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To: The Senate Committee on Agriculture, Revenue and Financial Institutions
From: Sen. Dan Feyen
Re: Senate Bill 12

Mr. Chair, 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.

We are offering one amendment today as the new DOR administration had a different technical interpretation of the draft. The amendment clarifies our original intent with language the department requested. I am happy to share the technical memorandum.

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

Adam Neylon

State Representative • 98th Assembly District

DATE: February 19, 2019

TO: Senate Committee on Agriculture, Revenue and Financial Institutions

FROM: Representative Adam Neylon

RE: Senate Bill 12

Chairman Marklein and Committee Members, thank you for holding this hearing and considering Senate Bill 12, legislation relating to eliminating the ability for businesses to deduct moving expenses from their tax liability for moving out of Wisconsin or out of the country.

The business climate we have worked hard in recent years to cultivate in this state is attracting new businesses, which means more jobs and a stronger economy. We want to continue that trend, and we want to see those businesses stay here.

Businesses in this state enjoy a number of tax-related incentives. One such incentive allows businesses to deduct from their state income or franchise taxes, the expenses the business incurs when moving their operations out of Wisconsin or to a different country altogether. While most tax incentives encourage businesses to stay here, this loop-hole incentivizes businesses to leave Wisconsin.

This legislation is simple. The bill closes the aforementioned loop-hole, stopping a business from writing off moving expenses against their tax liability when leaving Wisconsin or the country. This legislation will make Wisconsin more competitive when compared to other states because these tax dollars will stay in Wisconsin. These tax dollars can then be used on programs and initiatives to help Wisconsin residents and Wisconsin businesses.

You will see a small amendment has been offered for this bill. The origin of this amendment is comes from the Wisconsin Department of Revenue. The authors and I consider this a friendly amendment and technical in nature.

I would like to thank you for your time today and please do not hesitate to contact my office with questions.

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