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Governor Doyle Urges Legislature to Pass Single Sales Factor Tax Legislation

Governor Jim Doyle today urged the Legislature to pass SB 197, which will encourage economic development and job creation by phasing in a single sales factor tax for Wisconsin businesses.

“Our current system of corporate taxation penalizes businesses for creating jobs,” said Governor Doyle. “It gives companies a tax break when they move jobs out of the state and a tax increase when they move jobs into the state. Many of our neighboring states have already woken up to the fact that moving to a single sales factor tax is the best way to attract new employers and encourage job growth. This is about making Wisconsin more competitive and giving our economy a needed boost.”

Under current law, corporate taxes are calculated based on a combination of three factors: payroll, property, and sales. With a single sales factor tax, corporate taxes are calculated based only on sales of goods or services. When fully implemented, the single sales factor tax would result in a net tax reduction of \$45 million annually, rewarding companies that have significant operations in the state and thereby encouraging businesses to locate or expand in Wisconsin.

Governor Doyle stated his strong support for a single sales factor tax during his campaign. The Governor believes that with a \$3.2 billion deficit, tax reductions should not take effect until fiscal responsibility has been restored to state government. Sponsors of SB 197 have followed the Governor’s requirement that the single sales factor tax not take effect until after the 2003-05 biennium. The bill will phase in a single sales factor tax starting in fiscal year 2006 and be fully implemented by fiscal year 2009.

“With our economy struggling, I believe we should pass this bill without delay,” the Governor said. “Businesses will be able to make plans to locate or expand their operations in Wisconsin with the full knowledge that our corporate tax structure will not penalize them for creating jobs.”

According to the respected, non-partisan Legislative Fiscal Bureau, the single sales factor tax would create 67,000 jobs in Wisconsin (2001, *Legislative Fiscal Bureau paper # 103*)