

Testimony: WEDC Fraud Bill
Assembly Committee on Jobs and the Economy
January 13, 2106

Thank you Mr. Chairman for the opportunity to testify in support of Assembly Bill 669---bipartisan legislation that would make it a crime to provide false information to the Wisconsin Economic Development Corporation for the purpose of receiving state economic development assistance.

I would first like to thank Representative Kerkman for her efforts in helping crack down on what I believe is a very serious crime—the defrauding of Wisconsin taxpayers when applying for state economic development assistance.

I would also like to thank Representative Taylor who joined me in introducing an earlier version of this bill and who has signed on as a co-author of AB-669. Finally, I would like to thank our colleagues on both sides of the aisle who have signed on in support of making economic assistance fraud a crime.

The fact that the Governor has voiced his support for stiffer penalties against this type of fraud and the significant number of members from both parties on this bill demonstrates the great deal of bi-partisan concern that exists on this issue.

Most of us are familiar with two high profile cases in which individuals are alleged to have committed fraud against the taxpayers in procuring taxpayer assistance. One involving the owner of Business Committee, Inc. near Milwaukee and the other involving the owner of Green Box up in my neck of the woods.

In both cases they failed to include information that would have resulted in their being denied that assistance. In just those two cases alone taxpayers lost \$1.5 million that they likely won't see returned to state coffers.

That is taxpayer money that could be used to help truly deserving businesses grow and create jobs, helping an untold number of Wisconsin workers the ability to provide for their families and participate in our economy.

I mention this because any fraud against the taxpayer is significant. But these types of cases can cost taxpayers literally millions of dollars with the stroke of a pen.

- It is a crime against millions of taxpayers.
- It is a crime against the business community.

- And it is a crime against those who have been denied work because those taxpayer funds aren't available to businesses who truly need them to grow and create jobs.

I was asked why this bill is necessary because those who commit these crimes can already be charged with fraud. And I'm reminded of when we made it illegal to text and drive. At the time, opponents of the law said it wasn't needed because people could already be charged under inattentive driving laws.

But making texting while driving its own crime served the greater purpose of making it clear to people that it is extremely dangerous—even life threatening. And that if you engage in that behavior you are breaking the law and can be punished for it.

The same holds true here.

Just like we have laws against public benefits fraud we should also have laws against economic assistance fraud. To justly punish those who would steal from the taxpayers and send a message to those who would consider it.

I want to again thank Rep. Kerkman for the opportunity to work with her on AB-669. I believe the bi-partisan effort behind it has produced a fair and balanced bill that will accomplish both of those goals.

Thank you.



STATE REPRESENTATIVE

SAMANTHA KERKMAN

Assembly Bill 669
Defrauding the Wisconsin Economic Development Corporation

Assembly Committee on Jobs and the Economy
Wednesday, January 13, 2016

Good morning chairperson Neylon and members of the Committee; thank you for the opportunity to testify before you today on Assembly Bill 669.

AB 669 makes committing fraud against the Wisconsin Economic Development Corporation or using a WEDC benefit in a manner other than its specific use a Class E felony. AB 669 also makes those who intentionally defraud WEDC ineligible for economic development benefits for 7 years.

As the Co-Chair of the Joint Audit Committee, I have a strong interest in reducing waste, fraud, and abuse of government resources and have authored or co-sponsored numerous bills with this intent. Just as there are criminal penalties for fraud of Wisconsin Works, Medical Assistance, and FoodShare, there should also be criminal penalties for committing fraud in the pursuit of state economic development assistance from WEDC.

Last month I was pleased to find common ground with Senator Hansen with the discovery that he and I had been working on separate, but largely similar bills. AB 669 is a meld of our drafts and a cooperative effort to help ensure that state taxpayers and the economic development resources available through WEDC are protected.