

Gearing Our Tax Climate for Growth

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When I talk with job providers about how Wisconsin ranks as a place to do business, they give our state good marks for having a hard-working, innovative workforce, a strong education system, good infrastructure and a high quality of life. They also say that a competitive tax structure is an important part of creating a good business climate.

In the last year, we passed several key initiatives to create a pro-growth tax structure and help our middle-class families.

First, Governor Walker signed a manufacturing and agriculture tax credit that will provide a strong incentive for companies to locate their production activities in Wisconsin. The manufacturing and agriculture sectors have traditionally been the twin drivers of Wisconsin's economy. If those sectors bring money into the state, other sectors will thrive as well, including construction, real estate, retail, and tourism.

Advanced manufacturing businesses using sophisticated new technologies and modern agriculture businesses create high-productivity, well-paying jobs that support innovation and research. These sectors will lead the way as the nation rebalances its economy. The new tax code will help us build on our longtime strength in these sectors.

Second, we created an incentive for people to invest in Wisconsin-based businesses. If someone invests in a Wisconsin-based business and keeps their investment in place for at least five years, there will be no tax on the gain generated when the investment is sold.

This encourages entrepreneurs to start new companies that will flourish here and become major employers as our children and grandchildren enter the workforce. This new investment incentive will build on the momentum created by a bipartisan "angel investment" credit adopted in 2003.

Third, Wisconsin adopted a state tax deduction that helps middle-class families manage their health care costs, along with simplifying Wisconsin's tax law. Last year, Wisconsin adopted a state income tax deduction for contributions to Health Savings Accounts that parallels the federal deduction. In particular, this helps self-employed individuals and small businesses employees manage their health care costs.

Finally, we passed a job creation deduction to help companies expand their operations in Wisconsin and pay for job training, as well as a relocation credit for companies considering moving their operations to Wisconsin.

We've made great strides in improving Wisconsin's tax climate. These initiatives will help bring new business to Wisconsin, grow our existing sectors, and generate family-supporting jobs across the state.

The Wisconsin Department of Revenue helps formulate state tax policy, administers the state's major tax laws, collects individual and business taxes, and provides state financial aid to local governments.