

UNDER THE DOME

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Assembly Committee to Vote on Foxconn Legislation

The Assembly Committee on Jobs and the Economy is set to vote on the Foxconn incentive package Tuesday, with the possibility of a floor vote taking place as early as Thursday. Although no significant changes are expected, the committee chair has said they'll look to tighten up the language to address apparent gray areas in the legislation. In the Senate, the bill has been referred to the Joint Finance Committee, with Majority Leader Scott Fitzgerald telling reporters he's hopeful the committee will meet to consider it on Tuesday, August 22nd. Fitzgerald has criticized Assembly Republicans for moving forward on amendments without consulting his members, while insisting the Senate remains focused on finishing the budget before Foxconn. Fitzgerald did leave open the possibility the JFC could resume voting on the budget the same week as a Foxconn hearing. Senate President Roger Roth has told reporters it's possible the Senate could vote on Foxconn in early September. Democrats continued to criticize the bill, arguing Foxconn has a history of over promising and underperforming. Assembly Democratic leaders sent Speaker Vos a letter urging GOP leaders to hold a hearing on Foxconn to further explore the fiscal implications while raising concerns the GOP was rushing the bill through the Assembly without considering taxpayers and environmental considerations. Over 20 invited speakers and countless more from the public weighed in on the bill at a recent Assembly hearing, however, the chair has faced criticism for ending the hearing while others were waiting to speak.

Legislative Fiscal Bureau Releases Foxconn Estimates

The nonpartisan Legislative Fiscal Bureau (LFB) released a memo showing Foxconn would receive 40% of the nearly \$3 billion in tax incentives offered in the legislation over a four-year period from 2023 to 2026, amounting to \$312.4 million annually at the highest point. That assumes, however, that Foxconn meets its obligation to build a \$10 billion facility and eventually hires over 10,000 employees. In comparison, it is estimated the manufacturing and agricultural tax credit, a hallmark of Governor Walker's economic development package he proposed when first elected, will amount to \$284 million in credits in 2017. The LFB also estimates the \$252 million in transportation borrowing tied to the project, contingent upon federal dollars, would require \$403.8 million in general purpose revenue over 22 years.

Budget Update

Wisconsin is now one of only two states in the country that has yet to pass into law a state budget for the current fiscal year. The Joint Finance Committee has not met since June 15th. Democrats are not expecting action until the middle of September, while Republicans are confident it could be finalized in coming weeks. Fitzgerald said the Senate is looking at the week of August 21st- 25th to resume JFC voting. Although little progress has been made on transportation funding, Senate Republicans appear open to watering down their proposed elimination of the personal property tax, looking to limit the cost to around \$100 million, down from the initial \$239 million. To do so, they would likely limit the number of personal property tax categories for elimination initially, and implement the changes starting in the second year of the biennium. Citing the possibility of an economic downturn over the biennium, Fitzgerald said his house is looking to set aside additional dollars to guard against that scenario.

Wachs Enters Gubernatorial Race

Democratic state Rep. Dana Wachs announced he is entering the race for governor, saying elected officials need to be more responsive to common Wisconsinites. Wachs, a 59-year old attorney from Eau Claire, was elected to the state Assembly in 2012, and served previously on the city council. He becomes the third candidate to formally announce a bid. The state Republican Party was quick to respond to the announcement, sending out a mail piece to voters accusing Wachs of exploiting the legal system for his own gain, referring to him as an ambulance chaser. A number of other candidates are said to be considering runs, including state schools Superintendent Tony Evers and state Sen. Kathleen Vinehout. Former state Rep. Brett Hulseby, a Democrat from Madison who served one term in the state Assembly before being ousted in a primary, also recently filed to run.

Dairy Group Sues State DNR Over New Rules

The Wisconsin Dairy Business Association (DBA) has filed a lawsuit against the state Department of Natural Resources (DNR) claiming new regulations they've put in place for large animal feeding operations, referred to as CAFO's, are illegal, in part because the permit requirements surpass federal law and the agency failed to go through the formal rule-making process. The DBA argues the DNR can only regulate actual discharges from a CAFO, not anticipated ones, and their members will face onerous costs implementing new management practices to comply with the impromptu change in standards. In July, the DNR put forth new rules to limit animal waste spreading on certain types of soils, arguing it's led to the contamination of wells, primarily in the northeast region of the state. The rules dictate certain farming practices and force farmers to steer clear of those areas to minimize the threats of groundwater pollution. A spokesperson for the DNR declined comment. The state generally has not limited itself to federal requirements and a decision indicating they can't go above and beyond them could have significant implications for DNR oversight of large dairy operations.

REINS Act Becomes Law

Governor Walker has signed into law significant changes to the state's administrative rule making process. Dubbed the REINS Act, the legislation puts in place a \$10 million cap on new rules proposed by state agencies, requiring legislative approval for any rule that would have an economic impact over that threshold. It also creates a process for preliminary comment and hearing on statement of scope, providing an option for the legislature's Joint Committee for Review of Administrative Rules to engage earlier in the rule making process, and gives the committee the ability to request an independent economic analysis of rule compliance costs. Senate Bill 15 passed on a party-line vote in both the Senate in May and the Assembly in June.

Building Commission Approves Projects

The state Building Commission approved a series of projects aimed at improving facilities across the state. Two of the key projects include renovations to the University of Wisconsin-Stevens Point DeBot Residential Dining Center along with facility rehabilitation and maintenance at the Department of Military Affairs Fort McCoy Military Academy and Milwaukee Readiness Center. The Commission also signed-off on providing the Department of Transportation authority to a lease new Department of Motor Vehicle Customer Services Center location in Dane County and authority for the University of Wisconsin-Superior to purchase a parcel of land and improvements. Various maintenance and repair projects at state buildings were also considered by the Commission and given the go ahead.