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The Capitol Report for the Week of Aug. 2, 2018

#### State lawmakers divided over Kimberly-Clark incentive plan

A Republican senator targeted by Democrats in this fall’s election. A major employer considering the closing of plants and the layoffs of hundreds of workers. Lingering skepticism surrounding big state subsidies to Foxconn.

It all adds up to a sticky situation for the Republican-run state Senate, which is mulling a push to give Foxconn-like incentives to Kimberly-Clark to save jobs in the Fox Valley.

Majority Leader Scott Fitzgerald said Aug. 1 the Senate GOP caucus had a "productive" discussion over a plan to offer tax incentives to encourage Kimberly-Clark to keep a Fox Valley plant open.

But he didn't commit to a vote on the package, which has already drawn opposition from Sen. Chris Kapenga, R-Delafield. With an 18-15 majority, Fitzgerald couldn't lose any more GOP votes and still pass the bill unless Republicans could draw Democratic support for the package.

"Like anything else that comes before the Senate, we will be deliberative in determining the best path forward to keep our paper industry strong," Fitzgerald said.

Kimberly-Clark earlier this year announced plans to close two Wisconsin plans, cutting 600 jobs. The GOP-run Assembly in February approved a package that included Foxconn-type incentives to keep the plant open. After recently reaching an agreement on concessions with a union, the company said it was in a position to consider state incentives to keep open one of the plants that employs about 450.

Sen. Roger Roth, R-Appleton, whose district includes the plants, has said he can't recall a tax incentive package being passed without bipartisan support, and called on Democrats to get behind the effort.

He said preserving "high-paying union jobs" is the responsibility of both parties.

"It's important that this is a bipartisan deal, that the Legislature comes together," he said in urging quick action.

The Democratic Legislative Campaign Committee has listed 17 seats that it will target in an attempt to flip eight legislative chambers throughout the country. That list includes Wisconsin’s 17th Senate District in southwestern Wisconsin, held by Republican Howard Marklein, and Roth’s 19th Senate District.

But some have raised concerns that approving the package would set a precedent for other companies considering layoffs to seek similar tax breaks from the state.

Kapenga told “UpFront with Mike Gousha,’’ a WisPolitics.com partner, that his opposition to the deal is a matter of both principal and policy over the role of government when it comes to businesses. He said the government shouldn't give one company an unfair advantage by it helping it over others.

Kapenga voted for the Foxconn plan. But he said Foxconn, which is building a massive plant in Racine County, is a "fundamentally different industry that's going to bring new jobs to the state."

In contrast, Kapenga said papermaker Kimberly-Clark is looking at closing multiple plants in a business that's shrinking.

"You have a contracting industry," Kapenga said about Kimberly-Clark.

"You're not providing incentives to increase jobs. You're saying 'Hey we're going to help bridge a gap here because your union leaders and you couldn't come up with the ability to do it.' I fundamentally disagree with the concept," he said.

Kapenga said the "net impact on the economy of Kimberly-Clark staying or going will be very minimal."

He said Wisconsin has a worker shortage right now, and that while it would be unfortunate for workers who might lose jobs at Kimberly-Clark, they would quickly be hired elsewhere.

"There are a lot of jobs out there," Kapenga said.

The bill would increase tax credits for job retention to 17 percent for the paper manufacturer's payroll, up from the current 7 percent. Under the bill, Kimberly-Clark would also get refundable tax credits for 15 percent of capital expenditures — up from the standard 10 percent — over a five-year period, as well as a five-year sales tax exemption on those capital expenditures.

GOP Sen. Alberta Darling, co-chair of the Finance Committee, dismissed the argument the package could set a bad precedent, saying the state has offered tax credits and other incentives to keep businesses in the state.

She said the discussion in the Aug. 1 Senate Republican caucus was "healthy," but not every member was present and talks will continue.

Darling didn't specifically commit to the Assembly bill but said she's for "doing whatever we can to keep Wisconsin businesses in Wisconsin." She also hoped some Democrats would support the bill.

"I don't understand why the Democrats think that keeping and growing Wisconsin jobs should be a partisan issue," she said.

Roth said Aug. 1 in a statement he'll continue to push for the Senate to return "as quick(ly) as possible to pass this legislation to save good, family-supporting union jobs in a bipartisan manner."

"I thought the caucus discussion on Kimberly-Clark was productive, and I fully support Senator Fitzgerald in his efforts on this legislation," he said.

Still, the office of Minority Leader Jennifer Shilling, D-La Crosse, said Aug. 1 Fitzgerald had not reached out to her yet to see if any Dems were open to the bill. New Sen. Caleb Frostman, D-Sturgeon Bay, said recently he would look at it.

"Republicans were quick to pass a multi-billion tax giveaway for Foxconn but have been slow to act when Wisconsin jobs are on the line," Shilling said. "Sen. (Dave) Hansen's Papermaker Fund bill has strong support and would be a big boost for Wisconsin's paper industry."

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