

Income Tax Reciprocity Payment May Open Door for New Agreement

Wisconsin Governor Scott Walker and his Secretary of Revenue, Rick Chandler, announced on July 13th that the state had paid off the nearly \$60 million owed from the Minnesota-Wisconsin income tax reciprocity agreement. The announcement came at Airworthy Aerospace Industries, 2020 O'Neil Road, in Hudson, Wisconsin (St. Croix County).

Airworthy employs 60 associates locally, and some of them are Minnesota residents. Starting with the 2010 state tax returns, Wisconsin and Minnesota residents that commute to employers in either state were required to file returns in both states. Previously, a decades-old income tax reciprocity agreement between the two states allowed Wisconsin to make annual payments to Minnesota, because more Wisconsin residents commuted to Minnesota. The 1968 agreement was terminated by Minnesota in September 2009 which impacted tax returns for 2010.

Governor Walker said the payment paves the way for new negotiations with Minnesota to restore the agreement. "We want to make life easier for taxpayers and pay our bills," said Governor Walker. "With this payment we can continue talking with our Minnesota neighbors about restoring our reciprocity agreement."

Governor Walker introduced several residents from Wisconsin and Minnesota that commute to the other state. They included a Cottage Grove, Minnesota residents that works at Xcel Energy in Hudson, an executive from Ecolab in St. Paul who resides in the Town of St. Joseph, and the owners of Lindus Construction in Baldwin, which has construction crews in both states.

"Restoring the income tax reciprocity agreement speaks to the flow of workers between Wisconsin and Minnesota," said William Rubin, executive director of St. Croix Economic Development Corporation. "The Twin Cities metro area is a popular choice for employment opportunities, and for Wisconsin residents in border communities in St. Croix County, a high percentage of the adult workforce choose to commute. From Superior to La Crosse, an estimated 55,000 Wisconsin residents and 20,000 Minnesotans were impacted when the agreement was terminated."

Governor Walker said the movement to restore the reciprocity agreement has broad, bipartisan support. He



Wisconsin Department of Revenue Secretary Rick Chandler and Governor Scott Walker listen to State Senator Sheila Harsdorf make a point about the importance of restoring the income tax reciprocity agreement between Wisconsin and Minnesota.

singled out State Senators Bob Jauch of Poplar, Sheila Harsdorf of River Falls, and Dan Kapanke of La Crosse as champions for restoring reciprocity.

Governor Walker's visit to Hudson marks the second time he has traveled to St. Croix County in recent weeks. On June 24th he signed SB 26 to remove a federal funding restriction on major interstate bridge projects like the St. Croix River Crossing. He said the river crossing project also has bipartisan support between Wisconsin and Minnesota.

About Airworthy Aerospace Industries: Airworthy Aerospace provides a wide range of products and value-added services for the aviation and aerospace industries. It serves customers through two segments (1) maintenance, repair and overhaul, and (2) aviation supply chain. James Rouleau, a Hudson, Wisconsin resident, serves as president of Airworthy. The company has been in Hudson since 2004, and previously was located in Oakdale, Minnesota.

About St. Croix EDC: St. Croix EDC is the independent economic development arm of St. Croix County. The county is part of the 13-county Twin Cities metro area and offers new and expanding businesses numerous advantages of a rural environment on the fringe of major metro area that boasts 3.3 million residents.