken O'Fly

(Street Address or Route Number) _____

(City and Zip Code) _____

(Representing) WFT - WJ Detention of Veterans

Speaking in Favor:

Speaking Against:

Registering in Favor:

Registering Against:

Speaking for information only:

Neither for nor against:

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Senate Sergeant At Arms
Room 410 - South
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State Capitol
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/2/00

BILL NO. SB 320

SUBJECT _____

(NAME) Joe Osulas

(Street Address or Route Number) 2801 N CARD ST 5-202

(City and Zip Code) MADISON WI 53713

(Representing) WI LABORERS' DISTRICT COUNCIL

Speaking in Favor:

Speaking Against:

Registering in Favor:

Registering Against:

Speaking for information only:

Neither for nor against:

Speaking for information only; Neither for nor against:

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State Capitol - B35 South
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Madison, WI 53707-7882

SENATE HEARING SLIP

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DATE: 3/2/2000

BILL NO. SB 320

SUBJECT _____

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-2-2000

BILL NO. 320

SUBJECT _____

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 03-02-00

BILL NO. SB 330

SUBJECT Wage Leins

Forest Ceel

(NAME)

N8 W 22520 Johnson Dr
(Street Address or Route Number)

(City and Zip Code)

Waukesha WI 53182
TREW Local 2150
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

Roger L. Niman

(NAME)

2451 S. Country Ln
(Street Address or Route Number)

(City and Zip Code)

Beloit WI 53511
BELOIT Golf Employees
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

Jim Cavanaugh

(NAME)

1602 S. Park St.
(Street Address or Route Number)

(City and Zip Code)

Madison 53715
South Central Federation of Labor
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

Tim Niman
State Capitol

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-2-00
BILL NO. SB-320
OR
SUBJECT _____

MICHAEL KUNESH
(NAME)
4539 KUCHERA LANE
(Street Address or Route Number)
MAINTOWOC 54220
(City and Zip Code)
PEEW
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-2-00
BILL NO. SB-320
OR
SUBJECT _____

RICK GALE
(NAME)
2831 S. 114th ST.
(Street Address or Route Number)
W2ST AVE, WI 53225
(City and Zip Code)
V (DR) F (LETTERS)
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

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Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: March 2, 2000
BILL NO. SB 320
OR
SUBJECT Class Claims Lien

Mark Reihl
(NAME)
115 W. Main St.
(Street Address or Route Number)
Madison 53703
(City and Zip Code)
Wis. State Council of Carpenters
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

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Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: March 2, 2060

BILL NO. S 320

OR

SUBJECT workers wage claim

Thomas Dunne
(NAME)

2568 N. Bremen

(Street Address or Route Number)

Milwaukee 53212

(City and Zip Code)

United Electrical Radio & Machine

(Representing) Workers of America

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/2/00

BILL NO. _____

OR

SUBJECT SB 320

Leslie Lord.
(NAME)

N25 W231 31 Boulevard

(Street Address or Route Number)

Milwaukee WI

(City and Zip Code)

Wis. Ch League

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/2

BILL NO. SB 320

OR

SUBJECT _____

Bill Reid
(NAME)

756 N. Milwaukee St.

(Street Address or Route Number)

MILWAUKEE WI 53202

(City and Zip Code)

MMAE

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: March 2, 2000

BILL NO. SENATE Bill 320

OR

SUBJECT JOHN METCALF

(NAME)

501 E. WASHINGTON AVE.

(Street Address or Route Number)

MALSON WI 53701

(City and Zip Code)

WMC

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

March 6, 2000

SENATE LABOR COMMITTEE - Executive Session (Paper Ballot)

Senate Bill 320

~~Relating to:~~ the priority of a wage claim lien.

By Senators Robson, Wirch, Erpenbach, Burke, George, Roessler, Plache and Baumgart; cosponsored by Representatives Riley, Nass, Bock, J. Lehman, Ryba, Plouff, Pocan, Hasenohrl, Kreuser, Miller, Turner, Gronemus, Olsen, F. Lasee, Williams, Berceau, Meyerhofer, Musser, Ziegelbauer and Richards.

Motion by Senator Baumgart, Chair, that Senate Bill 320 be recommended for Passage:

AYE: NO:

Senate Bill 400

Relating to: providing health insurance coverage for certain local government employes and officers who have terminated local government employment.

By Senators Baumgart, Schultz and George; cosponsored by Representatives Musser, J. Lehman, Hasenohrl, Meyerhofer, Ryba, Young, Waukau, Berceau, Miller, Gunderson and Gronemus.

Motion by Senator Baumgart, Chair, that Senate Bill 400 be recommended for Passage:

AYE: NO:



Senator Breske

March 6, 2000

SENATE LABOR COMMITTEE - Executive Session (Paper Ballot)

Senate Bill 320

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Motion by Senator Baumgart, Chair, that Senate Bill 320 be recommended for Passage:

AYE: _____ NO: _____

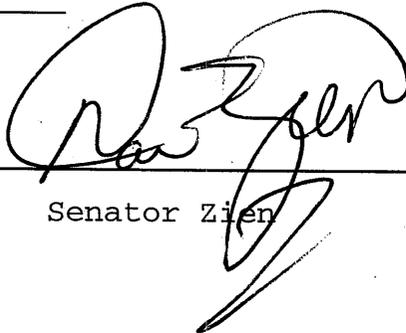
Senate Bill 400

Relating to: providing health insurance coverage for certain local government employes and officers who have terminated local government employment.

By Senators Baumgart, Schultz and George; cosponsored by Representatives Musser, J. Lehman, Hasenohrl, Meyerhofer, Ryba, Young, Waukau, Berceau, Miller, Gunderson and Gronemus.

Motion by Senator Baumgart, Chair, that Senate Bill 400 be recommended for Passage:

AYE: _____ NO: _____



Senator Zien

March 6, 2000

SENATE LABOR COMMITTEE - Executive Session (Paper Ballot)

Senate Bill 320

Relating to: the priority of a wage claim lien.

By Senators Robson, Wirch, Erpenbach, Burke, George, Roessler, Plache and Baumgart; cosponsored by Representatives Riley, Nass, Bock, J. Lehman, Ryba, Plouff, Pocan, Hasenohrl, Kreuser, Miller, Turner, Gronemus, Olsen, F. Lasee, Williams, Berceau, Meyerhofer, Musser, Ziegelbauer and Richards.

Motion by Senator Baumgart, Chair, that Senate Bill 320 be recommended for Passage:

AYE: ~~_____~~ NO: ~~_____~~

Senate Bill 400

Relating to: providing health insurance coverage for certain local government employees and officers who have terminated local government employment.

By Senators Baumgart, Schultz and George; cosponsored by Representatives Musser, J. Lehman, Hasenohrl, Meyerhofer, Ryba, Young, Waukau, Berceau, Miller, Gunderson and Gronemus.

Motion by Senator Baumgart, Chair, that Senate Bill 400 be recommended for Passage:

AYE: _____ NO: _____



Senator Farrow

March 6, 2000

SENATE LABOR COMMITTEE - Executive Session (Paper Ballot)

Senate Bill 320

Relating to: the priority of a wage claim lien.

By Senators Robson, Wirch, Erpenbach, Burke, George, Roessler, Plache and Baumgart; cosponsored by Representatives Riley, Nass, Bock, J. Lehman, Ryba, Plouff, Pocan, Hasenohrl, Kreuser, Miller, Turner, Gronemus, Olsen, F. Lasee, Williams, Berceau, Meyerhofer, Musser, Ziegelbauer and Richards.

Motion by Senator Baumgart, Chair, that Senate Bill 320 be recommended for Passage:

AYE: NO:

Senate Bill 400

Relating to: providing health insurance coverage for certain local government employes and officers who have terminated local government employment.

By Senators Baumgart, Schultz and George; cosponsored by Representatives Musser, J. Lehman, Hasenohrl, Meyerhofer, Ryba, Young, Waukau, Berceau, Miller, Gunderson and Gronemus.

Motion by Senator Baumgart, Chair, that Senate Bill 400 be recommended for Passage:

AYE: NO:



Senator Decker

March 6, 2000

SENATE LABOR COMMITTEE - Executive Session (Paper Ballot)

Senate Bill 320

Relating to: the priority of a wage claim lien.

By Senators Robson, Wirch, Erpenbach, Burke, George, Roessler, Plache and Baumgart; cosponsored by Representatives Riley, Nass, Bock, J. Lehman, Ryba, Plouff, Pocan, Hasenohrl, Kreuser, Miller, Turner, Gronemus, Olsen, F. Lasee, Williams, Berceau, Meyerhofer, Musser, Ziegelbauer and Richards.

Motion by Senator Baumgart, Chair, that Senate Bill 320 be recommended for Passage:

AYE: X NO:

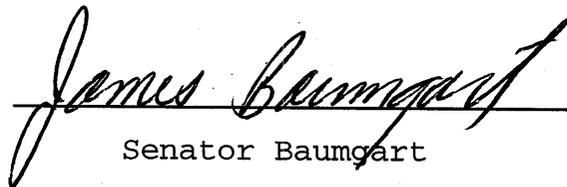
Senate Bill 400

Relating to: providing health insurance coverage for certain local government employes and officers who have terminated local government employment.

By Senators Baumgart, Schultz and George; cosponsored by Representatives Musser, J. Lehman, Hasenohrl, Meyerhofer, Ryba, Young, Waukau, Berceau, Miller, Gunderson and Gronemus.

Motion by Senator Baumgart, Chair, that Senate Bill 400 be recommended for Passage:

AYE: V NO:



Senator Baumgart



International Union of Operating Engineers

LOCAL ONE HUNDRED AND THIRTY-NINE

CHARTERED FOR THE STATE OF WISCONSIN

N27 W23233 ROUNDY DRIVE P.O. BOX 130 PEWAUKEE, WISCONSIN 53072

PHONE: (414) 896-0139 FAX (414) 896-0758

DALE A. MILLER
Business Manager

To: Members of the Senate Labor Committee

From: Dale A. Miller, Business Manager, Operating Engineers Local 139

Date: March 2, 2000

Re: Our support for Senate Bill 320

The members of the Operating Engineers Local 139 support passage of Senate Bill 320. Our 8,200 members, who are located throughout the state of Wisconsin, deserve to know that the wages that they work so hard for are given priority over other concerns.

We understand that there needs to be a system that prioritizes how liens are paid. We do not believe, however, that this system should allow any other creditors to have a priority interest over a workers labor. **Simply put, financial institutions should not have a priority in payment over workers.**

The fact that a financial institution is a secured creditor should not mean that a Wisconsin worker has to lose their wages so that a bank or other financial entity can be made whole. We have nothing against these institutions, but they should not be in a position where they are more important than a worker getting a check so that they can pay the mortgage (probably to the same financial institution) or put groceries on the table.

While times are good today, it is likely that today's prosperity will not last forever. When times do change, it is imperative that Wisconsin workers are the top priority of our state government.

Senate Bill 320 is a simple proposal that deserves to become law. We urge you to support it without amendment.

BRANCH OFFICES:

Appleton: 5191 Abitz Road
Appleton, Wisconsin 54915
Phone: (920) 739-6378

Madison: 3231 Laura Lane
Middleton, Wisconsin 53562
Phone: (608) 836-0139

Eau Claire: 1003 Hillcrest Parkway
Altoona, Wisconsin 54720
Phone: (715) 838-0139



Community Bankers of Wisconsin

CBW Financial Services, Inc.

A Subsidiary of the Community Bankers of Wisconsin

7818 Big Sky Drive, Suite 104
Madison, WI 53719
(608) 833-4229
Fax (608) 833-8114
info@communitybankers.org
www.communitybankers.org

**Public Hearing of the
Senate Labor Committee**

SB 320 – Wage Claim Liens

**Testimony of Daryll Lund, President & CEO
Community Bankers of Wisconsin**

Chairperson Baumgart and members of the committee, my name is Daryll Lund, President & CEO of the Community Bankers of Wisconsin (CBW). CBW is a statewide trade association representing the interests of approximately 230 community based financial institutions.

I appear before you today to testify in opposition to SB 320.

Community banks would first like to state that we are sympathetic to what the authors of this bill are attempting to accomplish. Employers have an obligation to pay the employees their due wages and should do so.

In addition to being impacted by a business loan that may go bad community banks may also be impacted when employees are not paid since these same employees may also be customers of the bank who hold loans that are contingent on being repaid from the employees wages. Such a situation could find the bank in a no win situation.

Community banks however are opposed to SB 320 because of the following:

1. As proposed in SB 320 the wage claim lien would be applied retroactively and would impact the lender that has a prior perfected security interest in the company's assets. Having a perfected security interest in a company's assets is one the criteria a lender uses in establishing the terms of the loan including the interest rate. With additional uncertainty due to a priority wage claim lien the cost of credit to borrowers is likely to increase.

2. There are many types of compensation that could be included in a wage claim lien. Compensation due employees varies significantly between companies. In addition to normal wages and salaries wages could include commissions, tips, deferred compensation plans, employment contracts, golden parachute contracts and profit sharing plans. All these types of compensation plans could potentially be covered under a wage claim lien and could render the company's assets meaningless to a lender.

3. Wisconsin court decisions had concluded prior to the 1998 Court of Appeals decision, *Pfister v. Milwaukee Economic Development Corporation* that a pre-existing lien would take precedence over a wage lien. In a 1981 Waukesha Circuit Court decision the court held that a lien under §109.09(2) could not be retroactive and did not have priority over liens held by financial institutions. In addition the Court stated that if such lien took priority, it would be unconstitutional as exceeding the police powers of the state.

Also in a 1988 U.S. District Court decision the court found that there is no language in the statute providing that the lien language in §109.09(2) takes precedence over prior secured creditors who have perfected their interest prior to the wage lien.

Thank you for the opportunity to appear before your committee. I would be happy to answer any questions.



LOCAL UNION 2150, IBEW
 INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
 N8 W22520 Johnson Drive, Unit H Waukesha, Wisconsin 53186
 262-547-1033 FAX 262-547-2816 800-551-1151
 TIMM A. DRISCOLL
 Business Manager

March 2, 2000

To the Wisconsin Legislature:

Local 2150 of the International Brotherhood of Electrical Workers (IBEW) represents over 4000 workers in utility and energy related industries. Our employers are in solid financial positions and hopefully should *not* be a concern in relation to Senate Bill 320. Our union's broader concern for fellow workers leads us to support the proposal to have wage liens raised to a higher priority on the debt collection ladder.

We believe that all creditors have a right to obtain just compensation as a result of actions by any business or employer. All citizens recognize the need to be safe from environmentally hazardous work sites. This bill rightfully prioritizes environmental cleanup as the first priority in the any lien process.

Other stakeholders also have a stake in recovering debt and investment. Financial institutions are among many interests that have legitimate claims in lien cases. But all citizens should be in agreement that an employer's obligation to compensate workers for services rendered should be placed ahead of financial institutions.

A worker places their ultimate collateral on the line everyday. Their skills, physical hardship, and dedication to their job surely have an ethical value that society should respect. While a financial institution takes a risk based on the expertise of its loan officers, the employee takes the higher risk of placing themselves and their family in the trust of an employer's word that they will actually be compensated for their work.

Action in support of this bill sends an important message to our citizens. Wisconsin's environment and working families should be the top priority when negligent institutions place them in jeopardy. IBEW Local 2150 strongly urges you to support Senate Bill 320. If you have any questions please contact Forrest Ceel, President and legislative contact for Local 2150.

Sincerely,

Timm A. Driscoll

Timm A. Driscoll
 Business Manager

sf/opei/local 9

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OFFICIAL PUBLICATION

Statement in Support of SB 320: Priority for Wage Liens

I write this on behalf of the 35,000 members of the 80 local labor unions affiliated with the South Central Federation of Labor, AFL-CIO. Perhaps more importantly, I write on behalf of the thousands of workers in the south central part of the State of Wisconsin who do not have a labor union to speak for them at work or in the State Capitol.

As part of the state budget passed in 1997, the historic priority status of wage liens gave way to liens of financial institutions which happened to file their liens sooner than employees do. SB 320 would return the law to its pre-1997 intent. SB 320 would return the state to "a fair day's pay for a fair day's work."

When a financial institution loans money to a business, it does a pretty extensive investigation into the ability of that business to repay its loans. When a worker agrees to employment by a particular business, she does not conduct an investigation into the business' ability to meet payroll, but rather assumes that she will be paid for hours worked or that the Department of Workforce Development will enforce the state's laws which require payment for hours worked. To give a financial institution, which was in a position to assess its risks, priority on a business' assets simply because it won a race to the courts is patently unfair.

It is also unfair to give precedence to a financial institution over a worker because financial institutions are in a much better position to absorb their losses than are workers. Financial institutions budget on the assumption that a certain percentage of loans will have to be written off. Workers, to a large extent, live from pay check to pay check. For a financial institution a bad loan will result in a line item adjustment. For a worker the loss of two or three weeks wages could result in a mortgage foreclosure.

I strongly urge you, as a matter of fairness, to vote SB 320 favorably out of Committee and on to the floor of the Legislature.


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COMMENTS IN OPPOSITION TO SB 320

Of Counsel
John P. Desmond
Harvey L. Wendel
Tim R. Valentyn

My name is Michael Vaughan and I am speaking today on behalf of the Wisconsin Bankers Association in opposition to 1999 Senate Bill 320. This bill would change existing law to give wage claim liens on an employer's property priority over previously existing liens of financial institutions.

The statute in question was created in 1975 when the administering state agency (then DIHLR) was given an enforceable lien right over an employer's property. Because the lien right was enforceable but not automatic, no conflict with competing lien interests ever arose. In 1993 the law was expanded so as to give individual employees the option of enforcing this lien right. That resulted in greater activity under the statute and suits were quickly initiated on such issues as to whether this lien legally superseded liens that had existed for decades and whether this change had retroactive effect or not. In January 1998 the District I Court of Appeals, overruling the trial court's decision in part, ruled that this wage claim lien did supercede other liens and also was retroactive in effect.

In reaction, the legislature in 1998 amended this statute to provide that wage claim liens are superior to all subsequently filed liens (except DNR pollution clean-up liens) but do

not take precedence over previously filed liens. That state of affairs lasted for only a year. In the 1999 budget act, the current legislature changed the law again. This change provided that the wage claim lien is superior to all liens, whenever filed, except for financial institution liens that originate before the wage claim lien takes effect and except for DNR hazardous substance or other pollution clean-up liens.

This history makes clear the tugging and pulling that has occurred over the years between the various parties who wish to protect the superiority of their liens. It is obvious that a worker wishes to be paid the wages due him or her. It is also obvious that a financial institution, in evaluating whether or not to make a loan, needs the certainty of knowing what collateral is available to secure that loan. It is one thing to give a worker superpriority for a \$400 wage claim. It is quite another matter to erode the value of properties secured against a loan by giving a potential \$20 million superpriority for all the workers in a plant.

This is not an easy issue to resolve and we recognize that there are many policy items to consider. However, we respectfully submit that we thought this issue had been settled when the legislature in 1998 determined that the general rule on enforceability of liens should be followed: That is, that wage claim liens - like most liens - would be superior to all subsequently filed liens, except DNR clean-up liens. We participated in the discussions that arose in the wake of that enactment and that resulted in the Act 9 change by this legislature - the presumed final compromise - to provide that wage claim liens are superior to all other liens, whenever filed, except for financial institution liens that originate before the wage

claim lien and DNR hazardous substance or other pollution clean-up liens. Now this bill comes before you to say once again, "well, maybe that wasn't quite right, either." We think that present law is right.

We point out that past and current law has made a number of policy decisions on priorities in this area and has sorted out several times what those priorities should be. Once upon a time, because the lien was enforceable but not automatic, the lien was like all other liens in that it took priority over subsequently filed liens and was subordinate to previously filed liens. After the 1993 change and the ensuing litigation, the legislature codified that general rule as the rule to apply here. This session, this legislature decided that this lien should be superior to other liens except for financial institution liens and DNR liens. In the case of DNR liens, that involved the policy judgment that those liens were so important that they should take precedence over wage claim liens and all other liens whether filed before or after the DNR lien. That decision continues in this bill. The authors of this bill have concluded that the DNR lien should take precedence over even a previously filed wage claim lien. I am not here to comment on that decision but raise it only to point out the policy decision on priorities that has been made in that instance.

I am here to talk about the financial institution liens that under present law have only "ordinary" priority vs. wage claim liens. What I mean by that, again, is to say that present law gives financial institution liens priority over wage claim liens only if they originate before the wage claim lien originates. Bank business loans are a large part of the economic

engine that permits our society to grow, that permits more workers to be employed and that helps to make the Wisconsin economy as vibrant and flourishing as it is. If business lenders are to be told, "we want you to make business loans and we certainly understand your taking lien rights in property to secure your loans, but we do want you to know that someone may step ahead of you in line with unlimited claims against the business to which you have loaned money," can there be any question but that lenders will be less likely to make a loan in a questionable situation? That lenders will need to charge a higher interest rate because of the added risk? That some of the economic success stories that have resulted in recent years from lenders going out on a limb with new or shaky borrowers simply won't occur anymore?

Against those questions, I would pose this question: What are the problems that have surfaced in the four brief months since the last revision to this statute took effect on October 28, 1999, that require this change? I have outlined the history of this statute and the ways in which it has been changed to address perceived problems. Isn't it time for us to wait and see whether the statute is working? Shouldn't we consider whether the change proposed here is a fix (and if so, a fix of what?) or a quagmire of new problems?

For these reasons, the Wisconsin Bankers Association respectfully opposes SB 320. I will be pleased to respond to any questions committee members may have.

WISCONSIN LABORERS' DISTRICT COUNCIL

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VICE-PRESIDENT

Memorandum/Correspondence

Date: March 2, 2000
To: Senate Labor Committee, Sen. James Baumgart, Chair
From: Mike Ryan
Re: SB 320, Priority for Wage Liens

The Wisconsin Laborers' District Council supports SB 320, a bill that will restore priority for wage liens for unpaid wages.

Until recently, Wisconsin law gave workers priority in the filing of liens against businesses that fail to pay their employees the wages owed them. A few years ago, in response to a state Court of Appeals decision that gave priority to liens for unpaid wages and other compensation, the banking industry successfully engineered a last minute change to ensure that property liens received higher priority.

In explaining its ruling the Court of Appeals reasoned, "The absolute or sacred nature of the wage claim lien flows from a simple proposition: if workers are not paid their wages, they and their families will suffer."

The court was right. Just ask the workers at Steeltech in Milwaukee who after months of forgoing pay out of trust and loyalty to their employer discovered the legislature had made it improbable, if not down right impossible, for them to recover unpaid wages.

Last summer, the legislature took a small step in the right direction by elevating wage lien priority. SB 320 completes the process, ending this state's shameful experiment in placing property above people.

Testimony of UE District 11 President Carl Rosen
at the Wisconsin State Senate Labor Committee Hearing
Regarding Senate Bill 320

3/2/00

I am here to express the full support of my union, the United Electrical, Radio and Machine Workers of America, and the thousands of working families in Wisconsin that we represent, for Senate Bill 320. We represented the workers at Steeltech in Milwaukee and our members there have recently learned just how deficient the current law is. The changes proposed in this bill are absolutely necessary.

You might ask: "How did the workers at Steeltech manage to end up being owed weeks and even months of pay when the company declared bankruptcy?" I will explain as best I can. Steeltech, as you may remember, was established with much acclaim as creating a future for an impoverished section of Milwaukee. Many top public and corporate officials were on hand to claim credit. But a few years later the major contracts had dried up and Steeltech's finances, rickety from the start, were on the verge of collapse. Finally the management asserted early last year that they had lined up new business, contingent only on getting their finances reorganized. And they said they also had all but finalized that refinancing, that it was waiting only on a couple final technicalities.

But then the money for the weekly payroll dried up before the refinancing came through. Management held a meeting with the workers and told them that if the workers stopped working due to not receiving pay, then the company would have to close the doors, and once they did there would be no chance of getting the refinancing and reopening the plant. But if the workers kept working, the refinancing would come through in a matter of one or two weeks and the workers would receive their backpay. City officials backed up managements' claim that the refinancing was close. The workers at Steeltech knew that the plant was the only hope for the future in their community so in the face of this situation, and with the promise that they would be paid shortly, they decided to keep working. The company even continued to run weekly payroll checks - it just didn't distribute them because there wasn't money in the account. The first couple weeks went by and management said it would be another week or two. And then it kept going throughout the summer. Most of the workers eventually had to leave to get other jobs to support their families, but by then they were owed several weeks pay. Finally the company declared bankruptcy in early October.

About 40 workers that we represented were left owed about \$95,000 in wages for hours worked. In addition, both they and other workers are owed thousands of dollars for vacation pay that they had earned but not yet been paid. Non-represented office and management personnel were also owed a substantial amount of pay.

Steeltech did not close without some substantial assets. It is estimated that the real estate and equipment is worth between \$4 and \$5 million. The workers ought to be paid from the proceeds of the sale of this property, and the union has filed a lien on their behalf in order to accomplish

this. But due to the horrendous way the current law is written, it is not clear that the workers will receive a single penny. Instead, they may have to stand by and watch every last dollar be given to a wealthy bank instead, leaving poor families even poorer despite their hard work and total commitment to their jobs.

This is happening because the law as written is inherently unfair. It gives money owed to banks priority over money owed in wages. So banks, who justify high interest rates by saying they are putting their money at risk, are being absolved of that risk by our government. And workers, who are least able to afford a loss of income, are left without pay despite the fact that our government is supposed to enforce the iron-clad guarantee of a day's wages for a day's work.

This is also happening because the law as written is easily twisted, even in those cases where you would expect that workers would be paid. Steeltech's assets are over \$4 million and the banks listed on the bankruptcy filing are owed less than \$2 million, so there should be plenty left over for the wages that are owed. But here comes the trickery. The Redevelopment Authority of the City of Milwaukee was one of several public bodies that put money into Steeltech. It is owed about \$6 million. It is not a financial institution and so does not come ahead of the workers' wage claim. But in recently filed court documents, the Redevelopment Authority is assigning its title to the debt to the Firststar Bank, allowing Firststar, as a financial institution, to claim that it should receive all \$6 million before the workers receive anything. Since the assets are less than \$6 million, this effectively would guarantee that no worker will receive a penny. We are challenging this greedy grab, but it is unclear whether the law as written offers any protection to the workers, and that is why the law must be changed.

It is a shameful blemish on the State of Wisconsin that current law ensures that banks are paid off rather than the workers who put in the hard hours for a company. It is a further outrage if the law also allows public institutions such as the City of Milwaukee's Redevelopment Authority to be contorted in order to help turn workers' wages over to wealthy banks.

Please approve Senate Bill 320 and ensure that workers receive the wages that they have earned.

Thank you.



Wisconsin State AFL-CIO

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David Newby, President • Sara J. Rogers, Exec. Vice President • Phillip L. Neuenfeldt, Secretary-Treasurer

TO: Members of the Senate Labor Committee

FROM: Phil Neuenfeldt, Secretary-Treasurer
Joanne Ricca, Legislative Staff

DATE: March 2, 2000

RE: **SUPPORT FOR SENATE BILL 320**
Priority for Wage Claim Liens on Behalf of Workers

This bill is about one simple fact: workers deserve to be paid for their labor.

It sounds like common sense. Unfortunately, some workers are left unpaid when a business closes or goes bankrupt and the state or private parties must rely on legal action -- a wage claim lien -- to hopefully tap remaining corporate assets for the wages owed. And this is where the problem lies.

Under current law, banks and other financial institutions get first claim on assets and, if there is anything left, the workers come second. It is tragic that some businesses close and leave workers and creditors unpaid. However, given that fact and the need to set priorities, who can best afford to take the loss: banks with billions of dollars in assets or workers and their families who struggle from paycheck to paycheck? The answer is obvious.

Workers did come first under Wisconsin law until banking lobbyists pushed through a budget amendment in the 1997-98 legislative session that nullified a ruling by the 1st District Court of Appeals. The court had interpreted Wisconsin's wage claim lien law in favor of workers based on a challenge by Firststar Bank and the Wisconsin Bankers Association. In a strongly worded statement by Judge Charles Schudson speaking for the court:

“The absolute or sacred nature of the wage claim lien flows from a simple proposition: If workers are not paid their wages, they and their families will suffer.”

The Appeals Court also reacted strongly to the bankers' argument that to give top priority to workers' unpaid wages would interfere with their financial contracts. The court said:

“After all, a lien for wages is a lien for money that should have been paid in the first instance – money that, in the ordinary course of business, would not have been available to pay any claims of a secured party.”

What Wisconsin workers won in the courts, they lost in an amendment slipped into the state budget process. The budget amendment in the 1997-98 legislative session changed state law to base lien priority on the date the lien was filed which, in effect, put banks and other secured creditors ahead of any possible wage claim lien. In the 1999-2001 State Budget, the Wisconsin State AFL-CIO was able to add language that moved the wage claim lien priority ahead of most creditors, except for banks and other financial institutions. The top priority for unpaid wages that was affirmed by the Appeals Court still needs to be restored.

With Senate Bill 320, the original “workers first” wage claim lien protection will be restored. We ask for bipartisan support for this bill which will help ensure that workers who have lost their jobs will not lose wages owed them as well.

[The Wisconsin State AFL-CIO does not have a list of the cases where the State of Wisconsin has used the wage claim lien provision, but attached are some news clippings related to the issue. We just learned that this week Milwaukee Die Cast filed for bankruptcy and left some 35 workers with wages they are owed.]

Wage lien sought in closing of hospital

The Wisconsin Department of Workforce Development said Thursday it will file a \$2.5 million wage lien against Charter Behavioral Health System of Wisconsin.

Georgia-based Charter closed its 80-bed hospital in West Allis earlier this month. The hospital's workers were laid off when the hospital closed.

The lien is necessary to help protect employee wage claims, said department Secretary Linda Stewart.

"We just want to ensure Charter's former employees receive any unpaid wages," Stewart said. Charter has filed for bankruptcy protection.

"Ultimately, it will be up to the bankruptcy court to issue a ruling in this case," Stewart said.

Meanwhile, the department continues to investigate complaints that Charter closed the hospital without properly notifying its employees.

Under state law, businesses with more than 50 employees must give a 60-day notice before carrying out mass layoffs or closings.

If the department finds Charter in violation, the state could require the company to pay wages and benefits that hospital workers would have earned during the 60-day period.

The state also could fine Charter \$500 for each day it fell short of the 60-day requirement.

State: Firm owes workers \$63,000

CT 9/24/98

By Karyn Saemann

The Capital Times

DEERFIELD — A screen printing firm that closed its doors suddenly in June owes \$63,000 to former employees, a state agency ruled Tuesday.

Bob Anderson, acting director of the state Department of Workforce Development's Labor Standards Bureau, said LSJ Sportswear Inc. owes employees vacation pay, commissions, travel expenses and bonuses.

Anderson said a second phase of the state's investigation is continuing, looking into whether LSJ violated state law by not giving employees 60 days notice of the plant's closing or mass layoff.

Employees received no notice when the plant closed on June 5.

Under state law, companies with more than 50 employees must abide by that guideline, Anderson said. The state has determined that LSJ had 52 people on its payroll, he said.

However, state law waives the requirement if a company can prove that it was attempting to secure capital or business, that its efforts had a reasonable chance of being successful, and if giving notice would have been detrimental to its succeeding, Anderson said.

Anderson said the state is collecting evidence from LSJ about a loan offer made by a Chicago bank in March, and questioning whether this attempt to refinance its debt constituted a reasonable effort.

Ultimately, "we'll make a ruling as to whether we think this is a legitimate defense, and whether there will be a violation," Anderson said.

See LSJ, Page 2B

Continued from Page 1B

If the state rules against the firm, LSJ could be required to pay employees the equivalent of 40 hours per week of wages and benefits over a 60-day period.

Anderson stressed that this would not be 60 payroll days, but rather as many work days as would fall in a 2-month period.

Anderson said he doesn't expect the second phase of the investigation to wrap up until at least November.

Steve Smith, the firm's president, who has been out of work since the shutdown, said Wednesday that he had not yet seen the state decision.

The firm's board of directors will ultimately decide whether to appeal.

"At some point I will be given the information, and I will be part of a group that will consider what the next step is," Smith said.

However, "it does not seem like that number is too far out of line," he said of the \$63,000.

Smith said liquidation of assets is being overseen by Banc One of Milwaukee.

The former plant building at 54 Golf Car Rd. is on the market but has not yet been sold.

"That would require my signature on documents," Smith said.

LSJ had been the largest design and screen printing firm in Dane County, with annual sales of more than \$17 million. Its customers included major retailers such as Target, ShopKo and J.C. Penney.

The company's financial troubles began after it purchased Gopher Sport, another screen printing firm in Owatonna, Minn. It quickly realized it had taken on too much, Smith said.