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Wirch Calls for Suspension of Tax Credit for the Ultra-Rich

Manufacturing and Ag Tax Credit Costs State \$300 Million a Year, Goes to the Top .3% of Earners

Madison- Senator Bob Wirch (D-Kenosha) is leading the call for a two-year suspension of a controversial, costly tax credit that was promoted by the Republican majority as a job creation tool but has instead been a giveaway to the mega-rich.

“This credit was slipped into the budget in the dead of night, without notice or a public hearing, and it has turned out to be nothing but a special interest tax break that hasn’t created jobs. We’re again facing a tough budget, so it just makes sense to suspend the credit for the next two years,” Wirch said.

The Manufacturing and Agriculture Tax Credit allows some big businesses to pay virtually nothing in state income taxes. It was inserted into the 2011-2013 state budget by the Joint Finance Committee on a party-line vote in the last hours of the committee’s budget deliberations, with no notice or public input. Republicans at the time touted the credit as a job creator. Now fully implemented, the cost of the credit has ballooned far beyond original estimates; the most recent analysis by the Legislative Fiscal Bureau put the cost at \$284 million per year, and a re-estimate in early 2017 is expected to top \$300 million. Wirch has authored letters to the co-chairs of the Joint Finance Committee, Sen. Albert Darling (R-River Hills) and Rep. John Nygren (R-Marinette), as well as Governor Walker, calling for suspension of the tax credit for the 2017 and 2018 tax years, with the funds being used instead for road projects, education, and other important programs. Nearly a dozen lawmakers have co-signed Wirch’s letters.

“I’m astounded at the astronomical cost of this tax credit for the rich. It’s not working to create jobs that way that we were promised. Good roads and schools, however, are good for business. We should suspend the credit for the next two years and invest that money in things like infrastructure and education that actually will create jobs and improve the quality of life for working families in our communities,” stated Wirch.

Fiscal Bureau analysis found that just 0.3% of Wisconsin tax filers benefitted from the credit; eleven tax filers with incomes of \$35 million per year and above will split \$21.5 million in tax breaks in 2017; and tax filers with incomes below \$100,000 per year receive just 1.9% of the total paid out for the credit. Meanwhile, the number of manufacturing jobs created in the three years after enactment of the credit is more than 20,000 fewer than in the three years before.

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