

Are Walker's Political Rewards Why Wisconsin Is Last In Start Ups?

Written by Democratic Party of Wisconsin, Brandon Weathersby
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Gov. Scott Walker Awards \$22 Million In Tax Credits To Business Whose CEO Donated \$34,000 To Walker Campaign

MADISON - As most in the state were revolted to see another Kauffman Start-Up Activity report rank Wisconsin dead last in start-ups, Gov. Scott Walker shrugged off the report as he went to applaud yet another campaign donor receiving \$22 million in tax credits from the Wisconsin Economic Development Corporation (WEDC).

In Milwaukee yesterday, Gov. Walker applauded Direct Supply, Inc. for planning to expand its operations, but failed to mention the company's founder, president, and CEO have given \$34,000 in campaign contributions to Scott Walker. Contributions from Direct Supply employees between January 2009 and December 2015 total \$47,071.42. [1]



Just two years ago, independent research done by the One Wisconsin Now Institute revealed that \$570 million of the \$975 million, or nearly 60 percent, in WEDC funds awarded at the time were awarded to businesses whose owners or employees donated to Gov. Walker or the Republican Governors Association. [2]

"It is great to see Direct Supply planning on expanding its headquarters, but in order to build a thriving, competitive 21st-century economy Gov. Scott Walker has to stop rewarding his friends for short-term gains and work across the aisle to develop a long-term vision for our state," Democratic Party of Wisconsin Chair Martha Lanning said on Friday. "We deserve a government that makes decisions in the best interests of us all not just those who've donated large sums to political campaigns. We aren't rooting against job growth, but Democratic leaders know that in order to advance technology, businesses like biosciences and energy startups deserve a fair chance at getting the help they need to get off the ground."

As Gov. Walker rewarded his corporate friend, others expressed frustration with how little interest Gov. Walker and WEDC have in start-up activity.

In an interview, UW-Madison economist Steven Deller pointed out that WEDC hasn't incentivized investments into start-ups. Deller says that WEDC choosing to move money from tax credits for investors to legacy industries sent a signal that "as a state was that we're not interested in entrepreneurship." [3] Last year, the Republican-controlled Joint Finance

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Committee voted on a party-line vote to reallocate \$8 million in tax credits from a program helping start-ups. [4]

And, in an interview with the CapTimes, the co-founder of Wisconsin-based startup accelerator generator, Troy Vissekker, pointed out that the state's tax credits should be used more to "foster the establishment and growth of new firms," instead of going toward more established corporations. [5]

"Start-up investments present a chance to create new jobs that pay a decent wage and even create new industries that can put Wisconsin on the cutting edge of advanced manufacturing. I urge the Governor to take up Leader Peter Barca and Assembly Democrats' call for a summit on jobs. We've watched states around us pass us by while we have endured failed Republican economic experiments over the last six years. It is about time the state takes a new direction on the Wisconsin economy," concluded Laning.

Background

[1] Latest \$22 Million in WEDC Funds Goes to Big Walker Donor, Wisconsin Democracy Campaign, [[8/25/16](#)]

[2] Nearly 60% of WEDC funds have gone to Walker, GOP donors, WKOW-TV, Greg Neumann, [[6/14/14](#)]

[3] State tech leaders say another dead-last startup ranking is 'wake-up call', WisBusiness.com, Polo Rocha, [[8/25/16](#)]

[4] Budget committee allows WEDC to make \$8 million in tax credits refundable, Wisconsin State Journal, Matthew DeFour, [[6/14/16](#)]

[5] Wisconsin once again gets low grade for startup activity, Wisconsin once again gets low grade for startup activity, CapTimes, Erik Lorenzsonn, [[8.25.16](#)]