

WEDC May Have Violated State Law Issuing \$21 Million in Tax Credits

Written by GBP Staff

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http://newiproggressive.com/images/stories/S5/walker_jobs_tour_280.jpg



New reports show Governor's top jobs agency continues to give taxpayer dollars to help corporations downsize Wisconsin jobs and flout state law. Re-branding won't work and legislators should settle for nothing less than closure, says Green Bay Senator.

MADISON - The Milwaukee Journal Sentinel is [reporting](#) for the first time today that Gov. Scott Walker's Wisconsin Economic Development Corporation (WEDC) may have violated state law in issuing \$21 million in tax credits to companies when it likely lacked the legal authority to do so.

The finding by the Legislative Fiscal Bureau came in a private Aug. 19 letter to the WEDC. In addition, recent audits have found cases where WEDC staff continually violated WEDC's own internal policies as well as state law.

Key findings of the audit found that:

- Companies receiving state incentives were not always required by records to verify they actually created the required number of jobs.
- WEDC did not follow state law in awarding contracts and that WEDC officials did not properly vet applications for assistance to determine whether businesses met eligibility requirements to qualify for taxpayer assistance.
- WEDC staff also made questionable decisions in providing taxpayer dollars to corporations that went on to eliminate and outsource hundreds of Wisconsin jobs.



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Senator **Dave Hansen** (D-Green Bay) said the agency is too far gone to save.

“WEDC is beyond repair. Time and time again we see them ignoring state law,” said Hansen referring to reports that claim WEDC may have given out \$21 million in illegal tax credits.

Another recent report by Channel 27 found that in 2014 Johnson Controls received \$1 million in state tax credits supposedly to create 266 jobs but on Friday the corporation announced it is closing the very facility and eliminating 277 jobs that it received the tax credits for.

“They have given millions in taxpayer dollars to corporations that sent Wisconsin jobs to Mexico, moved jobs from one Wisconsin community to another and closed plants and eliminated jobs. And we see it again with Johnson Controls,” said Hansen.

“This has got to stop”, said Hansen. “Wisconsin workers should not have to pay to eliminate their own jobs nor should taxpayers be on the hook for commitments made by a rogue agency that continues to flout state law. It is way past time to admit that WEDC is a failure and shut it down.”

Hansen concludes “There is no way to re-brand WEDC. It is a failed agency with a flawed structure that has done nothing but invite corruption and the waste of taxpayer dollars. Taxpayers and legislators from both parties should not settle for anything less than a complete tearing down of WEDC and a complete rebuild of our entire economic development program—including determining exactly what our state’s economic development mission should be.”

Johnson Controls joins the list of other notable corporations that have received Wisconsin tax dollars for the purpose of creating jobs only to either eliminate Wisconsin jobs or send them to foreign countries:

- WEDC awarded Hypro \$262,589 in tax credits—Hypro later announces it is closing its Whitewater plant and eliminating 62 jobs.

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- Kohl's Secured Up To \$62.5 Million In State Tax Credits To Keep Its Headquarters In Menomonee Falls. Kohls later notified the federal government it would cut 67 jobs and outsource its Milwaukee-based accounts payable and sales audit functions to India.
- WEDC awarded up to \$17 million in tax credits to Plexus Corp. In July of 2012, Plexus announced it was laying off 116 workers from its Neenah facility.
- Eaton Corp. sent over 250 Wisconsin jobs to Mexico on three separate occasions despite receiving over \$370,000 in tax credits from WEDC—some of which were given to Eaton after they began outsourcing Wisconsin jobs.

In addition, two businesses and their owners are being investigated for defrauding WEDC and Wisconsin taxpayers of at least \$1.5 million.

- The owner of Building Committee, Inc., who donated \$10,000 to Governor Walker's campaign was awarded \$500,000 in taxpayer money that he later used to pay off leases on his fleet of luxury cars including a 2010 Maserati and a 2011 Nissan 370Z luxury sports car.
- WEDC awarded over \$1 million to the owner of Green Box in De Pere is now being investigated for what could be widespread fraud. WEDC staff apparently failed to properly vet the company's application.

"Already in 2015 Wisconsin has seen over 10,000 layoffs, including many by large corporations that applied for and received taxpayer assistance for the purpose of creating jobs," said Hansen. "We have seen WEDC give corporations thousands in taxpayer support over and over despite their repeated outsourcing of Wisconsin jobs. And we have seen WEDC cave to political pressure and award hundreds of thousands of dollars to a Walker donor who was later alleged to have committed fraud."

Meanwhile Wisconsin continues to lag the nation and its neighbors in job creation:

- Wisconsin was 30th nationally in 12 month private sector job creation through the first quarter of 2015 and 34th over four years.

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- Wisconsin trailed the national pace in 12 month private sector job creation for the 15th consecutive quarter. That is every quarter since the '11 GOP budget and the launch of WEDC.

"It is time to admit WEDC is a complete and utter failure and shut it down," said Hansen. "Only then can we have a serious and thoughtful discussion about how to properly approach economic development in Wisconsin. Legislators and taxpayers should accept no less."

Legislative Staffer Jay Wadd contributed to this story.