

Governor Scott McCallum
Economic Summit III
October 15, 2002

Thank you for the opportunity to talk with you about Wisconsin's future.

Two years ago, as Lt. Gov., I appeared at the very first Economic Summit and called for a unified and comprehensive statewide approach to economic development.

Today, we are moving closer to that goal with the first-ever statewide business plan called Build Wisconsin.

Many of you in the audience have been involved in the creation and development of our economic development strategic roadmap.

Thank you for your involvement.

Wisconsin is at a crossroads.

Citizens soon will be choosing their next governor... and they are facing difficult choices about how to handle a sagging economy.

This election offers a clear choice between two very different philosophies:

Opponent -- massive spending increases... eliminate spending caps...new spending will increase the state deficit by \$2.8 billion. The only way to pay for those programs is with a massive tax increase.

I have been traveling across Wisconsin listening to citizens... they tell me in no uncertain terms that they can't afford to pay anymore in taxes.

I trust taxpayers... that's why I want a constitutional amendment that gives taxpayers the final vote over any tax increase passed by the Legislature.

My record on taxes is clear.

I have balanced two budgets without raising taxes. ... and I will do it again. Everyone in this room knows that tax hikes will kill jobs. I want to build Wisconsin, not send jobs to Minnesota or Illinois.

I have three children... and I want to provide a better future for them. I want them to find good-paying jobs in Wisconsin so they can stay right here. I know you want the same for your children and grandchildren.

I want to build a better Wisconsin.

There is another major difference in this election.

My opponent wants to tear everything down. I want to talk about what is good in Wisconsin.

Let's start with the economy.

I read with interest a quote by UW-Madison economics professor Don Nichols, who said last month that Wisconsin's economy is coming out of the recession ahead of the nation's as a whole.

Nichols reasoned that the computer industry is hardest hit right now nationally -- and Wisconsin does not manufacture many computers.

He correctly noted that we make medical instruments -- and that is a sector experiencing very strong exports.

And there are other positive signs about the economy that, for some reason, have failed to attract the attention of the news media or editorial writers.

Wisconsin's economy is fundamentally strong and continues to diversify.

Employment continues to be stronger than the national average.

**Exports are increasing. Sales remain strong.
Personal income is growing.**

**And job growth in financial services and
construction sectors is especially strong.**

**The economy is going to improve, and when it
does my economic development plan will take off
with it.**

**I believe the future strength of our economic well-
being depends on a more diverse mix of high-
paying jobs...**

**... and Wisconsin's economy is very regional in
nature, so our economic development focus
should be based on regional economies rather
than a single "one size fits all" model.**

**My plan has a single objective: put more money in
the pockets of hard-working Wisconsin citizens.
My goal is to increase the per capita income by
\$8,000 by 2006, because more money in the
pockets of families means a higher quality of life.**

**We've already made great strides, increasing our
per capita income by almost \$2,000 in just the
past year.**

At the core of my jobs plan is the development of regional strategies and regional partnerships that will capitalize on growth opportunities unique to each region.

In each region, we must forge new government and private sector partnerships by targeting industries for job growth, with an overall goal of creating 400,000 new jobs by the end of the decade.

This is not a one-size-fits-all strategy.

To create higher-paying jobs, we will focus on targeted industrial development in Wisconsin's regions. As many of you know, I'm talking about clusters.

Eleven clusters account for 50 percent of Wisconsin's overall employment and represent its best long-term growth opportunities.

I believe to be successful we must first strengthen our existing businesses, and then extend our strategy to attract new companies to Wisconsin.

Targeted development is the key, and I already am moving the state down this path.

In August, my administration sat down with industry leaders and identified private-sector champions to lead our efforts.

We are drawing senior management from more than 40 companies, and I am pleased to announce today that the following have agreed to serve as Cluster Champions:

For BIOTECHNOLOGY, Ralph Kauten of Quintessence in Madison.

For PAPER and FOREST PRODUCTS, Bill Ward of Proctor & Gamble in Green Bay.

For PRINTING, John Torinus of Serigraph in West Bend.

For MANUFACTURING, Paul Erickson of John Deere in Horicon.

For MEDICAL INSTRUMENTS, Bill Hendee of the Medical College of Wisconsin in Green Bay.

And for TRANSPORTATION, Ken Thompson of Jeff Foster Trucking in Superior.

Many of the issues discussed in our meetings with the Cluster Champions are on your agenda at this summit... such as Small Business Regulatory Reform and health care.

I'm working on a plan to make it easier for small businesses in Wisconsin to succeed. My plan will include a combination of legislative reforms and changes in the way the state handles small business regulations through my power of executive order.

Today, I am announcing the findings of my Health Care Worker Shortage task force and my plans to forward a bold reform package to the Legislature next year.

(TAXES)

These issues are about improving the quality of life in Wisconsin.

Another way to improve the quality of life of every citizen is to improve our tax climate so that we can retain existing businesses and attract new business to Wisconsin.

My Build Wisconsin plan focuses on tax reform, with the top goal of getting Wisconsin out of the Top Ten most highly taxed states by 2006.

We can reach that goal by reducing the personal income tax once we get our financial house in order.

A reduction of the personal income tax will be an incentive to attract and retain moderate-income to high-income individuals. Compared to other states, Wisconsin's top rate is low; however, we must reduce the middle rate bracket, and I will ask the Legislature to do just that.

We can reach our goal by controlling property taxes...

And by adopting single sales factor apportionment for the corporate income tax so that we can be more competitive with other states and to avoid penalizing companies that adds employees and expands plants in Wisconsin.

Wisconsin currently stands out among neighboring states by not having a single sales factor apportionment. Illinois has single-factor sales apportionment, Minnesota is phasing in single-factor and currently weights sales at 75% and Michigan currently weights sales at 90%.

(IMPROVED BUSINESS CLIMATE)

We must also improve our overall business climate, and we do that through a combination of incentives and new programs designed to help companies and workers succeed.

To this end, I will ask the Legislature to create a Rural Finance Authority so Wisconsin agriculture producers can get low-interest loans to buy equipment and modernize and beginning farmers can get off to a good start.

Wisconsin is America's Dairyland, and my plan is designed to keep that designation right here. That's why I will expand the Dairy 2020 program to support increased business planning by farmers and agri-businesses to adopt new technologies and business practices or to upgrade facilities.

There are other major components to my plan that deserve mention.

I will continue implementing my Energy Plan and reform state policies that stand in the way of ensuring sufficient electric capacity.

We need to capitalize on the partnership with the best University System in the country. That's why I will establish a public-private Manufacturing Center of Excellence that connects educational and industrial resources in the manufacturing center of the state so that we can leverage our existing strengths.

And I will designate existing UW applied research centers as "Centers of Excellence." By targeting existing research programs in close cooperation with industry at UW campuses around the state, we can prioritize areas associated with clusters, identify gaps in research and create strategies to fund them.

(WORKFORCE DEVELOPMENT)

My plan also maximizes Wisconsin's human resources -- our workers.

We know that an educated workforce makes for a more successful worker... and that's why I have set a goal of raising the percent of Wisconsin college graduates with bachelor degrees from 23.8 percent in 2000 to 30 percent in 2006 and 35 percent by 2010.

Build Wisconsin can work... it's going to take a lot of time, effort and patience.

And that is our challenge: to have the resolve to give it time to be successful. If we don't lose our focus, we will be successful!

Much has been accomplished by working together in true Wisconsin spirit!

**And that's what Build Wisconsin is all about –
working together to create better jobs for a better
Wisconsin.**

Thank you for your time and attention.