



# Tyler August

State Representative • 32nd Assembly District

Assembly State Affairs Committee

September 20, 2018

Assembly Bill 494

Thank you, Chairman Swearingen and committee members for having this hearing on Assembly Bill 494, a simple but very important economic development bill. I have invited three individuals from Walworth County, Milton Neshek of Kikkoman, Walworth County Administrator David Bretl, and WCEDA Executive Director Derek D'Auria, to join me in discussing how important this bill is for furthering economic development initiatives not only in Walworth County, but throughout the state.

This bill simply creates parity between state and local elected officials when accepting anything of value at a state sponsored economic development conference. State officials have the ability to accept a dinner at a conference if it is hosted by the state, either WEDC or the Department of Tourism. Unfortunately, state law does not allow the same benefit to local elected officials. This bill will rectify this oversight.

Economic development is a collaborative effort between state and local officials, as well as other business leaders and higher learning. This is evident in the efforts of Walworth County as every five years, Kikkoman, WEDC, and UW Milwaukee host an economic development conference. This conference brings together all interested parties to further enhance the economic development initiatives that will help not only Walworth County prosper, but the state as well.

In the past, the Government Accountability Board has ruled that local officials could accept anything of value at these conferences. However, the current Wisconsin Ethics Commission has ruled that the statutes are silent on this topic. To rectify this, Senator Nass and I have authored AB 494 to allow local officials to accept anything of value at these types of conferences.

Thank you, again, for holding this hearing and I would be happy to answer any questions you may have.



# **Stephen L. Nass**

Wisconsin State Senator

## **AB 494 Allowing Local Elected Officials to Accept the Same Items as State Officials from WEDC & Tourism**

Testimony of Senator Steve Nass

Assembly Committee on State Affairs

September 20, 2017 • 225 Northwest, State Capitol

Thank you Chairman Swearingen for holding a hearing and allowing me to testify in support of AB 494. This bill will clarify an ambiguity in current law and make clear that local elected officials are allowed to accept the same items of value as state elected officials from the Wisconsin Economic Development Corporation (WEDC) or the Department of Tourism.

This issue was brought to our attention by Kikkoman Foods, a major employer in our district located in Walworth, Wisconsin. Kikkoman is the world's largest producer of naturally-brewed soy sauce. They do business in more than 100 countries and employ thousands of people worldwide. Their first U.S. manufacturing plant was opened in 1973 in Walworth. In 2008, Kikkoman opened a U.S. research lab in Madison's University Research Park.

Every five years, Kikkoman hosts a Wisconsin-United States-Japan Economic Development Conference. The conference is designed to promote business, economic development, and tourism in our state. In the past, the conference has been jointly sponsored by the Wisconsin Economic Development Corporation (WEDC) and the University of Wisconsin-Milwaukee.

The Kikkoman economic development conference has been held every five years for the last 25 years. The next conference will be held in June 2018, where Kikkoman Foods will celebrate their 45<sup>th</sup> anniversary in Wisconsin. It is attended by business owners, state and local elected officials, and academic experts from the U.S. and Japan. A reception, beverages, dinner, and sometimes hotel rooms are provided for individuals attending the conference.

Past State Ethics Boards had ruled that it was permissible for local elected officials to attend this economic conference and accept items of value, much like state officials, because of the involvement of WEDC. The current Ethics Board expressed the need to update the statute to make clear that local officials are treated the same way as state officials under this law. This legislation will allow local officials to attend the upcoming

*"In God We Trust"*

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11th Senate District

P.O. Box 7882 • Madison, WI 53707-7882 • (608) 266-2635

Toll Free: (800) 578-1457 • E-mail: [Sen.Nass@legis.wi.gov](mailto:Sen.Nass@legis.wi.gov)

Kikkoman economic conference just as they have done for past conferences with the approval of previous ethics agencies.

Thank you for the opportunity to testify in support of this legislation. If committee members have further questions, I am happy to answer them at this time.

Wisconsin-U.S.-Japan Economic Development Conference

*“The Road to Prosperity;  
Global Innovative Economic Development”*

*June 7, 2013 – 3:00 p.m. to 6:00 p.m.  
The Abbey Resort  
Fontana, Wisconsin*

Agenda

- 3:00 pm *Opening Remarks*  
Moderator  
➤ *Mike Miller, Retired Weekend News Anchor from WISN 12*
- 3:05 pm *Welcome by Sponsors*  
➤ *Mr. Yuzaburo Mogi, Honorary CEO and Chairman of the Board of Kikkoman Corporation and Chairman of the Board and Honorary CEO of Kikkoman Foods, Inc.*  
➤ *Dr. Michael Lovell, Chancellor of the University of Wisconsin-Milwaukee*  
➤ *Mr. Reed Hall, Secretary and CEO of the Wisconsin Economic Development Corporation*
- 3:20 p.m. *Program*  
Political Viewpoint  
➤ *Honorable Scott Walker, Governor, State of Wisconsin*  
➤ *Mr. Toshihiko Fukui, Former Governor of the Bank of Japan*  
  
Academician Viewpoint  
➤ *Mr. Ryoki Sugita, Chairman, Japan Center for Economic Research*  
➤ *Professor Randall S. Kroszner, University of Chicago, Booth School of Business*  
  
Business Viewpoint  
➤ *Mr. Minoru Makihara, Former Chairman of Mitsubishi Corporation*  
➤ *Mr. John E. Schlifske, Chairman and CEO, Northwestern Mutual Life Insurance*
- 5:30 pm *Questions & Answers*
- 6:00 pm *Conference Adjourns*
- 6:00 pm *Reception*  
*Followed by Kikkoman 40<sup>th</sup> Anniversary Celebration Dinner and Program*



# Wisconsin Ethics Commission

Campaign Finance | Lobbying | Ethics  
212 East Washington Avenue | Third Floor | P.O. Box 7984 | Madison, WI 53707-7984  
(608) 266-8123 | [ethics@wi.gov](mailto:ethics@wi.gov) | <https://ethics.wi.gov>

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TO: Members, Senate Committee on Labor and Regulatory Reform  
Members, Assembly Committee on State Affairs

FROM: Brian M. Bell, MPA  
Commission Administrator

SUBJECT: Senate Bill 412 / Assembly Bill 494

Mr. Chairman and members of the Committee:

Thank you for the opportunity to speak with you all today. My name is Brian Bell, and I am the Administrator for the Wisconsin Ethics Commission. I am appearing today representing myself and on behalf of the Chair and Vice-Chair of the Ethics Commission, testifying for information only on Senate Bill 412/ Assembly Bill 494.

This bill would take two exceptions to the code of ethics for state public officials and extend those same exceptions to also apply to the code of ethics for local officials. The exceptions allow officials to receive things of value that are independently provided by either the Wisconsin Economic Development Corporation (WEDC) or the Department of Tourism. WEDC and Tourism are explicitly authorized by statute to receive things of value to be used for the purposes specified in statute for each agency (sponsorship of a foreign trip to promote trade or hosting events to promote economic development, and promoting tourism, respectively), which those agencies are then required to report the Ethics Commission annually, by April 30<sup>th</sup> for the preceding calendar year.

The Ethics Commission is responsible for administering the code of ethics for state public officials, but District Attorneys have primary enforcement of the code of ethics for local officials. However, the Ethics Commission is permitted by statute to provide advice and guidance to District Attorneys and Corporate Counsels of local governments. From the perspective of administering the State's ethics laws,

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*Wisconsin Ethics Commissioners*

Mac Davis | David R. Halbrooks | Katie McCallum | Pat Strachota | Timothy Van Akkeren | Jeralyn Wendelberger

*Administrator*  
Brian M. Bell, MPA

consistency between the rules that apply to state officials and local officials improves the general understanding of officials as to what rules apply to their position.

Some history regarding the codes of ethics in Wisconsin may also be informative. Initially, the State of Wisconsin established a Code of Ethics for State Public Officials, but it was not until a few years later that the Legislature went back and added the code of Ethics for Local Officials as an option for local governments to adopt a code by ordinance that could not be more restrictive than the state code. It was not until 1991 that the provisions of the local ethics code were enacted. While similar to the state code of ethics, there are several distinctions between the state and local codes.

The exception to the code of ethics for state public officials relating to economic development was also enacted in 1991 (originally related to the Department of Development). The tourism exception was enacted in 1995. Having not yet reviewed the drafting files, we are unable to say at this point whether the exclusion of the economic development and tourism exceptions with the local code was intentional, an oversight, or even discussed.

More directly to the provisions of this bill, adding these exceptions for local officials would likely provide greater clarity to local officials as to whether they may accept items of value from WEDC or Tourism under the Code of Ethics for Local Officials, as well as provide clarity for District Attorneys regarding enforcement of the local code. From my experiences in this position thus far, local officials are often involved in matters of both economic development and tourism, so this bill does address regularly occurring questions for local officials regarding the code of ethics.

I would also like to take this opportunity to say that while the Ethics Commission has not addressed this issue as a full body, the Commission has included 30 recommendations for potential legislation in its 2017 Annual report, including four recommendations regarding the ethics disclosures.

Again, thank you for the opportunity to speak with you today. I would be happy to answer any questions you might have for me.