



**PUBLIC POLICY COUNCIL News Briefing March 20, 2009 contact: Nan Nelson (920) 593-3418**

**LOCAL**

**Budgets & Taxation:**

**The Indian Reorganization Act (IRA) authorized the Secretary of the Interior to acquire land and hold it in trust "for the purpose of providing land for Indians." The IRA defines the term "Indian" to "include all persons of Indian descent who are members of any recognized Indian tribe now under Federal jurisdiction." In the suit *Carcieri v. Salazar* the US Supreme Court was asked to interpret the statutory phrase "now under Federal jurisdiction." On February 24 the Court ruled that the phrase "now under Federal jurisdiction" refers to a tribe that was under federal jurisdiction at the time of the enactment of the IRA in 1934. As a result, the statute limits the Secretary's authority to taking land into trust only for tribes that were under federal jurisdiction when the IRA was enacted in June 1934. Although the Oneida Tribe was not a party to this case, and it may be debatable whether the Oneida Tribe was/was not under such jurisdiction, it is possible that the ability of the Oneida Tribe to place land in federal trust status may be in jeopardy. There are large property tax and other consequences to this ruling that are not yet clear.**

**Downtown Green Bay:**

- **The Green Bay Redevelopment Authority approved a loan package to go before the City Council on April 8 that will allow the WaterMark project at the old Younkers site to break ground in May. Calumet County Bank will loan Vetter Denk Architects, Milwaukee, \$4.5 million for 30 months. The city will loan Vetter \$3.5 million for between 30 months and seven years. Wisconsin Housing and Economic Development Authority (WHEDA) will provide Vetter a New Market Tax Credit loan for 20% of the value of the project for seven years. Vetter will contribute \$260,000 in cash in addition to the \$900,000 in work already done. The development includes office, retail and condominium space in the former Younkers building, and the construction of Hagemeister Park restaurant facing the Fox River and the children's museum and a parking garage on the North Washington Street side of the property. Vetter said the plan calls for simultaneous construction of the WaterMark site and the children's museum. The restaurant and museum could begin interior buildouts in six or seven months. The rest of the project would be done in nine months. Closing on the loans could happen in late April if a variety of contingencies are met, including assessments and verification by the museum and restaurant owners that they, too, have financing.**
- **A proposal in Gov. Jim Doyle's 2009-11 budget could expand the Premier Resort Area Tax, a 0.5 % sales tax, to allow communities to use revenues from the tax to build convention centers. If passed, Green Bay officials may use the tax to expand the KI convention center, said Brad Toll, president and chief executive of the Greater Green Bay Convention and Visitors Bureau. Green Bay hopes to expand its KI Convention Center to remain competitive with convention centers around the state. The architect who designed the building told city officials earlier in February it would need to add up to 40,000 square feet to maintain itself as an attractive venue.**

**Economy:**

- **By a 2-to-1 margin, CEOs and business owners in the most recent Nicolet Bank Business Pulse® see the current economic environment as an investment opportunity, rather than a threat to their personal portfolios. About six-out-of-ten business owners and CEOs in the NewNorth say this is a time of great opportunity; 30% say this is a time of great threat to their investments. While many see opportunity, they are not particularly "bullish" in terms of their personal investments: 13% say they're bullish, 26% bearish, 51% are neutral; 10% not sure.**
- **The Green Bay MSA at 7.3% and the Appleton MSA at 7.1% unemployment are still below the state 7.8% for January.**
- **At a March 10 news conference Chamber president Paul Jadin, BC executive Tom Hinz and Green Bay mayor Jim Schmitt presented a unified front and a pared-down list of area projects they would like to see funded by federal economic stimulus dollars. View the complete list at: <http://www.greenbaypressgazette.com/article/20090311/GPG0101/903110666/1978>**

**Economic Development:**

- **On Broadway Inc. was among five recipients on March 2 of the Great American Main Street Awards, a program of the National Trust for Historic Preservation. Ten Main communities, of more than 1,300 in 40**

states, were finalists. National Main Street Awards honor exceptional accomplishments in revitalizing historic and traditional downtowns and neighborhood commercial districts.

- Green Bay is facing little to no opposition in its creation of guidelines that will increase development fees, require an additional plan for new subdivisions and mandate sidewalks along all new streets. As the city closes in on a new Subdivision and Platting Code, the Realtors Association of Northeast Wisconsin and the Brown County Home Builders Association are supporting the ordinance. Green Bay's Plan Commission approved the code unanimously, although at least one area developer had not heard the change was coming. Realtors, builders, surveyors and planning officials wrote and reviewed the ordinance before it entered the government approval process, said Nic Sparacio, the Green Bay zoning specialist who led the charge for the city.

#### Government Efficiency and Cooperation:

Oneida tribal chairman Rick Hill and Green Bay Mayor Jim Schmitt signed a 15-year agreement on March 9 worth about \$250,000 a year to the city. The tribe will pay about \$150,000 a year to the city for general services, such as fire rescue and street repair. For services that could duplicate those the tribe provides for itself, such as police protection, discounts were worked into the formula used. The tribe also will pay \$40,000 a year toward maintenance of the Bay Beach Wildlife Sanctuary and an estimated \$60,000 a year for storm-water management.

#### Transportation:

Roundabouts on Military Ave. were killed by the City Council on March 3. The vote was 6-6, and Mayor Jim Schmitt broke the tie, meaning the city will use traffic signals only when Military Avenue is reconstructed. Council President Chris Wery, who had favored a series of six roundabouts and who later proposed a compromise, switched sides and moved for signalized intersections only for the 1½ mile commercial stretch due for reconstruction in 2010. Those voting for a compromise plan calling for roundabouts at Sixth and Ninth streets were Tom Weber, Jerry Wiezbiskie, Dan Piton, Amy Kocha, Celestine Jeffreys and Tony Theisen. Wery, John Vander Leest, Tom De Wane, Guy Zima, Andy Nicholson and Steve Deneys voted against it. After Schmitt broke the tie, a vote for the four-lane plane with signalized intersections won 10-2, with Theisen and Weber as the only holdouts.

## STATE

#### Business and Economic Development:

The state's programs for creating jobs, criticized in the past for being redundant and confusing to businesses, are being overhauled under the state budget repair legislation passed last month. Instead of five tax credit programs divided up among different geographic regions, the Department of Commerce will operate a single statewide program that can award credits where officials think they'll have the most impact. It would consolidate zones focusing on development, enterprise development, agriculture, technology and airport development into one program with about \$90 million left in tax credits of the amounts originally set aside by lawmakers. Doyle's budget proposal currently before the Legislature would also combine several grant and loan programs for rural, community and minority-owned businesses, collectively worth about \$1.4 million a year, into a single program.

The moves follow an August 2006 audit that found that the state then had 152 economic development programs overseen by 26 councils and other bodies. The programs lacked coordination and accountability, the audit found.

#### Consumers:

- Attorney General J.B. Van Hollen said on March 10 he won't appeal a federal judge's decision striking down Wisconsin's minimum markup on gasoline. Department of Agriculture, Trade and Consumer Protection (DATCP) will continue to enforce the 1939 Unfair Sales Act, which bars gas stations and other retailers from selling products below cost. U.S. District Judge Rudolph T. Randa's ruling last month dealt with a portion of the Unfair Sales Act that required gas stations to tack on 6% over what they paid or 9.18% over the average wholesale price of gas, whichever was higher. The measure was meant to keep larger companies from dropping prices and running smaller competitors out of business. Violators faced stiff fines and lawsuits from competitors. But the law had been a point of contention for years. Supporters said it kept little guys in business while critics countered it needlessly inflated gas prices.
- Wisconsin's exports increased by 9.2% to \$20.6 billion in 2008. With this increase Wisconsin now ranks as the 18<sup>th</sup> largest exporting state, compared to its 21<sup>st</sup> rank in 2007. Exports to Canada, Wisconsin's largest international market, grew by 10.2% to \$6.5 billion. Mexico continued as Wisconsin's second largest export market, as exports grew 18.9% to \$1.8 billion. China, the third largest, had a 4.4% increase, Germany, ranked fourth, had a 19.8% increase and fifth ranked Japan had a 10.6% increase. Industrial machinery, including

computer equipment, continues to be Wisconsin's top manufacturing export commodity, growing by 11.1% to \$6.9 billion. Other chief export categories also increased: electrical machinery up 3.8%; medical and scientific instruments up 1.7%; transportation equipment up 14.3%; paper and paperboard up 5%.

#### Education:

- Gov. Doyle is preparing a far-reaching school funding reform package by next fall that would provide districts with a voluntary method to move away from state revenue caps imposed on schools since 1993 in return for their accepting "pathway" that includes joining together for collective bargaining; making employees move to the state health insurance or cheaper plan; requiring districts to use best practices to increase student achievement; and providing compensation for teachers that better reflects the needs of individual school districts, such as those in rural areas who find it rough to recruit teachers for some subjects. Doyle also proposed another major change in his 2009-11 state budget, removing the "qualified economic offer" (QEO) allowing districts to give a minimum wage and benefit increase of 3.8% if bargaining talks fail. School revenue caps rise each year with inflation, and this year's per-pupil increase was \$275, for a statewide average of \$9,607.
- The Assembly Education Committee will hold a hearing on April 21 to consider the funding reform plan of the School Finance Network (SFN) <http://www.sfnwisconsin.org>. Last month the SFN unveiled a proposal to increase school funding across the board by increasing per-pupil aid from \$264 to \$350 per student and then tying future increases to state economic growth; by targeting additional categorical aid to special needs and low income students and additional money to rural school districts and those with declining enrollments; and by modifying revenue controls to a five-year rolling average of state personal income growth. The plan would also modify the QEO (qualified economic offer) by aligning increased teacher compensation with the revenue controls number rather than the current 3.8% total salary and benefits package cap. The SFN said the state should fund the proposal by closing corporate tax loopholes, eliminating tax breaks and subsidies for companies that do not keep jobs in Wisconsin, changing the sales tax system and eliminating sales tax exemptions.

#### Energy:

- Under a new 4-year state pilot program, Wisconsin Public Service Corp. will increase its annual contribution to Focus on Energy, a statewide energy program to boost efficiency efforts in northeastern Wisconsin and will develop several community energy conservation programs. WPS will be assured that its income won't fall off dramatically if customers conservation leads to lower electricity sales. If the utility's sales are higher than expected, customers will receive refunds, and if the utility's sales are lower than expected, WPS will recover the difference over the next year through higher rates.
- On March 12 the Assembly Committee on Energy and Utilities held a hearing on nuclear energy in Wisconsin, with testimony from the Public Service Commission of Wisconsin (PSCW) and the national Nuclear Regulatory Commission (NRC).

#### Environment:

- AB-3 Phosphorus restricting the sale and use of fertilizer containing phosphorous passed the Assembly unanimously on February 24 and passed a Senate committee on March 11.
- Six Midwest Governors, including Governor Doyle, agreed to a greenhouse gas reduction "Accord" that includes a regional cap-and-trade program. Representatives of these six Midwest Governors have been meeting to develop a model cap-and-trade rule with the intent of implementing it within our region. The group is also considering a "Low Carbon Fuel Standard" regulation that could add significant cost to the dominant motor fuel source used in Wisconsin and throughout the Midwest: Canadian crude oil. Business groups are very concerned that the regional cap-and-trade regulation proposed by the Midwestern Accord would economically isolate our region, and cause significant job loss and employment migration to other states that have refused to sign the Accord. Business groups forwarded a joint industry statement to the Midwestern Governors Association, and each of the Governors themselves, explaining why regional global warming regulations would hurt our economy and asking that Midwest Governors defer to Congress on this issue to ensure a uniform policy that places all states on a level playing field. The joint statement, which has 18 signatories representing 10 Midwest states, urging the Governors to pursue incentives to promote energy efficiency and conservation instead of expensive "command and control" regulations can be read here: [http://www.wmc.org/PDFfiles/Midwest\\_Accord-Joint\\_Industry\\_Statement%203.pdf](http://www.wmc.org/PDFfiles/Midwest_Accord-Joint_Industry_Statement%203.pdf)

#### Health:

The Wisconsin Medical Society filed an appeal on March 17 to overturn a Dane County Circuit Court decision upholding the state's 2007 withdrawal of \$200 million from the Injured Patients and Families Compensation Fund.

**The withdrawal from the fund, created by the state Legislature to help mitigate the costs to health care providers of insurance coverage for malpractice lawsuits, was used to help fill a budget gap for the 2007-2009 biennium. The Medical Society sued to stop the action in October 2007. Dane County Circuit Court Judge Michael Nowakowski dismissed the lawsuit in December 2008, ruling that health care providers do not have an interest in the fund and that Wisconsin law prevents the state from being sued on the Society's other claims in this type of case. Wisconsin physicians, hospitals and other health care professionals are required to pay into the fund each year and therefore, the Medical Society contends, they have a property interest in preserving its integrity and security so that the money will only be used to pay the claims of injured patients and their families. The Society said that there are no taxpayer dollars in the fund. The state Medical Society also notes that the Wisconsin Supreme Court allowed Wisconsin teachers to sue the state in a similar case involving the Employee Trust Fund, a case that the teachers won.**

**Housing:**

**Wisconsin continues to fare better than national averages and most other Midwestern states in delinquent loans and foreclosures, according to the National Delinquency Survey issued Thursday by the Mortgage Bankers Association.**

**The state had 6.4% of 635,881 total mortgages on one- to four-unit residential properties past due on Dec. 31, less than the national rate of 8.6% of 45.4 million mortgages. About 2.8% of Wisconsin mortgages were in foreclosure, less than the national rate of 3.3%.**

**Labor and Workplace:**

- **SR-5 EFCA: The Senate Labor Committee held a public hearing on March 12 on a resolution to place the Wisconsin Legislature on record in support of the so called Employee Free Choice Act (EFCA)—Congressional legislation that would remove the use of private ballots from union representation elections under the National Labor Relations Act.**
- **SB-2 Employee Wage Protection Act had a hearing in the Assembly on March 18. Previously passed by the Senate on February 10, it eliminates the \$3,000 cap and six-month time limit so that under the bill a wage claim lien covering any amount of wages earned at any time takes precedence over a lien of a commercial lending institution. Business groups are saying that financially stressed business entities need to be able to access capital from willing lenders. Protecting the lien right priority of lenders provides greater certainty that the loan will be repaid, at least in part. Removing any lien priority of a lending institution will cut off access to capital for the most financially stressed business at the time they are most in need of access to capital, resulting in a greater loss of employment in more situations. Here is an example from WMC of how the proposed change could affect business: <http://www.wmc.org/PDFfiles/WageLien.pdf>**
- **SB-20 / AB-31 Wisconsin Fair Employment Act Damages; SB-20 had a hearing on March 12.**
- **SB-86 School Activity Under FMLA was introduced.**
- **AB-22 Employment Discrimination Arrest & Conviction is a proposal to criminalize employers' violations of the Wisconsin Fair Employment Act's (WFEA) protection from workplace discrimination for persons with arrest and conviction records. While the WFEA protects workers from employment discrimination based on a record of arrest or conviction, it provides an exception to that protection where the arrest or conviction "substantially relates" to the job. In those circumstances the employer may legally choose not to employ a worker. Litigation under this WFEA provision typically centers on facts involving application of the "substantial relatedness" test. AB 22 would make it a Class I felony under Wisconsin law for employers who violate this WFEA provision.**

**Regulation:**

**The Safety and Buildings Division of the Department of Commerce has proposed that all individuals and entities that act as building contractors or subcontractors involved in the construction or modification of public buildings, places of employment, and one and two family dwellings be registered with the Department. This requirement would essentially cover all general and special trades (and individual jobbers) who are not currently otherwise credentialed by the Department. The proposal calls for a 4-year \$100 registration, which the Department estimates would affect about 30,000 businesses state-wide. A public hearing was held in January. Comments regarding this new registration requirement may be submitted to Bob DuPont at Commerce, (608) 266-8984 [bob.dupont@wi.gov](mailto:bob.dupont@wi.gov). More information can be found on the department website: <http://commerce.wi.gov/SB/SB-CodeDevelopment.html#A5>.**

**State Budget & Spending:**

- **AB-75 Biennial State Budget was introduced on February 17. Hearings on the bill by the Joint Committee on Finance have begun and one will be held in our area on April 1, 2009 at 10:00 AM, at Lawrence University, Stansbury Theater (Music Drama Center), 420 E. College Avenue, Appleton, WI 54911. The bill will be reviewed and revised by the Legislature over the next four months, and is expected to pass and be signed into law before the close of the current biennium on June 30, 2009. WMC has offered a “pocket size briefing” on the provisions of the budget and other fast-track legislation that will have a big impact on business at [http://www.wmc.org/PDFfiles/BusnBriefing\\_JacketPocket.pdf](http://www.wmc.org/PDFfiles/BusnBriefing_JacketPocket.pdf). Last fall, Governor Doyle’s department heads submitted budget proposals with over 15% increases. He then took the departments’ increases over baseline, cut approximately 5%, and ended up with a 10.7% increase in overall spending. The Wisconsin Taxpayers Alliance pointed to “the shift from using state taxes to federal stimulus dollars to pay for major state programs.” According to the Legislative Fiscal Bureau the proposed budget would raise taxes and fees on individuals and businesses by \$1.7 billion over two years. Some provisions of the budget bill (fiscal effects are biennial numbers unless otherwise noted):**

**Taxes**

- **Capital Gains Taxes.** Current law excludes 60 percent of a capital gain from state income taxes. AB 75 would reduce the deduction to 40 percent. (\$180.6 million tax increase)
- **New Income Tax Bracket.** Under current law, the top individual income tax bracket is 6.75 percent. AB 75 would create a new top bracket of 7.75 percent for individuals earning over \$225,000 and joint filers over \$300,000. (\$318.0 million tax increase)
- **Throwback Sales for Corporate Income Taxes.** Current law taxes “throwback sales”, that is sales shipped from a taxable state to a non-taxable state that are given nexus in Wisconsin, at 50 percent of the normal tax rate. AB 75 would increase taxes on throwback sales to 100 percent of the normal rate. (\$95.2 million tax increase)
- **Decoupling IRC Domestic Production Activities.** Current law codifies a federal Internal Revenue Code deduction for qualified domestic production activities. AB 75 would decouple Wisconsin from the IRC deduction for qualified production activities. (\$71.1 million tax increase)
- **Pass-Through Entities.** Under current law, some non-resident pass-through entities are not required to make quarterly payments. AB 75 would require quarterly payments. (\$38.5 million tax increase)
- **Sales Tax on Transactions between Related Entities.** Current law applies the sales tax to some transactions between related entities. AB 75 would specify that all transactions between affiliated entities are treated as part of a combined group will be subject to sales tax. (\$40.8 million tax increase)
- **Gross Receipts Tax on Oil Companies.** AB 75 creates a new 3 percent tax on the gross receipts tax of oil companies, and prohibits oil companies from passing the costs of the tax through to customers. (\$271.7 million tax increase)
- **Cigarette Tax.** Current law taxes cigarettes at a rate of \$1.77 per pack. AB 75 would increase the tax by \$0.75 per pack. (\$290 million tax increase)
- **R&D Tax Credit.** AB 75 creates a new corporate income tax credit equal to the amount of qualified research and development expenses for businesses that increase such spending by more than 125 percent over their previous three-year spending average. The new credit would be available January 1, 2011. (\$5 million tax decrease)
- **IRC Updates.** AB 75 adopts some the the myriad changes to the federal Internal Revenue Code made in the 2008 federal budget. (\$46.1 million tax decrease)
- **Biotech Sales Tax Exemption.** AB 75 would create a new sales tax exemption for machinery and equipment purchased for biotechnology research. (\$5 million tax decrease)
- **Tax Appeals Commission Deference.** The Supreme Court ruled in *DOR v. Menasha Corp.* that the Tax Appeals Commission was given controlling weight deference in any decision it makes regarding interpretations of tax statutes or DOR rules. AB 75 would give controlling weight deference to DOR in interpreting its own rules.
- **QEO.** Under current law, school districts cannot be forced to binding arbitration to resolve a contract dispute if the district made a qualified economic offer (QEO) of at least a 3.8 percent increase in total salary and benefits. AB 75 would eliminate the QEO requirement while de-emphasizing revenue limits and local economic conditions as factors an arbitrator may consider.

- **School Revenue Limit Exemptions.** Current law limits increases in school district property tax levies to a per pupil amount on an annual basis. AB 75 would create exemptions to the limits for school safety expenditures, costs of hiring school nurses and transportation costs above the statewide average.
- **Property Tax Caps.** Current law caps municipal and county property tax increases at 2 percent, or the gain in value from net new construction. AB 75 would increase the caps to 3 percent or gain in value from new construction.

#### **Business Liability Issues**

- **Jury Instructions.** The Budget Bill (AB 75) contains a provision requiring the court in all civil actions to explain to the jury the legal conclusions that will follow from the jury's findings, and permits counsel for either party to comment on the court's explanation. This requirement is likely to influence juries' findings in order to assure that plaintiffs receive some compensation for their claims.
- **Joint and Several Liability.** AB 75 contains a provision that will allow a plaintiff to recover all of their damages in a tort claim from a defendant who bore only one percent of the liability for the injury, so long as the person recovering has less liability for the injury. Under current law, a defendant must be at least 51 percent liable for an injury before becoming jointly and severally liable for the other defendants' liability.
- **Domestic Partner Wrongful Death.** AB 75 allows a domestic partner to file an action for wrongful death, and to discharge claims of the estate in settling the domestic partner's wrongful death claims.

#### **Prevailing Wage**

- **Prevailing Wage -- Private Projects.** AB 75 contains a provision extending Wisconsin's prevailing wage laws to private construction projects receiving public financing.
- **Scope of Prevailing Wage Coverage.** AB 75 contains a provision extending Wisconsin's prevailing wage law to any project in excess of \$2,000, and eliminating the current multiplier that automatically increases that threshold annually. Under current law, that threshold is \$30,000 for a single public works project, and \$150,000 for a public project involving multiple trades.

#### **Employment Issues**

- **Discrimination Complaints.** AB 75 contains a provision making appeal of no probable cause findings in Wisconsin Fair Employment Act claims subject to appeal directly to state circuit courts, bypassing the Labor and Industry Review Commission as required under current law.
- **Domestic Partner Status.** AB 75 contains provisions creating a legal status for domestic partners, creating employment rights for domestic partners to be considered as dependents for purposes of distributing worker's compensation death benefits, and providing for domestic partners eligibility for leave under the Wisconsin Family and Medical Leave Act.
- **Unemployment Insurance.** AB 75 redirects \$1.45 million from the Wisconsin Unemployment Insurance Trust Fund to fund reemployment services to unemployment insurance recipients. The Wisconsin Unemployment Fund is currently insolvent and borrowing from the Federal Government to pay benefits.
- **Training Funding Earmarks.** AB 75 designates \$2.6 million in employment training to Wisconsin Labor Unions.

#### **Environment**

- **Increased Garbage Taxes.** The budget proposes to raise the tonnage tax on garbage from its current level of \$5.90 per ton to \$10.30 per ton. This proposal is expected to increase garbage taxes by at least \$30 million per year, or \$60 million over the budget cycle.
- **Air Emission Fee Increase.** The Governor has proposed increasing annual air emission fees for small businesses that are not required to get an air permit under federal law. Rather than paying \$35.71 per ton, businesses would instead pay a flat fee to \$775 per year. Businesses that control emissions to avoid federal permitting requirements would pay \$3,475. The fiscal impact of the fee increases is unknown.
- **New Fees on Large Water Users.** The budget proposes a series of new fees applicable to large water users based upon a facility's capacity to pump large volumes of water, and specifically targeting large water withdrawals in the Great Lakes Basin. The proposed fees would generate just over \$1 million.
- **Environmental Impact Fees for Vehicles.** The Budget Bill proposes to make permanent the \$9 per vehicle environmental fee assessed when a new or used vehicle is titled. The fee, which generates an estimated \$12.1 million per year, was scheduled to expire on December 31, 2009.

- **New Ballast Water Discharge Permits.** The Governor proposed a new environmental permit program to regulate the discharge of ballast water from ships 79-feet or larger. A general permit fee of \$1,200, plus an annual \$345 fee, is expected to generate an estimated \$450,000 over the course of the budget.
- **Purchase of Development Rights.** The Governor has proposed a new program to borrow \$12 million to purchase farmland and permanently protect it from development. The funding would be given as grants to environmental groups and local governments to purchase conservation easements in perpetuity.

**Other**

- **Statewide Workplace Smoking Ban.**
- **Enabling Regional Transportation Authorities, including in the Fox Valley.**
- **State contracting.** Eliminates a state contracting law that requires the state to conduct cost-benefit analyses before outsourcing any work costing more than \$25,000 to find out whether it would be cheaper to do the work using state employees.
- **Shared Revenue Cuts.** The overall 1% cut was distributed based on per capita property value of the community with a cap of 15%. Here is a summary of some local cuts for the two years of the biennium:
 

Wrightstown	-2.57%
Allouez	-2.46%
Ashwaubenon	-9.08%
Bellevue	-3.14%
Denmark	-0.68%
Hobart	-8.95%
Howard	-2.44%
Pulaski	-0.54%
Suamico	-9.03%
Wrightstown	-2.00%
De Pere	-1.84%
Green Bay	-0.51%
Brown County	-1.64%
- **UW System.** UW-Green Bay Chancellor Ward said the Governor's budget plan reduces the amount of state tax and other support for the UW System by \$174 million over two years. It also calls for an across-the-board one-time cut for all state agencies equal to 1% of most non-federal funds and additional funding reallocations. Taken together, these actions, he said, will lead to a lapse, or one-time budget cut of approximately \$2.6 million for UW-Green Bay in the 2009-10 fiscal year and an additional \$1.2 million in the 2010-11 fiscal year. He is hopeful that these funding cuts will be restored in the following biennium but said he had "no other choice than to put the Growth Agenda on hold under the current budget scenario."
- **Auto Insurance.** Under current law, auto insurance policies must provide mandatory minimum coverage of \$25,000 per person and \$50,000 per occurrence for bodily injury liability and \$10,000 per occurrence for property damage (summarized as 25/50/10). The Governor proposes raising those minimums to \$100,000, \$300,000, and \$25,000 respectively (summarized as 100/300/25). This is a 300% increase in mandatory minimum insurance coverage. And is estimated to raise auto insurance policy cost by 33% - 43% for those currently at the minimum.
- **Home health care aides union.** Create a Wisconsin Quality Home Care Authority that would register home health care providers who meet certain standards; require those who get long-term home health help paid for by any of a series of state programs to choose a provider off the state's list; provide home care providers collective bargaining rights under state law in a manner similar to that provided state employees by making them all part of one statewide bargaining unit with the state's Department of Health Services acting as their employer.
- **Dependent coverage required.** Require every health insurance policy, and every self-insured health plan of the state, county, municipality or school district to provide dependent coverage for a child of an insured unless: (a) the child is 27 years of age or older; (b) the child is married; (c) the child has other health care coverage; (d) the child is employed full time and his or her employer offers health care coverage to its employees; or (e) coverage of the insured through whom the child has dependent coverage under the policy or plan is discontinued or not renewed.

- **State employee transfers.** Workers could be permanently moved from agency to agency by the secretary of the Department of Administration. Currently, such moves are only temporary. Those reassigned under the proposal would be entitled to the same salary and benefits they had in their old position. All 17 executive branch departments and 11 independent agencies, where the vast majority of the roughly 67,000 state employees work, would be affected.

## FEDERAL

### Economy:

- On February 23 Governor Doyle summarized the benefits to Wisconsin of the \$787 billion federal American Economic Recovery and Reinvestment Act passed last month: more than 2.2 million people will benefit from the Making Work Pay tax credit; more than 550,000 will receive additional unemployment compensation; an additional 91,532 students will be eligible for college Pell Grants; nearly 400,000 Wisconsinites will be exempt from paying the alternative minimum tax. The largest allotment of stimulus money destined for the state is \$1.2 billion to help with Medicaid payments. More than \$1 billion will be available for education programs, and more than \$600 million for highway and transit projects.

### Environment:

The EPA has proposed a new rule to regulate greenhouse gas (GHG) emissions from power plants and industrial facilities. Industry observers believe the antiquated Clean Air Act is perhaps the worst possible mechanism for regulating GHG emissions. US Congressman John Dingell (D-MI), an author of the Clean Air Act, described using the Clean Air Act to regulate GHG emissions as "insane" and would lead to "a glorious mess." The EPA has prepared information sheets for various categories of emission sources explaining which GHGs must be reported, and how emissions would be calculated, which can be viewed at:

[http://www.epa.gov/climatechange/emissions/ghg\\_infosheets.html](http://www.epa.gov/climatechange/emissions/ghg_infosheets.html) The US Chamber of Commerce conducted a study that found more than 1.2 million additional businesses would need federal air permits if the Clean Air Act was used to regulate CO<sub>2</sub>. Commercial offices, schools, restaurants, warehouses, hotels, hospitals, churches and department stores were cited as examples of businesses that would need an air pollution permit if the EPA decided to regulate GHG under the Clean Air Act. Because these types of permits require lengthy case-by-case reviews, the resulting delay would choke the U.S. economy according to the Chamber's report:

[http://www.uschamber.com/assets/env/regulatory\\_burden0809.pdf](http://www.uschamber.com/assets/env/regulatory_burden0809.pdf) These cap-and-trade compliance costs would be paid primarily by manufacturers and electric ratepayers. Because Wisconsin has the second-most manufacturing intensive economy in the nation, and because we generate between 65% and 70% of our electricity from coal, Wisconsin will be uniquely and disproportionately impacted by new global warming cap-and-trade regulations. If you are interested in providing written comments on the proposed rule (Docket ID No. EPA-HQ-OAR-2008-0508), you can send them via email to: [a-and-r-Docket@epa.gov](mailto:a-and-r-Docket@epa.gov).

### Finance:

- The Federal Reserve announced on March 18 that it will purchase up to \$300 billion of long term Treasury securities over the next six months and an additional \$750 billion of new mortgage-backed securities (for a total of \$1.25 trillion after earlier purchase of securities guaranteed by Fannie Mae and Freddie Mac) for at least the rest of the year and perhaps longer. The move will drive down both short and long term interest rates, with an immediate drop in mortgage rates of 0.25 to 0.5% expected.
- On March 3 the Federal Reserve and the Treasury announced a long-awaited program to spur consumer lending by providing up to \$200 billion in financing to investors to buy this debt. Fed chairman Ben Bernanke told congress that the program has the potential to generate up to \$1 trillion of lending for autos, education, credit cards and other consumer loans.
- On March 4 the administration announced the "Making Home Affordable" program offering incentives to get refinancing on better terms for home owners facing foreclosure. The program has two key elements: a refinancing program for borrowers with little equity in their homes but current on their loans, and a \$75 billion program to help reduce mortgage payments for struggling borrowers. Homeowners with loans as large as \$729,750 could see their interest rates temporarily cut to as low as 2 percent under the program. The refinancing portion of the government program is expected to help reduce mortgage payments for up to 5 million homeowners, who can apply through June 2010. The loan-modification program is limited to loans issued on or before Jan. 1, 2009. It expires in 2012. Under the program, lenders that modify troubled loans are eligible for thousands of dollars in incentive payments, including bonuses for reaching homeowners before they become delinquent. The government will also help subsidize the cost of lowering the borrower's interest rate so

that payments are no more than 31% of their income. A loan can be modified only once under the program, and borrowers must prove they have a financial hardship. The administration will extend the government incentive payments to lenders that use Hope for Homeowners, a government program to refinance troubled borrowers into affordable mortgages that has failed to gain traction. The administration is also developing a program to provide partial payments to holders of second mortgages, known as second liens, to encourage them to extinguish that debt. Treasury officials did not release price tags for either of those efforts. The administration also said it will add new incentives to persuade lenders that hold second mortgages to give up their claims, further lowering homeowners' debt obligations. While the Obama administration initially said it would focus on owner-occupied properties, Fannie Mae and Freddie Mac said they would refinance loans for some second homes and investment properties, too. At least one in five U.S. homeowners with mortgages, or about 8.3 million households, owed more on their mortgage than their homes were worth by the end of 2008, according to data released the same day by First American CoreLogic. The government program does not require lenders to cut the principal that homeowners owe to current values, a costly step advocated by nonprofit groups but rejected by most lenders. House prepares to vote on another key part of Obama's housing plan: legislation to allow bankruptcy judges to modify troubled mortgages. House Democrats agreed to narrow the bill, and lawmakers are expected to vote on it soon.

- On March 5 the SBA announced that it will consider loans for larger goodwill amounts on a case-by-case basis through August 31. Previously, the agency issued a policy guidance that allows SBA loans to be used to finance goodwill—the difference between what a buyer pays for an existing business and the book or fair market value of the assets of the business—but limits that financing to no more than half the loan amount, up to \$250,000. The original guidance was scheduled to take effect on March 1. The administration announced on March 16 that it will immediately reduce small-business lending fees and increase the government guarantee on some Small Business Administration loans to 90%. For more details see <http://www.greatlakesasset.com/> The government also is taking aggressive steps to boost bank liquidity with up to \$15 billion aimed at unfreezing the secondary credit market. Often primary bank lenders will seek to sell the SBA loans in the secondary market, allowing them to use the proceeds of the sale to make new loans to other small business owners, but skittish investors have been staying away. Under the administration's initiative, the government will step in to buy these loans to help unlock the frozen credit market, using money from the recently passed bailout package in the range of \$10 billion to \$20 billion.

#### Health Care:

President Obama's first budget will seek \$634 billion over 10 years to begin health care reform. Among the initiatives are expanding coverage for children of low income workers and speeding the adoption of computerized health records.

#### Labor & Workplace:

- H.R. 1, the recently passed American Recovery and Reinvestment Act of 2009, includes a wide range of provisions that will increase unemployment insurance (UI) benefits amounts in the near term, and may expand Unemployment Insurance eligibility in the longer term. The bill contains further extended benefit eligibility for unemployed workers, as well as an additional twenty-five dollars per week available to all unemployed workers currently receiving regular benefits. In the longer term the legislation creates incentives for states to expand the conditions under which workers may qualify for unemployment insurance benefits, as well as the means for calculating benefit eligibility. UWC - Strategic Services on Unemployment & Workers' Compensation has provided a summary of the UI provisions of the act here: [http://www.wmc.org/PDFfiles/gr/UWC-HR1\\_UI\\_Provisions\\_Summary.pdf](http://www.wmc.org/PDFfiles/gr/UWC-HR1_UI_Provisions_Summary.pdf). Other significant changes were also adopted in COBRA benefits continuation requirements, as well as to the HIPAA medical records' privacy and security requirements. The law firm of Michael, Best and Friedrich has provided detailed analyses of the provisions of both of these initiatives: COBRA: <http://www.michaelbest.com/pubs/pubDetailMB.aspx?xpST=PubDetail&pub=2201> and HIPAA: <http://www.michaelbest.com/pubs/pubDetailMB.aspx?xpST=PubDetail&pub=2202>. The department of Labor is offering information at <http://www.dol.gov/ebsa/COBRA.html>.
- H.R. 1409 / S. 560 EFCA: On March 10 Rep. George Miller (D-CA) and Sen. Tom Harkin (D-IA) introduced the Employee Free Choice Act (EFCA or "Card Check") into both houses of Congress. Opponents say the bill would rob American workers of the secret ballot and allow union organizers to intimidate them into Union membership. Democratic officials called this union-organizing bill labor's top priority for the year. A free briefing on the bill is being sponsored by WMC on Thursday, April 2 - 7:30 am at the Radisson Hotel & Conference Center, 2040 Airport Drive, Green Bay. Register at:

<http://wmc.informz.net/survistapro/s.asp?id=971>. The bill has been referred to the House Committee on Education and Labor. The Senate Committee on Health, Education, Labor and Pensions plans to start hearings on it immediately, and the Senate is scheduled to act first. Senator Kohl is NOT a sponsor of the bill this time around, although Rep. Steve Kagen and Sen. Russ Feingold are listed sponsors. Now is the time to contact your senators and representative about this measure! Under the EFCA, an increase in 1.5 million union members in one year would lead to the loss of 600,000 jobs by the following year, according to a new study on the economic impact of the bill that can be read at:  
[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1353305](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1353305).

**People:**

President Obama named former Washington governor Gary Locke as his third choice for Commerce secretary, following the withdrawals of Bill Richardson and Judd Gregg. He offered Kansas governor Kathleen Sebelius as his choice for secretary of health and human services, replacing former Senate majority leader Tom Daschle who withdrew from consideration.

**Taxation & Budget:**

- Treasury Secretary Geithner on March 16 ordered the Internal Revenue Service to issue a series of new rules for temporary but significant tax breaks for small businesses that earn up to \$15 million:
  - will be allowed to claim losses for the past five years in the current tax year;
  - may write off up to \$250,000 in investments this year;
  - can reduce estimated tax payments to 90% of the previous year's filing;
  - are allowed to take larger depreciation deductions within the first year of property purchases;
  - and will see 75% of capital gains excluded for those who invest in small businesses.
- President Obama called for Congress to re-institute the pay-as-you-go rule that requires any new spending to be matched with other spending reductions or revenue increases in its future budgeting.
- Wisconsin Republican Congressman Paul Ryan joined Wisconsin Democratic Senator Russ Feingold and Arizona Republican Senator John McCain on March 4 to re-introduce legislation giving the president line-item veto power. That would allow Obama and future presidents to strike earmarked "pork barrel" projects from future budgets one-by-one.
- Godfrey & Kahn offered an overview of key business tax provisions in the American Economic Recovery and Reinvestment Act at <http://www.gklaw.com/resources/documents/Key%20Business%20Tax%20Provisions.pdf> and of the renewable energy provisions at <http://www.gklaw.com/resources/documents/Renewable%20energy%20final1.pdf>.
- On March 11 President Obama signed the \$410 billion Omnibus Appropriations Act. The House passed the bill on February 25 (245-178, largely along party lines with Kagen yes, Petri no) and the Senate followed on March 10 by voice vote after voting 62-35 to end the debate. The bill funds federal agencies through the end of the fiscal year on September 30 and carries more than 8600 bipartisan earmarks (including: \$6 million for dredging Green Bay harbor, \$230,000 Brown Co. sheriff radio tower, \$330,000 Green Bay Police Dept facilities & equipment, \$314,000 welding program at NWTC). Overall, the legislation would provide increases of roughly 8% for the federal agencies it covered, about \$32 billion more than last year.
- President Obama proposed a 10-year federal budget on February 26 that projects a budget for the 2010 fiscal year of nearly \$3.6 trillion. The deficit for 2009 is projected to reach \$1.75 trillion when the fiscal year ends September 30, or nearly four times last year's shortfall. That would represent 12.3% of the gross domestic product, a deficit level that is larger than any since the end of World War II. By the last year of his term, in the 2013 fiscal year, Obama projects a deficit of \$533 billion, or 3% of the overall economy, a level that economists consider sustainable. The budget would cut about \$5 billion in the coming year for direct payments to agribusinesses and farmers with more than \$500,000 in annual revenue, and \$4 billion in annual subsidies to private banks that make student loans. Instead the government would increase spending for government Pell Grants to needy students, and for the first time index the maximum yearly grant for inflation. With savings from lower Medicare payments to health care providers, drug makers and insurers, Obama would create a \$634 billion, 10-year "health reform reserve" as a down payment to finance disease prevention, wellness programs, research on cost-effective treatments and creation of affordable insurance programs for individuals and employers. He proposes to remake the energy sector to reduce reliance on foreign oil and address global warming by requiring industries to buy "cap and trade" permits to emit gases that contribute to global warming. The estimated \$650 billion received from sale of carbon credits would provide \$150 billion between 2012 and 2019 to develop alternative energy sources, to provide tax relief for those facing higher prices from utilities and industries passing on their permit costs, and to provide \$3.9 billion to the states to

**help build sewage treatment plants and drinking water plants. The budget also calls for \$475 million to create a new Environmental Protection Agency-led "Great Lakes restoration initiative" that will work toward cleaning up contaminated sediments, reducing existing pollution sources and stemming the inflow of invasive species to the lakes. The budget also includes funding for education projects: \$2.5 billion for a five-year fund to support state efforts to raise college completion rates and an unspecified amount to improve early childhood education. On crime, Obama added \$1 billion to the Justice Department's budget, which includes money for 50,000 more officers for the Community Oriented Policing Services (COPS) program, which pays for more local police officers, and \$75 million for the Second Chance Act which offers grants to state and local governments, nonprofits and other groups to help former prisoners adjust to society without committing new crimes. The bill extends the "stimulus" payroll tax credit for low and middle income families beyond 2010. It also adds about \$1 trillion over 10 years to the tax burden of the top 5% of taxpayers, roughly those making more than \$250,000 a year. He would let the Bush income-tax cuts lapse after 2010 as scheduled for people at that income (he would extend them for everyone else) and limit the deductions earners in the top two brackets can take for itemized deductions like charitable contributions and mortgage interest. He would also raise income taxes on hedge fund and private equity partners. After negative growth of 1.2% this year, the budget projects growth of 3.2% in 2010, and 4% or more in the following three years. In contrast, the consensus of business economists surveyed by Blue Chip Economic Indicators this month projected growth no higher than 2.9% through 2013.**

**Trade:**

**Homeland Security Secretary Janet Napolitano said her agency cannot meet its 2012 deadline to screen all cargo coming into the US for radiological and nuclear materials, because total screening will require new agreements with many countries.**

**Transportation:**

**Rail advocates and state officials are optimistic that Midwestern projects will capture a significant chunk of the \$8 billion set aside for high-speed rail in the economic stimulus bill, despite heavy competition from other high-speed rail plans across the nation. The money is most likely to be directed at building a new Milwaukee-to-Madison route and at increasing the speed and frequency of Amtrak service from Milwaukee to Chicago and from Chicago to St. Louis, said Rick Harnish, executive director of the Midwest High Speed Rail Association. Some of those trains could be in service within a few years, Harnish said Tuesday.**