

New report calls for greater corporate tax and subsidy disclosure

Madison, Wisconsin, July 3, 2007 - A new report from the Center on Wisconsin Strategy (COWS), *Corporate Tax and Subsidy Disclosure: Policy Options for Wisconsin*, highlights policy weaknesses and proposes a new tax and subsidy disclosure policy that would affect all publicly-traded corporations (“C” corporations) and their subsidiaries doing business in the state.

After reviewing other states’ current and proposed tax disclosure plans, the new COWS report recommends that Wisconsin adopt a policy requiring these companies to disclose, at a minimum, how much they pay in taxes to the state, how much business they do in the state, and how much financial help they get from the state. This information would then be made available to the public in a searchable database.

“This level of transparency is key for policymakers and the public to better evaluate the tax system and see if it is truly working in the economic interests of the state,” said Kate Gordon, lead author of the report and senior associate at COWS.

The report points to Illinois as an important example. Illinois has enacted one of the nation’s most comprehensive corporate subsidy disclosure laws. The 2003 Illinois Corporate Accountability Act requires companies receiving any number of state economic development dollars to report on their progress in achieving job creation, retention and wage promises made in subsidy deals.

“Illinois has developed a database that allows the policymakers and public to understand what investments the state is making,” Gordon said. “Something like this is feasible and realistic for Wisconsin as well.”

Additional transparency would benefit Wisconsin’s businesses as well, because it could lead to a fairer tax system. The fairer tax system would allow companies that shoulder their full tax burden under existing laws to be more competitive with those companies taking advantage of unfair tax loopholes and unchecked subsidies.

As the report points out, exposing the current tax and subsidy system to public scrutiny may well lead to fewer tax loopholes, and in turn to increased corporate tax revenues. The end result is more money flowing to state programs such as workforce training, education, infrastructure and other public resources that are highly valued by firms – more highly valued, by most accounts, than low taxes.

Corporate Tax and Subsidy Disclosure: Policy Options for Wisconsin, can be found online at: www.cows.org/pdf/rp-corp-tax.pdf.

About COWS

Center on Wisconsin Strategy (COWS) is a non-profit, nonpartisan “think-and-do tank” dedicated to improving economic performance and living standards in the state of Wisconsin and nationally. Based at the University of Wisconsin-Madison, COWS works to promote “high road” strategies that support living wages, environmental sustainability, strong communities, and public accountability. For more information visit: www.cows.org