WI AFL-CIO

Wisconsin State AFL-CIO
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President: Phil Neuenfeldt, Secretary-Treasurer: Stephanie Bloomingdale

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Dear Members of the Wisconsin State Senate Committee on Revenue, Financial Institutions, and Rural Issues,

On behalf of the hard-working men and women of the Wisconsin State AFL-CIO, I write to urge this Committee to support Senate Bill 481, a commonsense bill that would eliminate tax deductions for companies that move jobs out of this State.

Under current law, companies can deduct from their taxes the cost of moving expenses when they move operations anywhere – be it within Wisconsin, outside of Wisconsin, or even to another country. For too long, taxpayer dollars have followed every job loss that this State and working families have experienced. This practice must be ended.

In 2016 alone, the State of Wisconsin lost 3,776 manufacturing jobs. Many of the manufacturing companies that downsized in Wisconsin last year expanded elsewhere – be it in another State, or even to another country as company executives search for the cheapest labor on this planet. To think of the nearly 4,000 Wisconsin men and women in the manufacturing sector who were laid off last year is devastating, but to think that current state law allowed the companies to receive a tax deduction off of that devastation is maddening.

That is why the Wisconsin State AFL-CIO supports this bill, SB 481, and thanks its authors Senator Feyen and Senator Bewley and its many co-sponsors.

Under this bill, SB 481, businesses would no longer be able to deduct from their taxes moving expenses when the move is from within Wisconsin to outside of Wisconsin, including outside of the United States. Of course, the State of Wisconsin should attempt to keep every job within our State's borders. However, if a company decides to move a job from Manitowoc to Malaysia, then that company should not receive the benefit of a tax deduction for the harm it causes to the Manitowoc community and the State. This simple correction in our tax laws deserves unanimous support.

We urge each of you - the members of this Committee – to support this commonsense bill. We also thank Committee Chairman Marklein for scheduling a public hearing, and urge you to schedule an executive session so that this bill can be voted on by the full Senate as soon as practically possible.

Sincerely,

Stephanie Bloomingdale
Secretary-Treasurer

DAN FEYEN

STATE SENATOR

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To: The Senate Committee on Revenue, Financial Institutions and Rural Issues
From: Sen. Dan Feyen
Re: Senate Bill 481

Mr. Chairman, members of the committee, thank you for holding this hearing today.

Currently, any Wisconsin business can deduct business-related moving expenses from their state income or franchise tax liability. If a Wisconsin company moves out of the state, they still have to file income or franchise taxes for their last year of operation in the state. By being allowed to claim the moving deduction on their last filing, Wisconsin is in essence giving these companies a tax break for moving out of the state.

This legislation would no longer allow companies who have moved their operations out of Wisconsin or out of the USA to claim the moving deduction when they file their Wisconsin state income or franchise taxes. The bill would have no effect on companies who move operations within the state.

I feel this is a common sense reform of an overlooked detail in statute. Wisconsin taxpayers shouldn't be subsidizing the costs of a company that is moving jobs & other economic activity out of our state. Wisconsin is a business-friendly state but we also need to be fair and ensure we are protecting taxpayers' hard-earned dollars in every way possible.

Moving expenses under the bill include van & storage rentals, employee wages, lease cancellation fees, mileage deductions for vehicle use, the cost of meals, lodging, and fuel, loss on the sale of property in this state, expenses paid or incurred to sell property in this state, and moving company expenses for packing, unpacking, and transportation. These would no longer be deductible expenses if this bill becomes law.

This bill would cause a small, indeterminate increase in revenue.

Thank you for your time today. I welcome any questions you may have.