

State National

Legislative Priorities
2016-17

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A Strategic Vision of Sustainable DOT Funding - STATE



While the passage of a constitutional amendment in 2014 requiring revenue generated by the use of Wisconsin's transportation system marginally addressed the structural problems facing our transportation fund, the fact remains that there is a sizable gap between funds available, and funds required for vital infrastructure investment. Budget shortfalls created the suspension of five projects around the state in 2015. Governor Scott Walker had previously asked for \$1.3 Billion in bonding, which was negotiated down to a \$500 million level with additional money to be released at a future date. The IBAW believe a modern and efficient infrastructure system is the foundation of the state and local economy. Funding our infrastructure development through bonding alone is unsustainable and this alone will not solve the long term challenges facing Wis DOT. While Wis DOT needs to continue to advance efficiencies within its organization and become much more judicious in funding projects, these measures alone are not enough to close the gap.

The IBAW is in favor of prioritizing key projects surrounding vital economic hubs in the near term. In the long term, a mix of increased user revenues such as gas taxes, registration fees, and tolling needs to be considered to ensure that Wisconsin's businesses have access to a robust infrastructure network.

Tax Reform - STATE

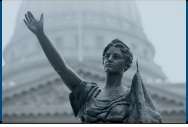
The current administration has made notable strides in increasing the competitiveness of the state income and property tax code for individuals and businesses, however more must be done. According to the Wisconsin Taxpayers Alliance, 35 other states have a more competitive tax code than Wisconsin. Additional national rankings do not look any better. The Institute on Taxation & Economic Policy ranked Wisconsin 43rd and 46th for those at the middle (\$50,000) and high (\$150,000) income threshold. These two groups encompass many entrepreneurs who are looking to grow the economy. In an increasingly globalized and competitive world a punitive tax policy will continue to present a headwind for job creators making job creation efforts more difficult. The State must continue to advance Tax relief across the board to enhance economic competitiveness.



Wisconsin against the EPA Part 2

The EPA recently proposed significant changes to carbon levels that will necessarily drive up the cost of energy within the State of Wisconsin and cost consumers and small businesses billions of dollars. The IBAW supports Attorney General Brad Schimel and the State of Wisconsin in the opposition of the "Clean Power Plan" which as estimated by the Public Service Commission of Wisconsin will cost as much as \$13 Billion. Wisconsin is heavily dependent on manufacturing, which requires the kind of reliable, affordable energy produced by our clean coal burning power plants. Since 2000 Wisconsin has already invested \$11 Billion in reducing our carbon emissions. These repeated attempts by the EPA to impose illegal regulations on state utilities, regulated by the states themselves, are specifically anti-small business. Given that offshoring of manufacturing jobs has been a hot button issue in the 2016 campaign, the United States can assure itself of a continued migration of producers to lower costs areas around the globe should the EPA standards be upheld.





Corporate Tax Reform

Eaton Corp, Pfizer, Mylan, Medtronic, and now Johnson Controls. The list of U.S. Companies acquiring foreign corporations and re-domiciling abroad grows seemingly by the month leaving behind at the very least gaping holes in national income tax revenue streams, and more often than not, job losses along the way. This also jeopardizes longstanding relationships of many small businesses that supply and service the corporate entity. It is time Congress and the Executive Branch to recognize the highly competitive global environment that defines the multinational corporate landscape. Directors and Officers of corporations have a fiduciary duty not only to shareholders, but to the business entity itself, and if significant tax savings can be had through an inversion to a country with a lower corporate tax rate such as Ireland at 15%, it should come as no surprise that U.S. Corporations are increasingly considering this alternative.

The IBAW supports comprehensive corporate tax reform that puts US employers on a level playing field in a hyper competitive global economy.

Sustainable Healthcare Reform

The 2016 Election will present a definitive turning point for healthcare systems across the United States. As a Country, we will choose the path of increased costs and decreased competition that has been the hallmark of "Obama Care" or we will continue to progressively reform the greatest healthcare system in the world. Small businesses are rightfully concerned about the following facts:

- Annual premiums for employer-sponsored family health coverage reached \$17,545 this year, up 4 percent from last year, with workers on average paying \$4,955 towards the cost of their coverage, according to the Kaiser Family Foundation/Health Research & Education Trust 2015 Employer Health Benefits Survey
- "Obama Care" Premiums have been kept somewhat in check by Risk corridors and Reinsurance being established for the insurance companies. Taxpayers are currently backstopping the insurance companies for spending more on higher risk customers and these programs both expire on January 1st, 2017. Insurance consumers will then be paying for the increased risk pool.
- Plans that were considered noncompliant plans thorough the letter of the law of ACHA were granted a waiver of additional requirements through January 1st,2017. This consumer group is estimated to be nearly 1.5 millions policy holders.

The IBAW believes that progressive healthcare reform includes repealing and replacing "Obama Care" . Immediate corrective actions include:

- Permanent repeal of the Medical Device Tax
- Changing the definition of a Full Time Equivalent Employee (FTE) from 30 hours of work per week to 40 hours of work per week
- Allow States to opt out of the ACHA requirements and create a system where consumers that do not have coverage provided by an employer can still qualify for federally funded tax credits if the plan is approved by the State
- Allow States to enter into cross State competition for insurance providers

U.S. spending on health care increased 5.3 percent last year - topping \$3 trillion overall and health care funded by the federal government rose by 11.7 percent, to nearly \$844 billion. The path of "Obama Care" is leading to a misallocation of resources and a competitive disadvantage for Small Businesses.

No Increase in Minimum Wage

There's a growing drumbeat by politicians to increase the minimum wage. When government gets involved, politics is the reason and politicians should have no part in determining cost factors of business, especially when it comes to labor.

Government mandating business to increase wages will force businesses to slow their growth and to look at other methods of efficiencies. Technological advances have given all employers an ability to forgo entry-level hires in favor of low-maintenance, non-taxed innovative devices and/or software will surely eliminate entry level jobs (order kiosks at McDonalds as an example.) Furthermore, artificially increasing the minimum wage for low skilled workers hinders them for future advancements keeping them in a low skilled / low pay setting.

The harm of government mandating a minimum wage increase is evident in the cities of San Francisco and Seattle. A paper by researchers at the American Action Forum* found growth in restaurant employment in cities that raised their minimum wage in 2015 was slower than in their respective states as a whole. Restaurant jobs since the spring of 2015 in Seattle's metropolitan area have grown a mere 0.6 percent since , while jobs grew by 6 percent across Washington state. Additionally, San Francisco restaurant jobs rose by 1.4 percent compared to 3.4 percent in the surrounding area. (Seattle's minimum wage rose by more than \$1.50 to \$11 an hour stepping its way to \$15, while San Francisco's is now \$12.25, up from \$11.05.) The preliminary data indicates a slowing of restaurant employment growth. The sharp increase in the minimum wage is a likely cause of the stagnation and decline in the Seattle area restaurant jobs this year as compared to Washington state is clear.

Business is facing large employment deficits as aging baby boomers leave the workforce to retire. The need to staff - and pay - qualified workers has never been greater as the largest workforce in American history leaves. There's never been a better time, or bigger demand for an entering a workforce.

The IBAW's position is to let the free market determine how high wages should increase and not the government. Mandating a minimum wage increase to \$10 or 15-an-hour would put us at undesirable risk, unintended consequences and uncharted waters.



* Report by American Action Forum, 2015 Local Minimum Wage Increases and Restaurant Employment Trends, By Ben Gitis November 20, 2015

Opposing the Proposed DOL Fiduciary Standard - NATIONAL

The Department of Labor has proposed sweeping changes to the definition of Fiduciary under ERISA dramatically affecting the treatment of 401(k), Simple IRA and Sep IRA plans. Businesses of all size utilize 401(k) plans to attract and retain key talent. Simple and SEP IRA plans are in particular heavily used by small to medium sized independently held businesses. The proposed rule would force investors into advisory or fee based investment solutions entirely eliminating the availability of commission based retirement plans, which tend to be more affordable for consumers. No one would argue that a fiduciary standard is a basic level of service that must be upheld, but these sweeping requirements would inevitably result in an undesirable tradeoff; costs for small businesses and individual investors would increase with a corresponding decrease in access to education and plan choice.

We at the IBAW encourage the department of labor to consider the unintended consequences that will impact retirement planning for a small business and individual investors alike.