

2022 RACINE COUNTY ECONOMIC OUTLOOK



● GROW RACINE COUNTY



TRANSLATORS

RESEARCHERS

UNDERWRITERS

DEVELOPMENT ADVOCATES

SO MUCH MORE

● SPECIALTY AREAS



● BUSINESS PARK DEVELOPMENT



1M+ SF NEW BUILDINGS

● BUSINESS LENDING PARTNERS

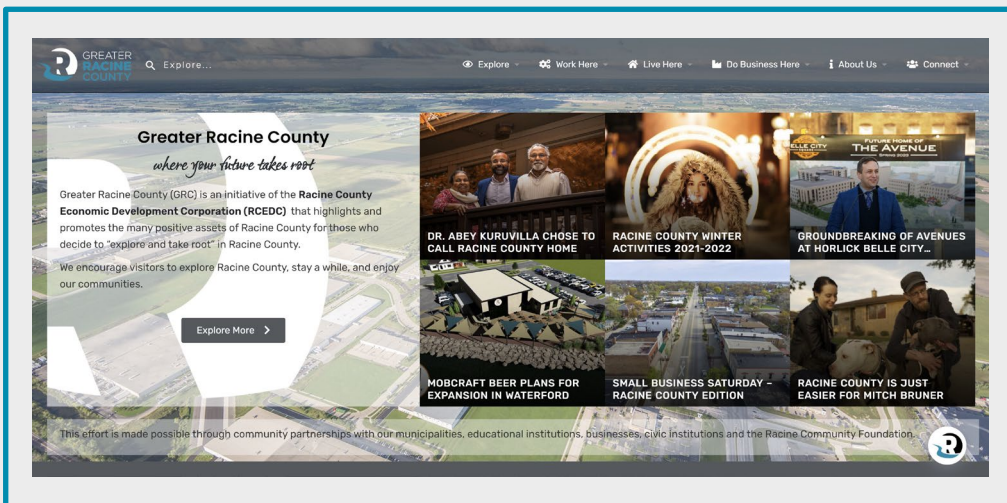


BLP BUSINESS
LENDING
PARTNERS
Your Wisconsin SBA 504 Lender

SBA 504 LOAN PROGRAM

COMMUNITY LOANS & GRANTS

TALENT ATTRACTION



WEBSITE

JOB BOARD

COMPANY PROFILES

RELOCATION STORIES



UPCOMING EVENTS

LEADERSHIP COUNCIL SERIES: Talent Recruitment and Retention in Racine County

February 8 @ 7:30 am – 8:30 am



Explore the latest strategies, execution, and results of talent recruitment and retention efforts throughout the region. This event will be held virtually and there is no cost to attend.

Free

REGISTER NOW

[RCEDC.ORG/EVENTS](https://rcedc.org/events)

● INTRODUCING SECRETARY PETER BARCA



SECRETARY

WISCONSIN DEPARTMENT OF REVENUE

Wisconsin Economic and Business Roundtable



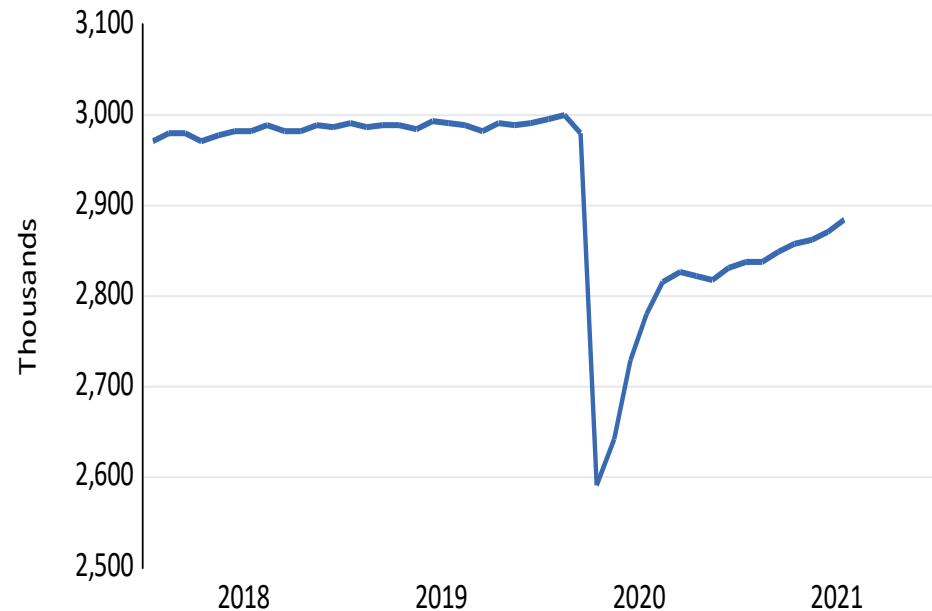
Peter Barca, Secretary

Racine | January 7, 2022

Wisconsin job recovery continues

- 10,200 Jobs in November | October employment revised up over 6,000 jobs – strong growth
- Unemployment rate declined to 3.0% in November, compared to 4.2% at the national level
- Employment is 104,000 (3.5%) below February 2020 peak. U.S. employment remains 2.6% below its peak.
- Employment in the leisure and hospitality sector increased 6,700. Despite the gains, this sector remains 9.7%, or 28,000 jobs, below its February 2020 level.
- The construction sector added 2,600 jobs while manufacturing added 2,700. Transportation, warehousing, and utilities added 2,400 jobs.

Wisconsin Employment



WI COVID-19 vaccine success

DHS data as of January 7:

- 8.7 million doses administered
- 62.3% of Wisconsin's population (over 3.6M) has received their first dose
- 58.3% of Wisconsin's population (over 3.4M) has completed their series
- 85.5% of people 65 or older (895,806) have received their first dose
- 81.9% (858,420) of people 65 or older have completed their two-dose series
- Goal is to have 80% of the population complete their series

The top of the slide features a decorative blue header with a white wavy line. On the right side of the header is a faint, circular seal of the State of Wisconsin, showing a Native American figure holding a bow and arrow, with the words "AT SE" and "WISCONSIN" visible.

2021 Wisconsin Act 58

- One of the largest tax cuts in Wisconsin State History
 - \$2 Billion in individual income tax relief over the biennium
 - 2.4 million filers receiving tax relief when combined with the tax rate cuts in 2021 WI Act 1
 - Median family of 4 will enjoy over \$800 in annual tax relief beginning tax year 2021 – from this budget along with cuts in 2019 WI Act 9 and 10.
 - \$550 coming from this budget alone
- Uses federal funds to invest an additional \$100M in education
- While Governor Evers signed the budget, he was disappointed the Legislature left work undone – kids and schools, criminal justice reform measures, equity initiatives, support for small businesses



Other tax relief in Act 58

- Ongoing tax relief of \$1B annually
- Two thirds funding for education means property tax relief
- \$72M over the biennium in Tech College property tax relief
- Child and dependent care tax credit claimers will be able to claim 50% of the federal credit for WI purposes
- Exempts all "active-duty" income

Economic development in Act 58



**Governor proposed: Double the
R&D Refundable Credit**

**Legislature passed and enacted: a
50% increase**



**\$200M set aside for Personal
Property Tax relief for businesses**



New Personal Property Tax Bill announced

- Ensures property assessors have the tools they need to appropriately assess real property
- Ensures that payments to municipalities are guaranteed and provides an inflationary increase to continued shared revenue payments. This provides certainty in funding for local governments.
- Seeks to ensure the Transportation Fund does not bear the cost of lost railroad personal property tax collections.

Governor Evers proposed Budget economic development

- Created a \$200M fund to assist small businesses affected by the pandemic with retaining and rehiring employees
- Invested in our state's entrepreneurs through a new \$100M venture capital fund of funds to spur long-term economic growth across the state
- Provided \$8M on a one-time basis to WEDC for awards to organizations focused on local or regional economic development
- \$20M to support training for individuals, businesses, and organizations affected by the pandemic
- Increased WEDC's annual block grant by \$10M in each year of biennium
- Provided \$10M over the biennium in assistance dedicated to underserved communities and businesses
- \$75M fund for local multimodal transportation projects to address the need for supplemental infrastructure
- More than \$30M for programs that help build resilient roads and infrastructure, restore wetlands to prevent flooding, support farmers when their crops are damaged
- \$50M in affordable workforce housing grant program

Stimulus for Small Business

CARES

- \$50M Farm Support
- \$56M We're All In Phase 1
- \$133M We're All in Phase 2
- \$42M We're All in for Restaurants
- \$20M Lodging grants
- \$15M Events/Music Venue grants

ARPA

- \$50M Farm Support
- \$420M Wisconsin Tomorrow Small Business
- \$75M Wisconsin Tomorrow Lodging
- \$50M Main Street Bounceback
- \$15M Destination Marketing Organizations
- \$12M Live Event Small Business
- \$8M Summer Camp

American Rescue Plan Act for local government

- 1,826 communities eligible for \$205,769,426 in funding
- DOR contacted all communities, and all but 3 accepted funding for an acceptance rate of 99.8%
- 99.9% of the funding was accepted and will be distributed and spend in Wisconsin communities
- Remarkable achievement – WI ranks 3rd in number of local government units

FY22 Collections Through November

General Purpose Revenue (\$ in thousands - rounded)

Revenue Source	Collections for Month			Collections to Date		
	FY21	FY22	% change	FY21	FY22	% change
Individual Income	950,265	1,051,675	10.7%	3,320,912	3,737,023	12.5%
Adjusted	682,739	718,444	5.2%			
General Sales & Use	489,727	568,668	16.1%	2,035,703	2,297,384	12.9%
Corporate	157,134	49,422	-68.5%	764,118	695,535	-9.0%
Excise Taxes	58,223	48,618	-16.5%	245,614	233,908	-4.8%
Other	191,071	192,800	0.9%	254,115	256,370	0.9%
Total GPR	1,846,420	1,911,184	3.5%	6,620,462	7,220,221	9.1%

Withholding Tables Change

- Withholding tables change effective January 1, 2022
- Combined with the tax rate cut, wage earners will keep more of their paychecks each month
- [W-166 Withholding Tax Guide - October 2021](#)



Wisconsin's Drop in Tax Rank Among Nation's Largest

- In 2019, Wisconsin ranked 23rd in total state and local taxes as a percentage of personal income
- In 1999, Wisconsin ranked 4th
- Decline is due, in part, to growth in the economy and personal income
- Also due to the drop in individual income taxes and property taxes as a share of income
- Recently enacted tax cuts in the budget may further improve the ranking



Wisconsin's Lottery on a Roll for Homeowners

- And this new year starts off with a bang – another jackpot winner means more for Lottery Credit
- In 2021, we thought it couldn't get better. Lottery and Gaming Credit found on property tax bills was 38 percent higher than in 2020.
- Estimated \$229 average credit to homeowners was due, primarily, to Lottery sales exceeding estimates, which resulted in a higher opening balance for 2021. In 2020, it was \$166.
- The Lottery Credit in 2021 was the highest amount ever certified for distribution in the Lottery's 33-year history
- Overall, the Lottery Credit has \$343.6 million available for Wisconsin homeowners for property taxes levied in 2021. In 2020, that figure was \$237 million.



Service upgrades for business tax filers

- My Tax Account was upgraded and improved this past year.
- Annual business filers will see changes to their online application when they log in to file this month.
- We suggest logging in earlier than usual and using our help tools available on our website to better navigate these changes. These include instructional webinars and self-help videos.
- Call Customer Service at 266-2776 with questions.



Business Development and Government Relations

Helping Your Wisconsin Business Thrive

CONNECT THE DOTS

Business Development and Government Relations (BDGR) connects the dots to federal, state and local resources that help your Wisconsin business grow and thrive.

DISCOVER NEW RESOURCES

Find helpful links to current tax incentives, grants, and permits. Consider conducting market research with help from the [U.S. Small Business Association](#) (USBA).

MOVING FORWARD

We want to see you succeed. It takes a team to get there, whether you are starting a business or expanding one. The [Wisconsin Economic Development Corporation](#) (WEDC) can provide support and incentives to initiate business growth.

Click on the sections below for more information



**STARTING
YOUR BUSINESS**



**GROWING
YOUR BUSINESS**



TAX INCENTIVES



DATA ANALYSIS



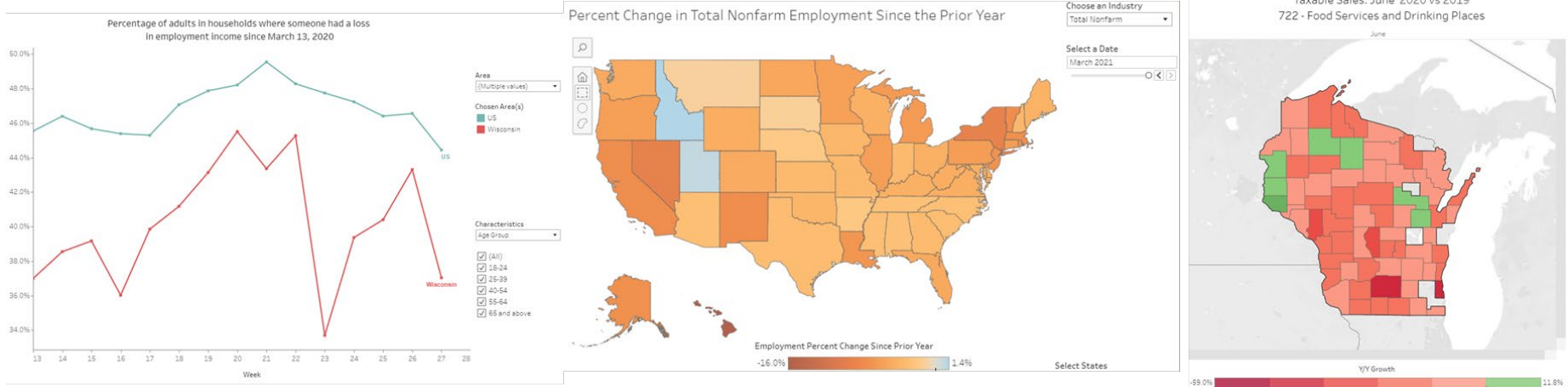
WORKFORCE



COVID-19

Want to know more?

- DOR compiles local, state, and federal economic and tax data
- Dozens of reports, the Wisconsin Economic Outlook, Interactive Data Visualizations: [DORViz.wi.gov](https://dorviz.wi.gov)





Questions

DORSecretary@wisconsin.gov

● INTRODUCING JOHN KOSKINEN



CHIEF ECONOMIST

WISCONSIN DEPARTMENT OF REVENUE

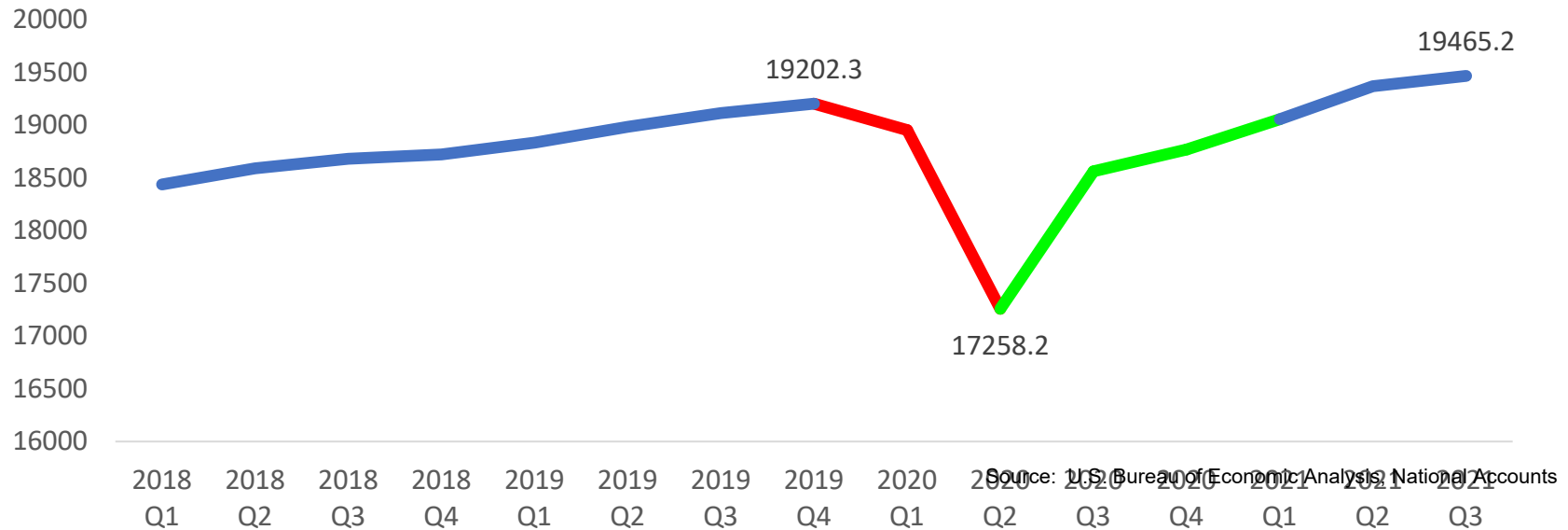
Wisconsin in Recovery

Today's Discussion

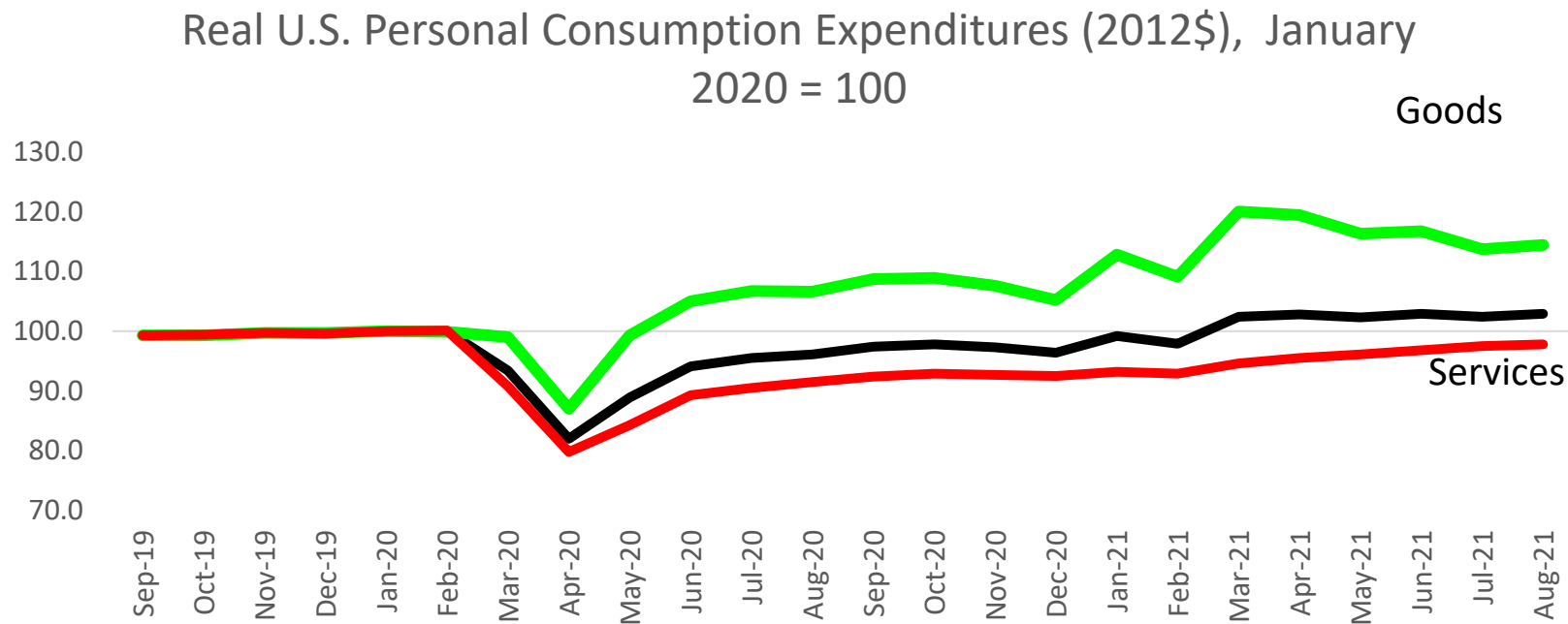
- Wisconsin's economic expansion well underway
 - Private non-farm economy has full recovered
 - Unemployment rate has reached a record low
 - Employment recovering
 - Businesses expanding
 - State finances stronger than ever
- Wisconsin Outlook for 2022 builds off a strong 2021
- Racine is fully participating in this stage of the recovery

After a Record Collapse, Total Real GDP Has Fully Recovered from the COVID Contraction

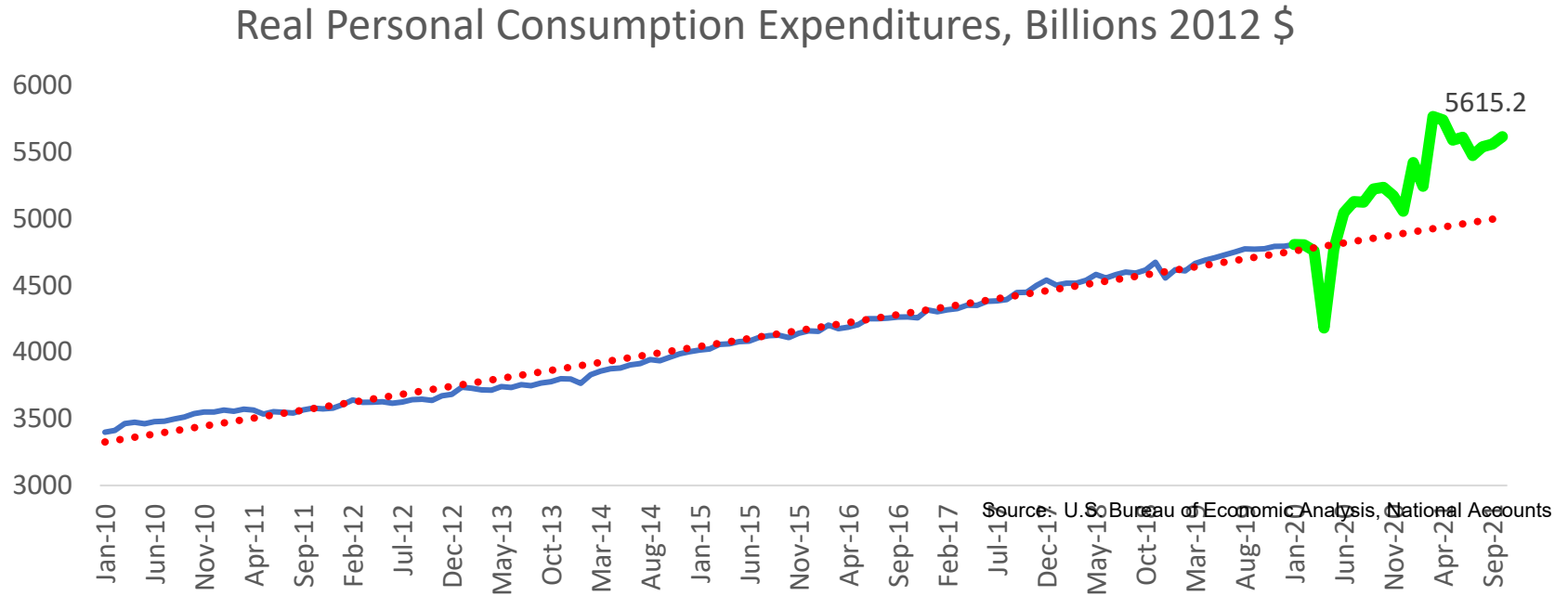
U.S. Real GDP in Billions of 2012 Dollars



In Recovery, The Economy Shifted Toward Goods



Goods Purchases Running Far Ahead of 10-Year Trend

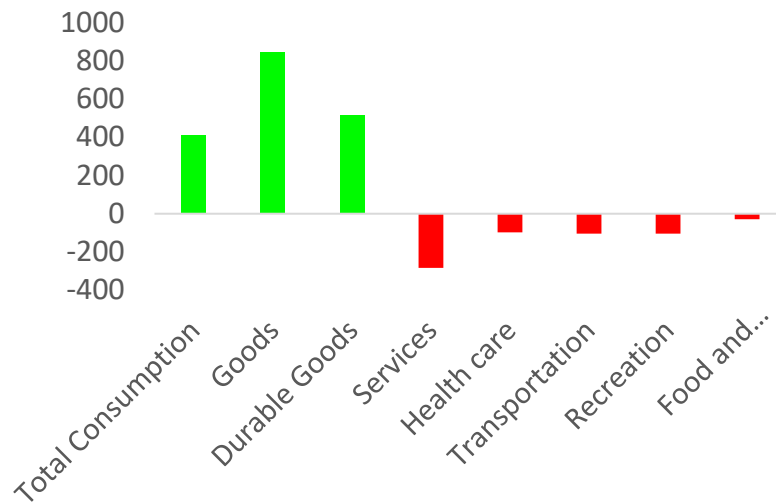


Real GDP Reflects that Goods and Services Shift

Change in Real GDP From 2019
Q4

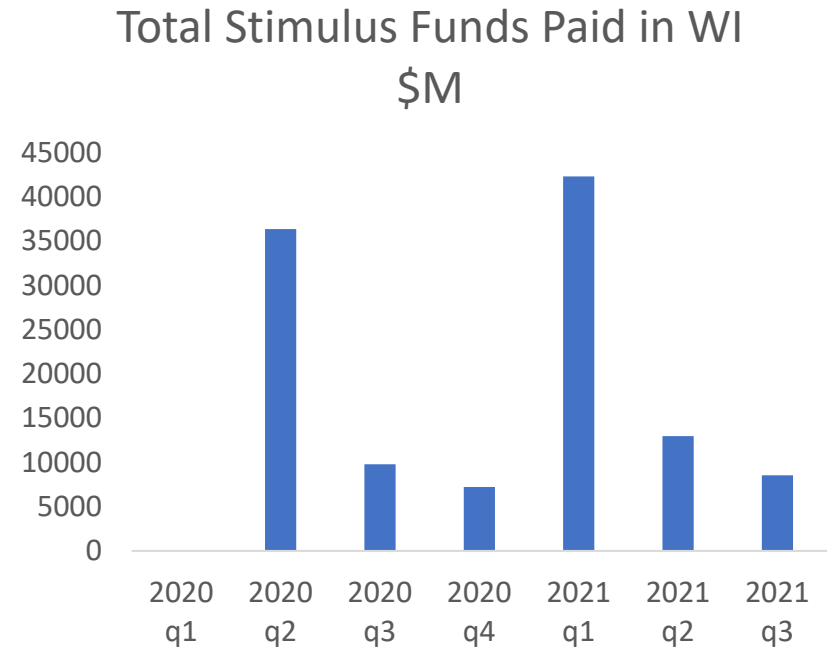
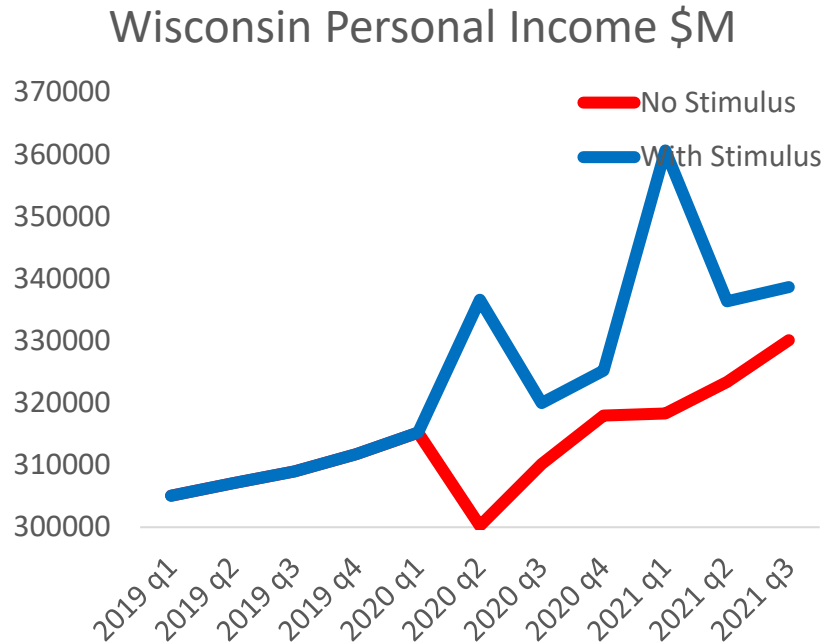


Chg. Consumption Spending
From 2019Q4



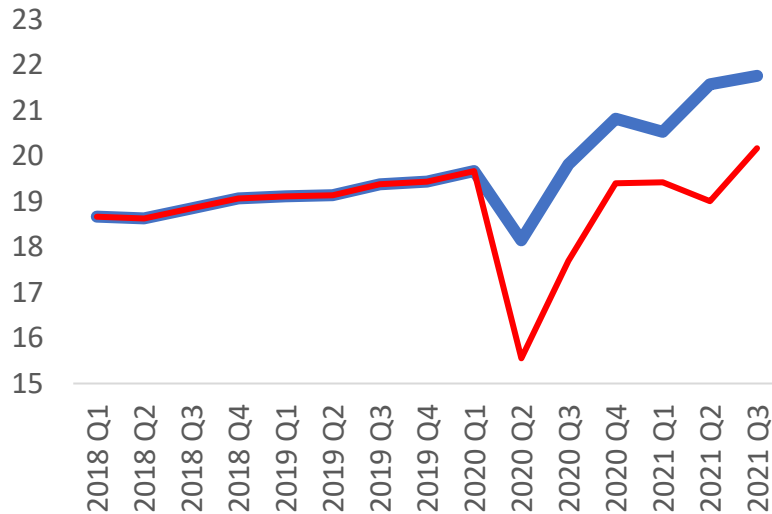
Source: U.S. Bureau of Economic Analysis, National Accounts

Stimulus Funds Lifted Wisconsin Personal Income Particularly 2020 Q2 and 2021 Q1

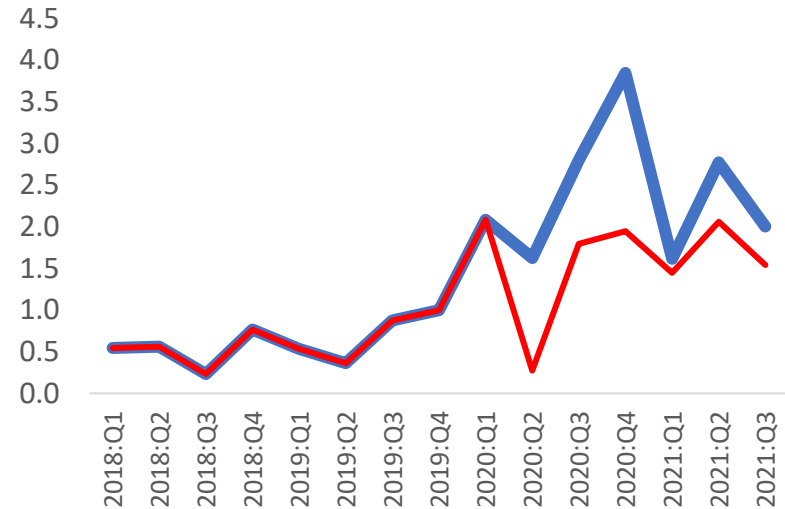


Stimulus Provisions Boosted Wisconsin Proprietor's Income

Wisconsin Nonfarm Proprietor's
Income \$B

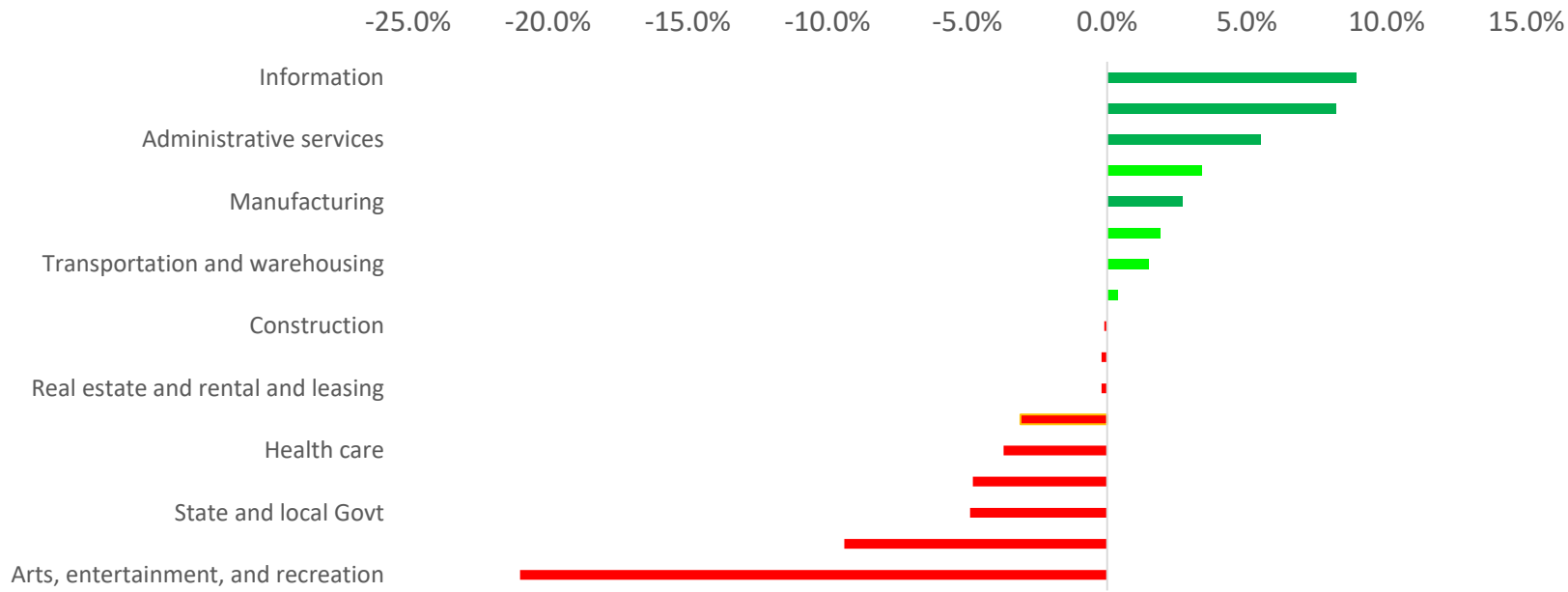


Wisconsin Farm Proprietor's
Income \$B



WI Recovery Through 2021 Q3 Reflects Goods v. Services Divide

Real GDP by Sector, Percent Change from 2019 Q4



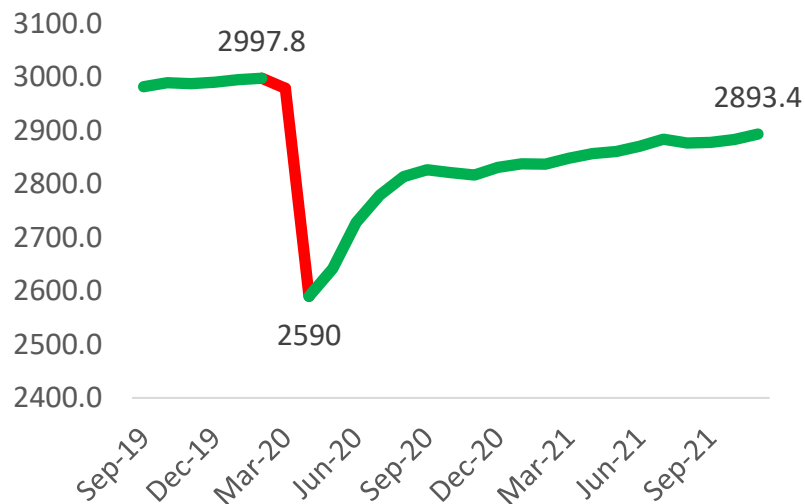
Source: U.S. Bureau of Economic Analysis, Regional Accounts

Wisconsin Recovered 303,000 Jobs Since April 2020

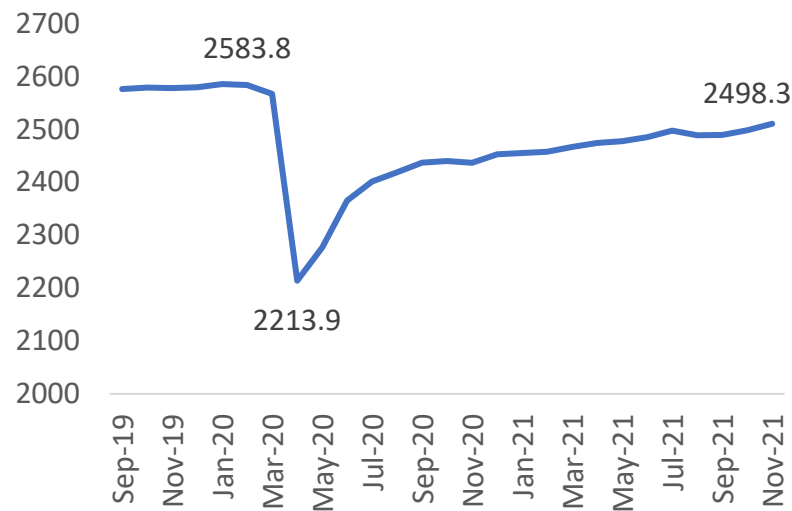
About 74% of Total Job Losses Recovered

80% of Private Sector Jobs Recovered

Wisconsin Total Nonfarm Employment Ks



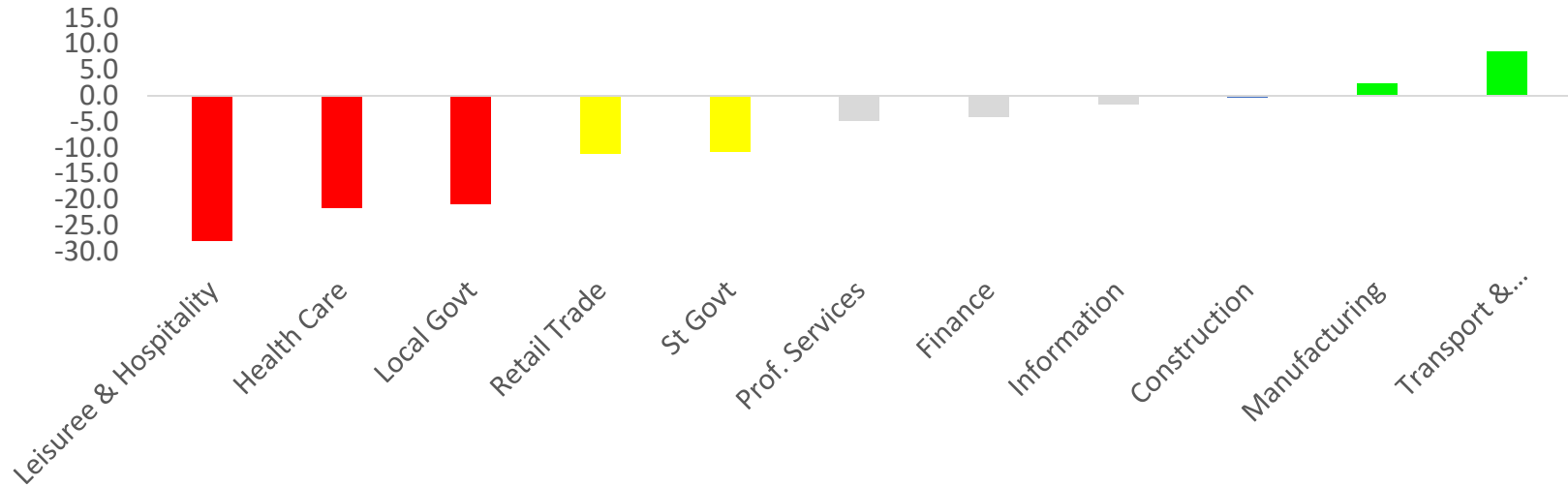
Wisconsin Private Employment Ks



Source: U.S. Bureau of Labor Statistics, Current Employment Statistics

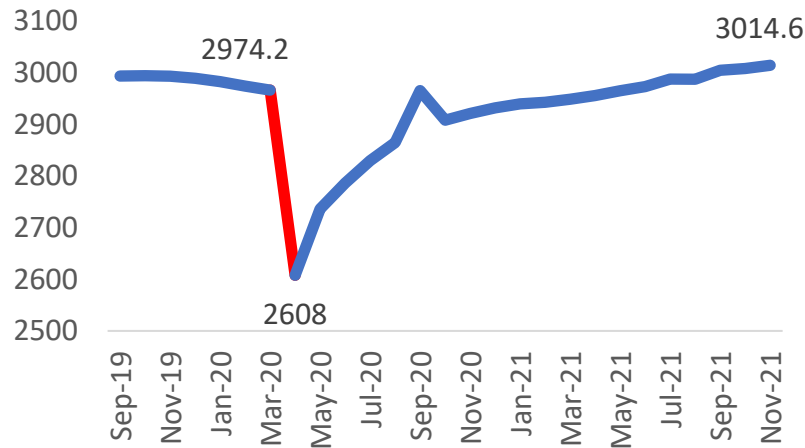
Job Recovery Delay Concentrated in Select Service Industries

Change in Wisconsin Employment From February 2020 to
November 2021 (Ks)

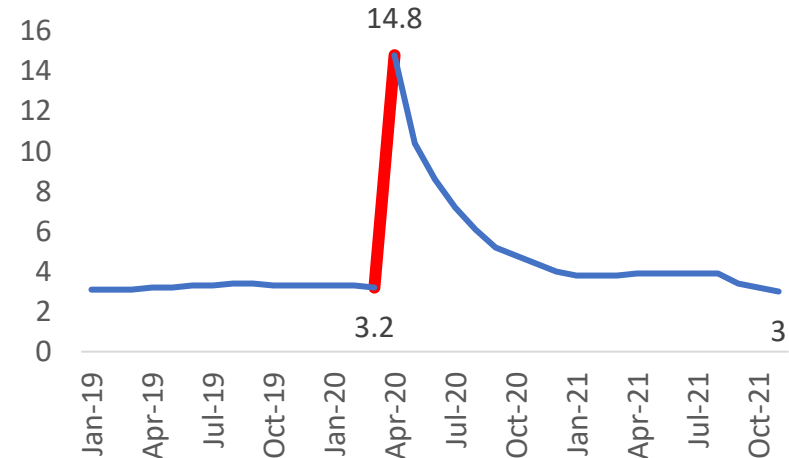


By Household Survey, Wisconsin Employment Above Pre-Recession Levels And Unemployment Rate Back to Record Lows

Wisconsin Employment,
Household Survey in
Thousands



Wisconsin Unemployment Rate
Percent of Labor Force
Unemployed

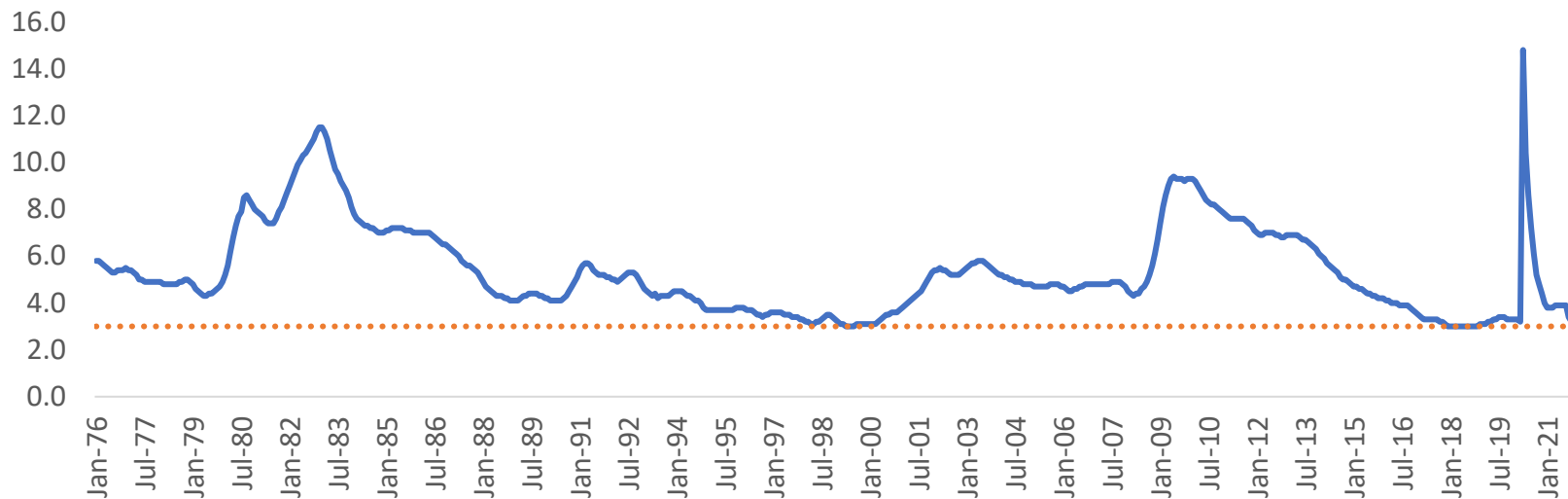


Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

Wisconsin's Unemployment Rate Reaches Record Low

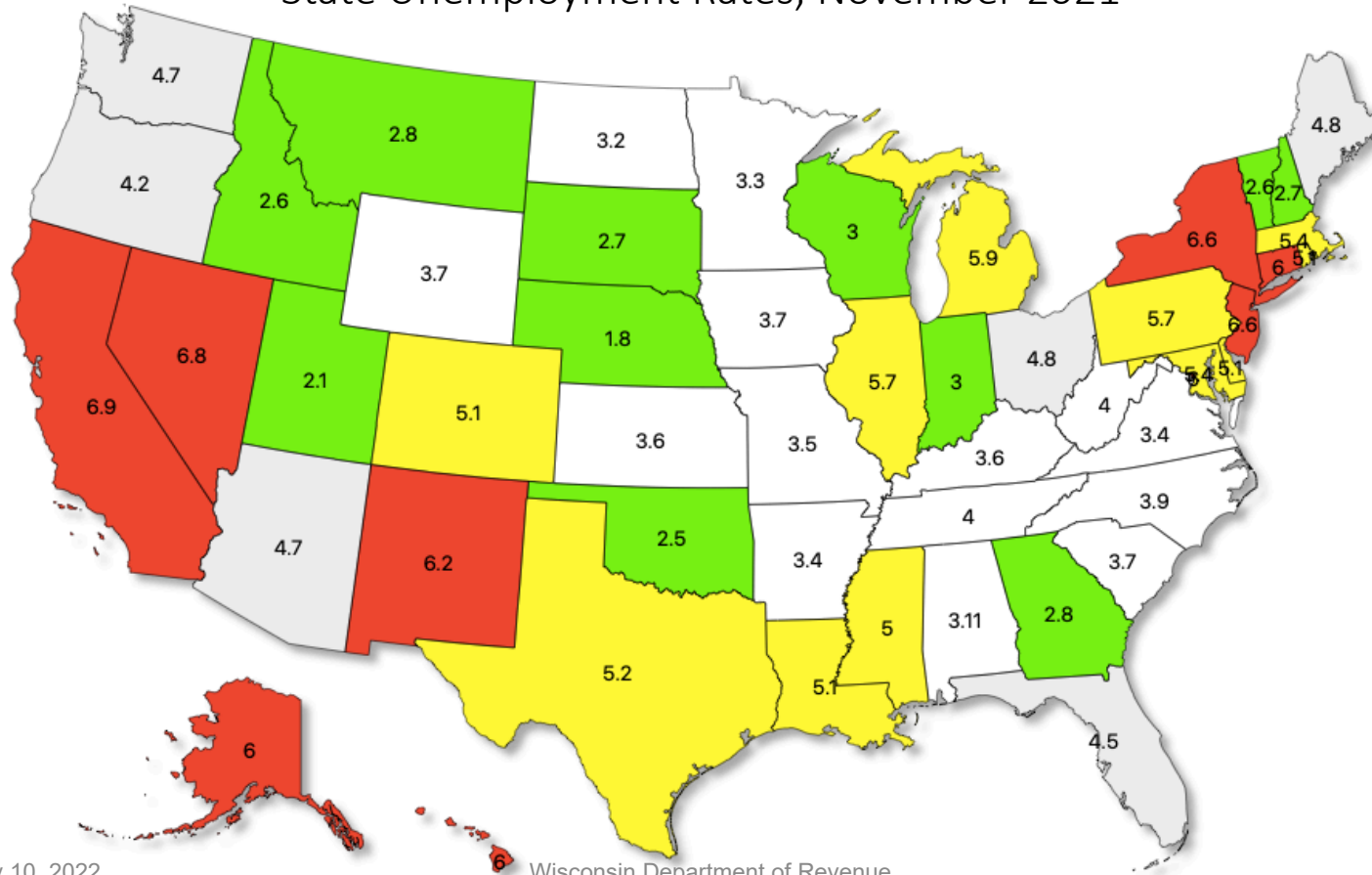
Wisconsin 1 of 8 states reaching record low November 2021

Wisconsin Unemployment Rate, Percent of Labor Force,
Seasonally Adjusted

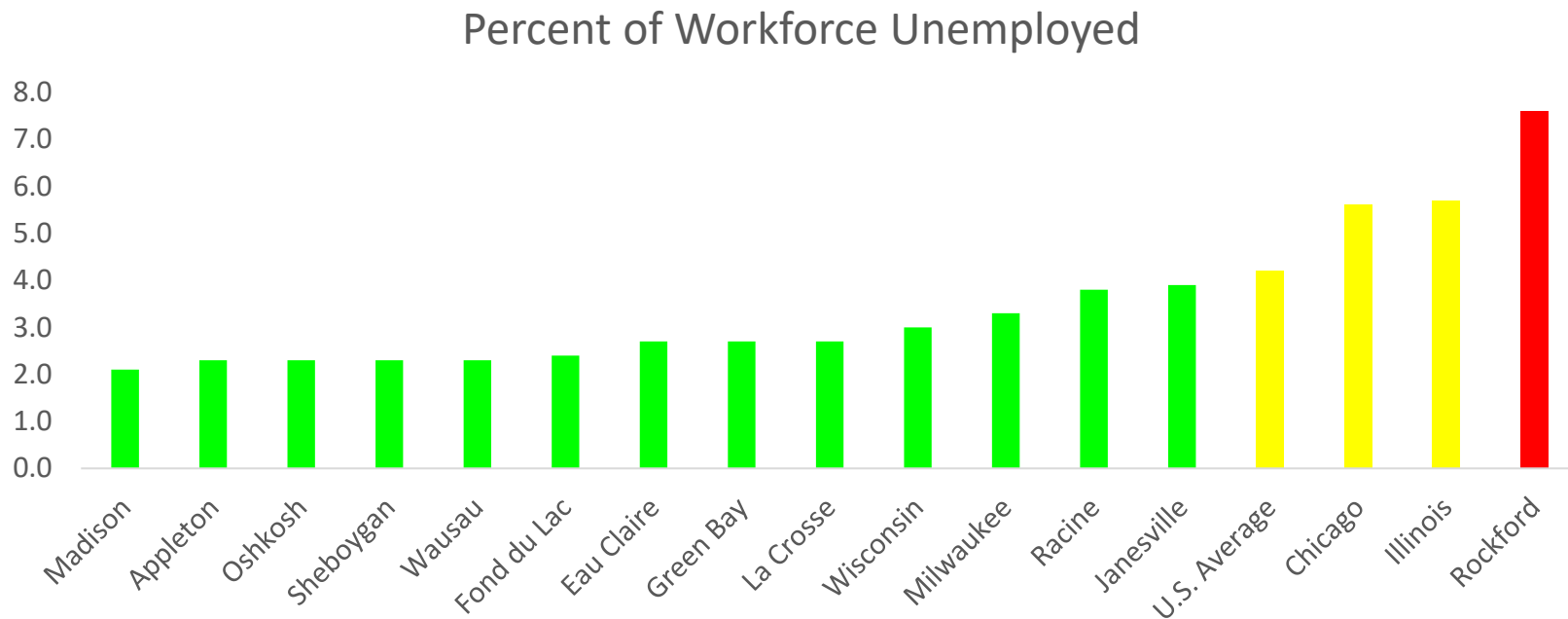


Wisconsin: 10th Lowest Unemployment Rate in the Country

State Unemployment Rates, November 2021

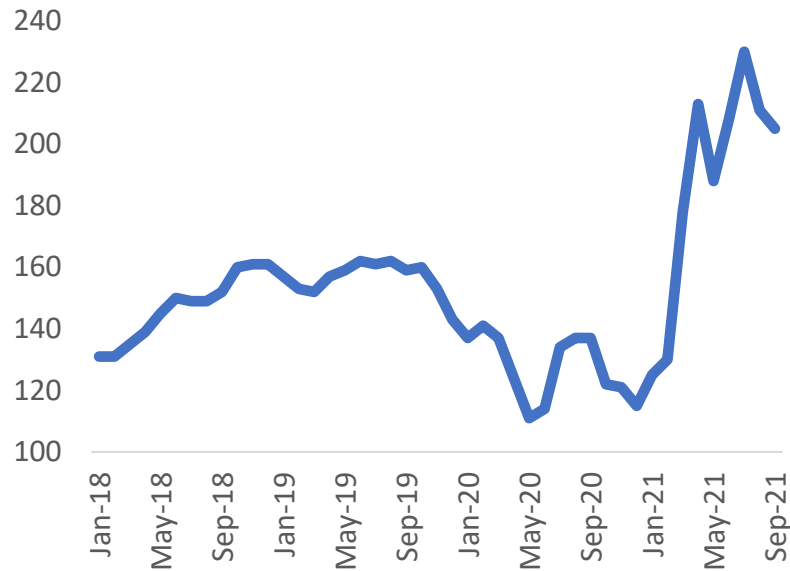


Every Wisconsin Metro Area Unemployment Rate Below the U.S. Average

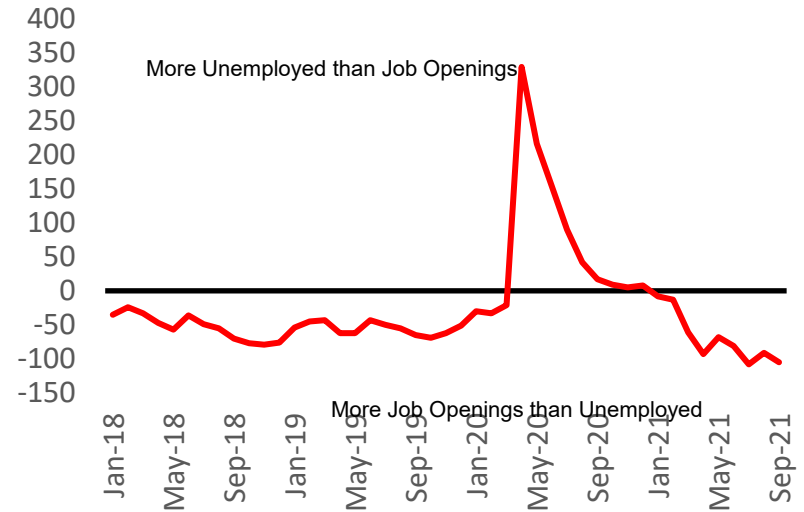


Wisconsin Job Openings Elevated Gap Between Opening and Unemployed New Record

WI Job Openings in Thousands



Gap: Unemployment Less Job
Openings Ks



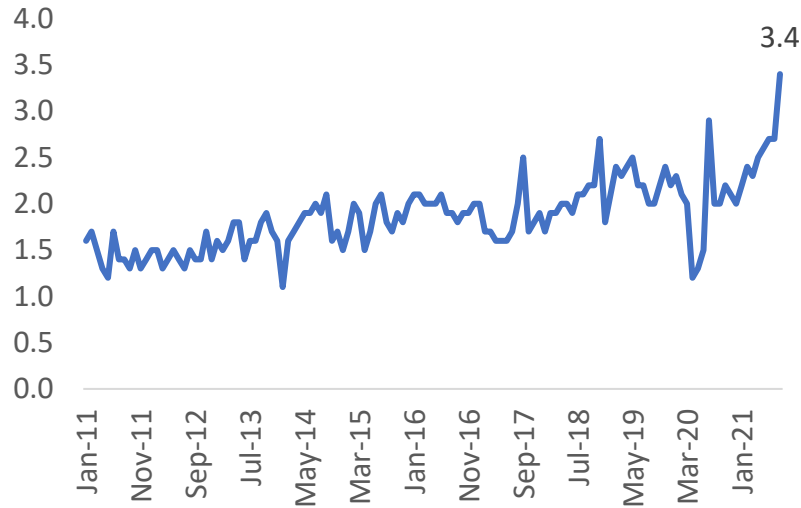
Last Month Plotted, August 2021

Source: U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey and Local Area Unemployment Statistics

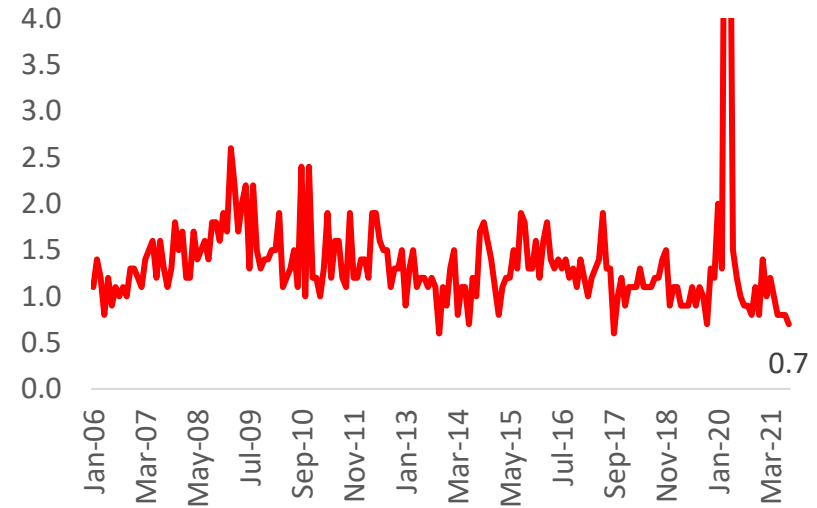
Quit Rate for Wisconsin At an All Time High

Wisconsin Layoff Rate at All Time Low

Quit Rate: Percent of
Employment

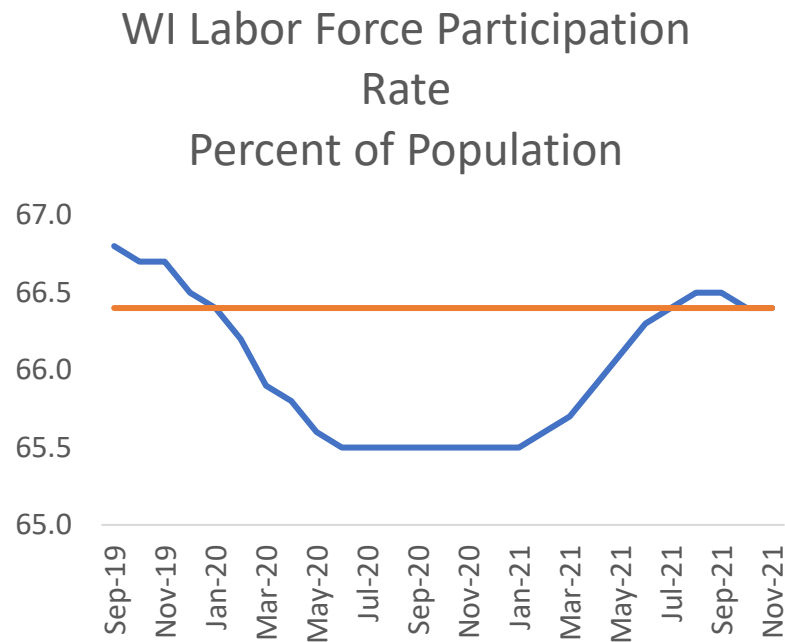
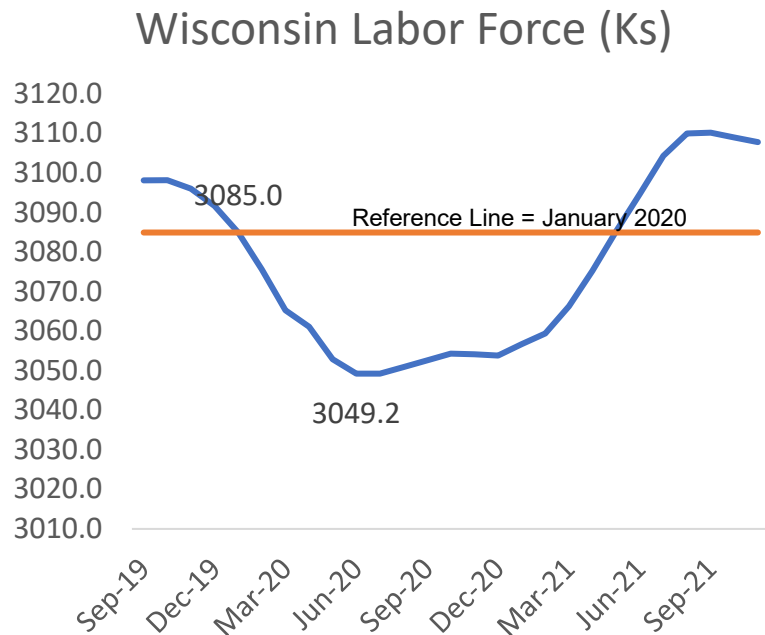


Layoff Rate: Pct of
Employment



Wisconsin's Labor Force Above Pre-Pandemic Levels

Labor Force Participation At Pre-Pandemic Levels

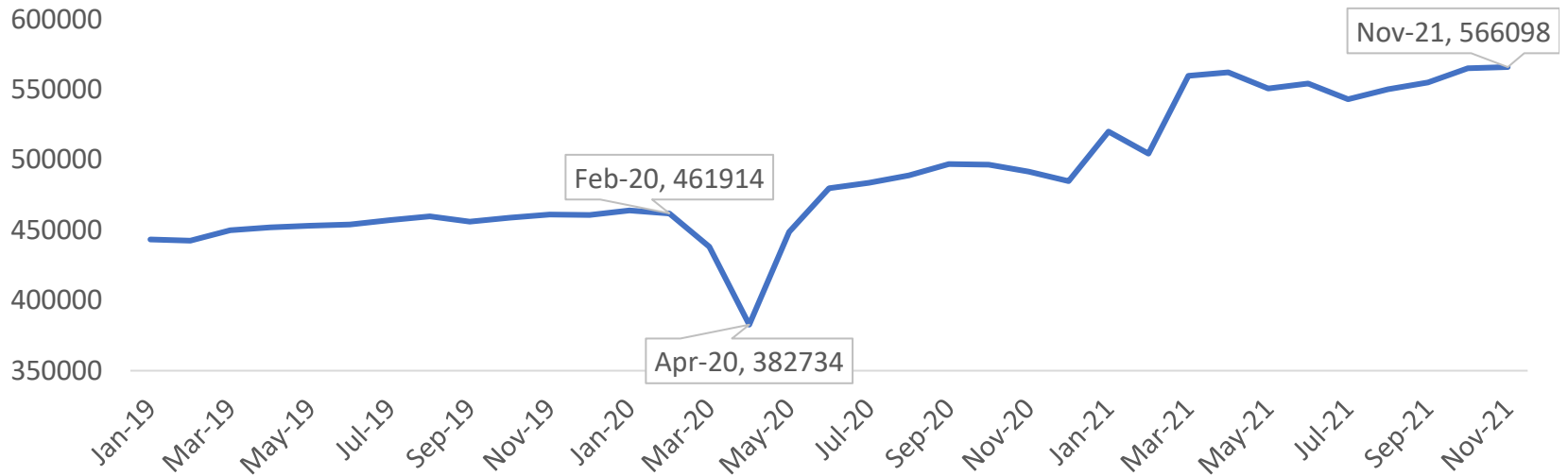


Current Situation in Key Industries

U.S. Retail Sales Rebound

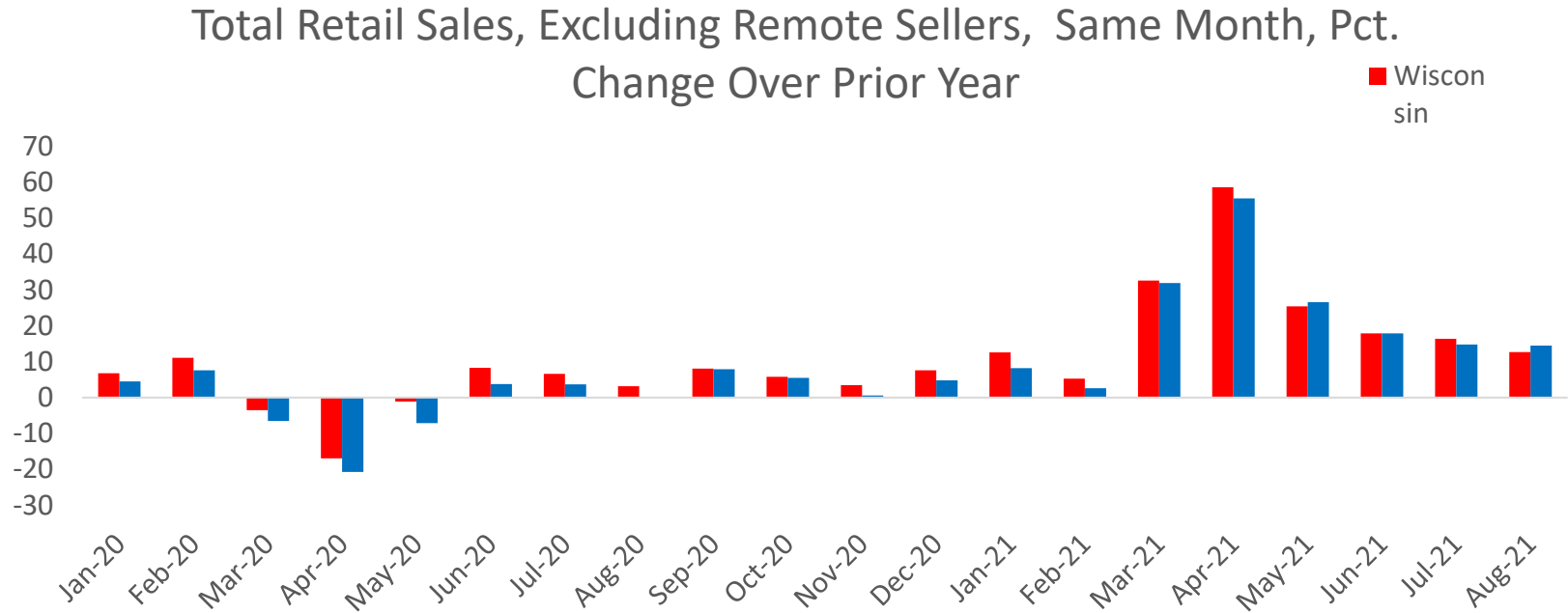
November 2021 Retail Sales +22% Over Pre-Recession Levels

U.S. Retail Sales excluding Food Service, \$B Seasonally Adjusted at Annual Rates



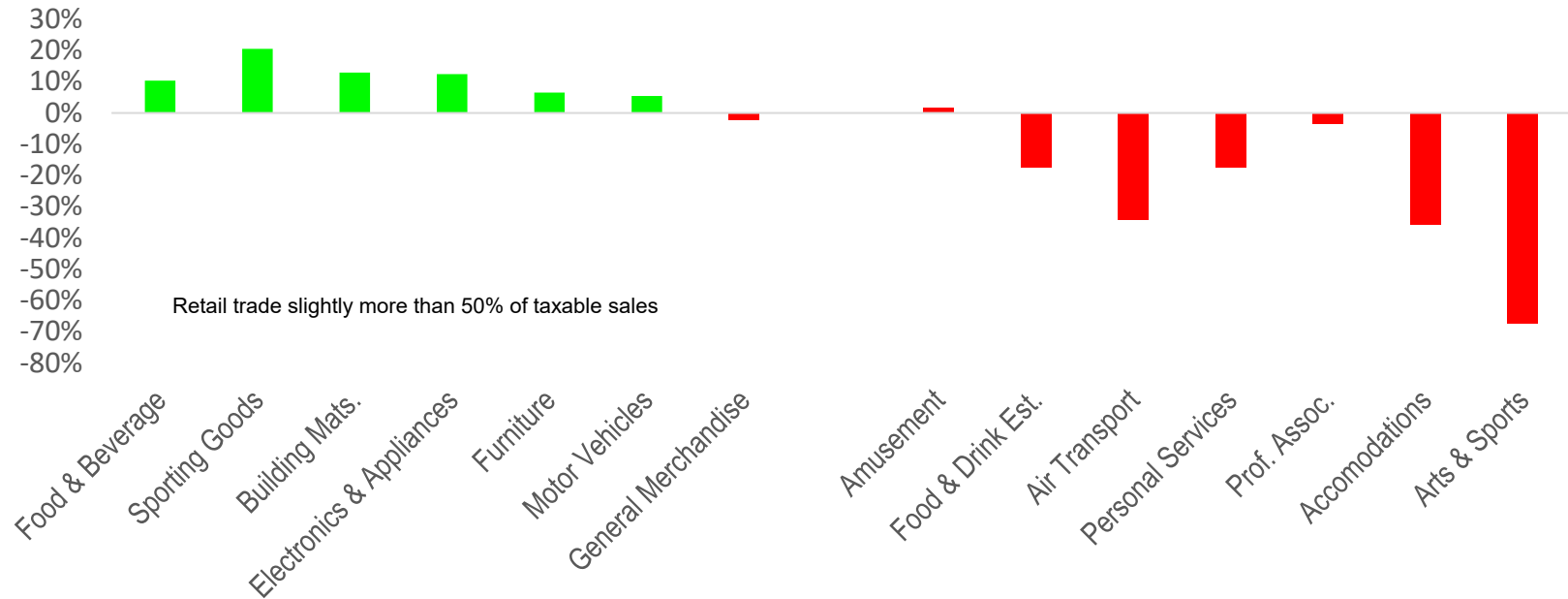
Source: U.S. Bureau of the Census, Advance Retail Sales,

Wisconsin Total Retail Sales: Running Ahead of U.S. in 8 of last 10 Months



Sales Tax Collections Box Score February

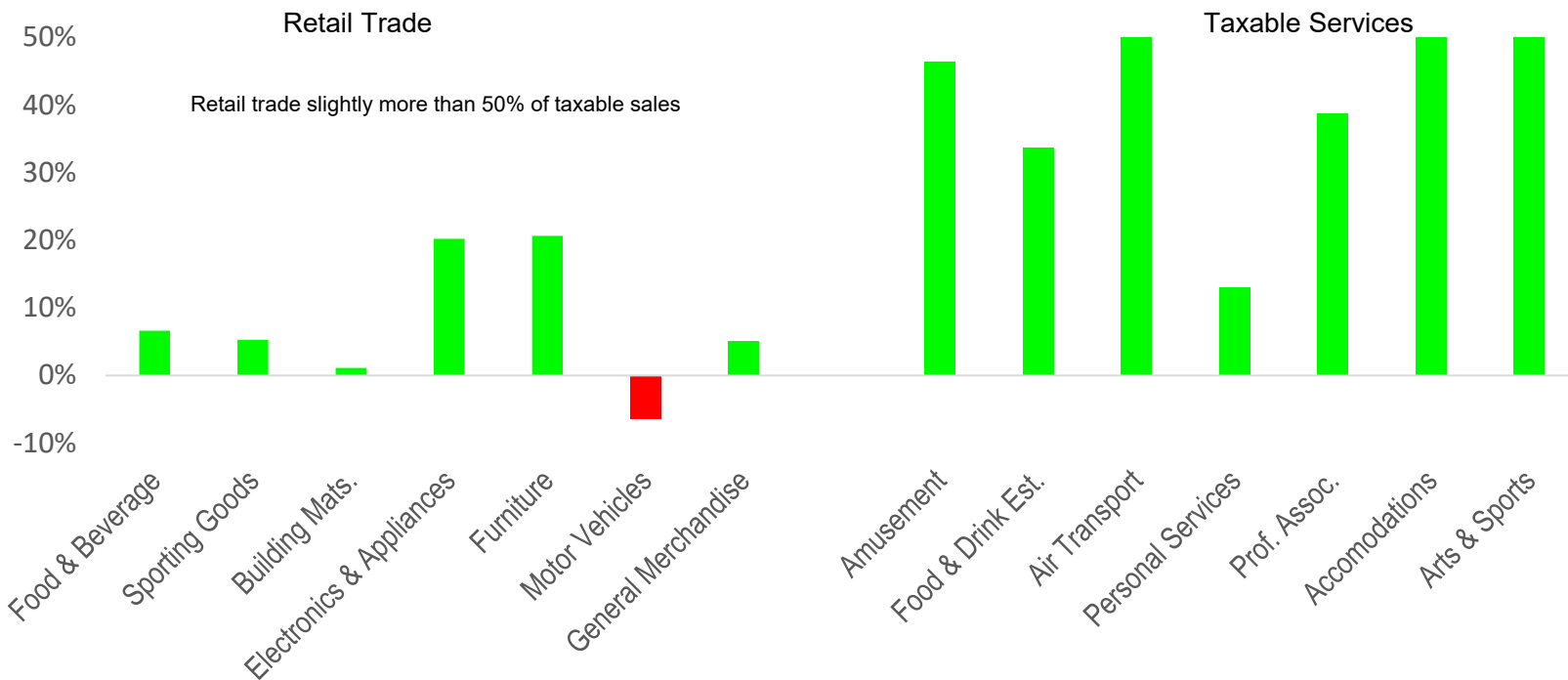
Pct. Change in Sales Taxes by Industry, 3-Month MA, Feb. 2021
over Feb 2020



Source: Wisconsin Department of Revenue, Sales Tax By Industry, <https://public.tableau.com/profile/research.policy#!/vizhome/MonthlyStateandCountySalesandUseTax/Story2>

Sales Tax Collections Box Score June 2021

Pct. Change in Sales Taxes by Industry, June 2021 over June 2020



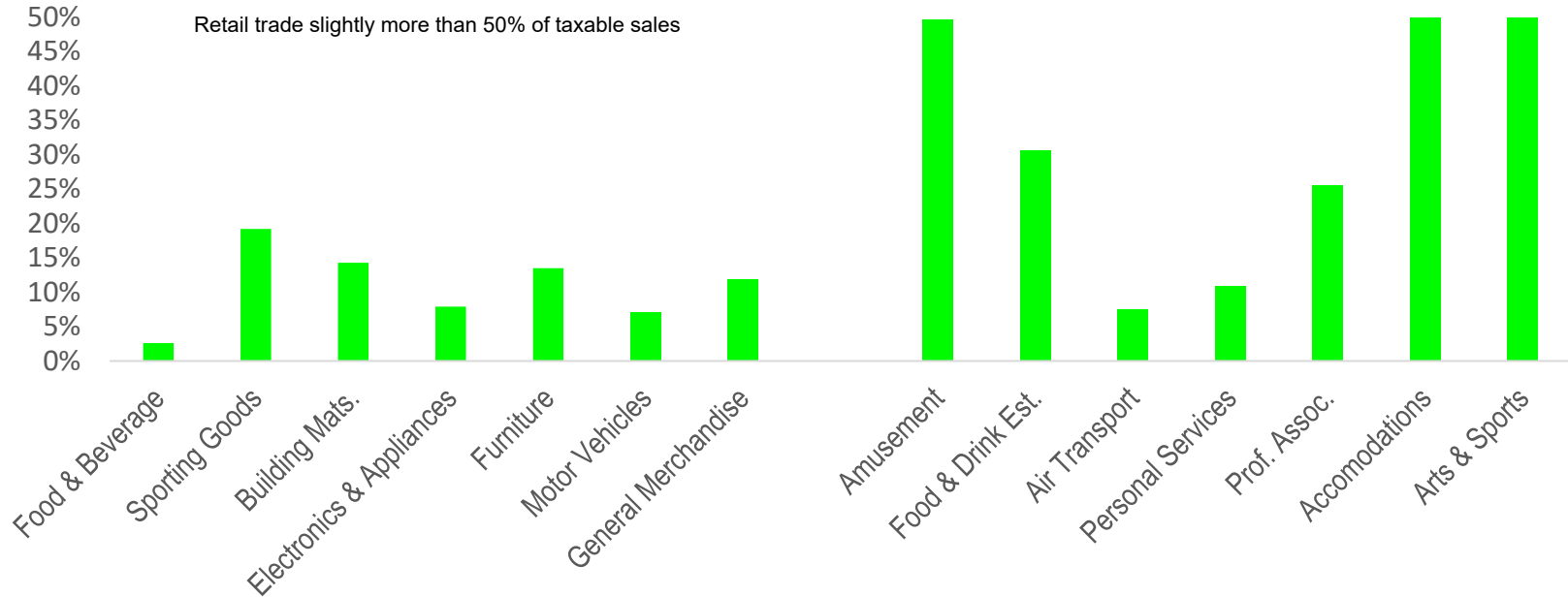
Source: Wisconsin Department of Revenue, Sales Tax By Industry, <https://public.tableau.com/profile/research.policy#!/vizhome/MonthlyStateandCountySalesandUseTax/Story2>

Sales Tax Collections Box Score November 2021

Pct. Change in Sales Taxes by Industry, November 2021 over
November 2020

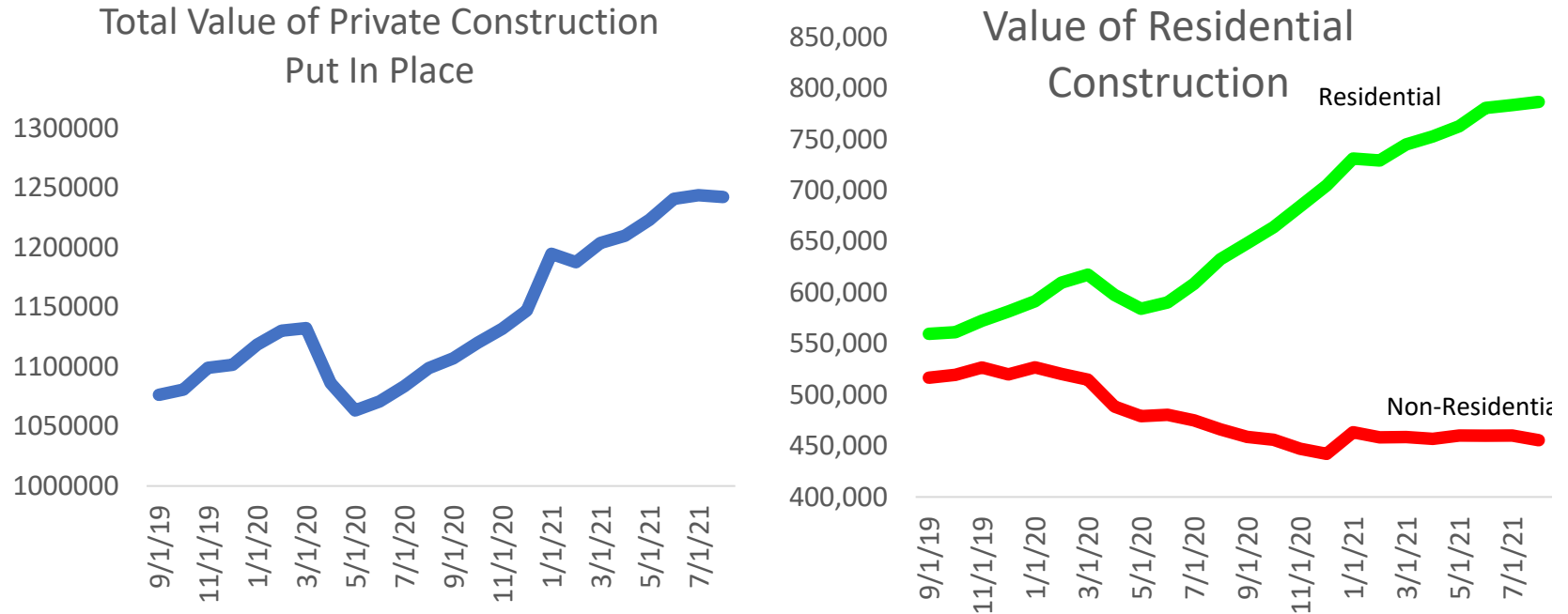
Retail Trade

Taxable Services



Source: Wisconsin Department of Revenue, Sales Tax By Industry, <https://public.tableau.com/profile/research.policy#!/vizhome/MonthlyStateandCountySalesandUseTax/Story2>

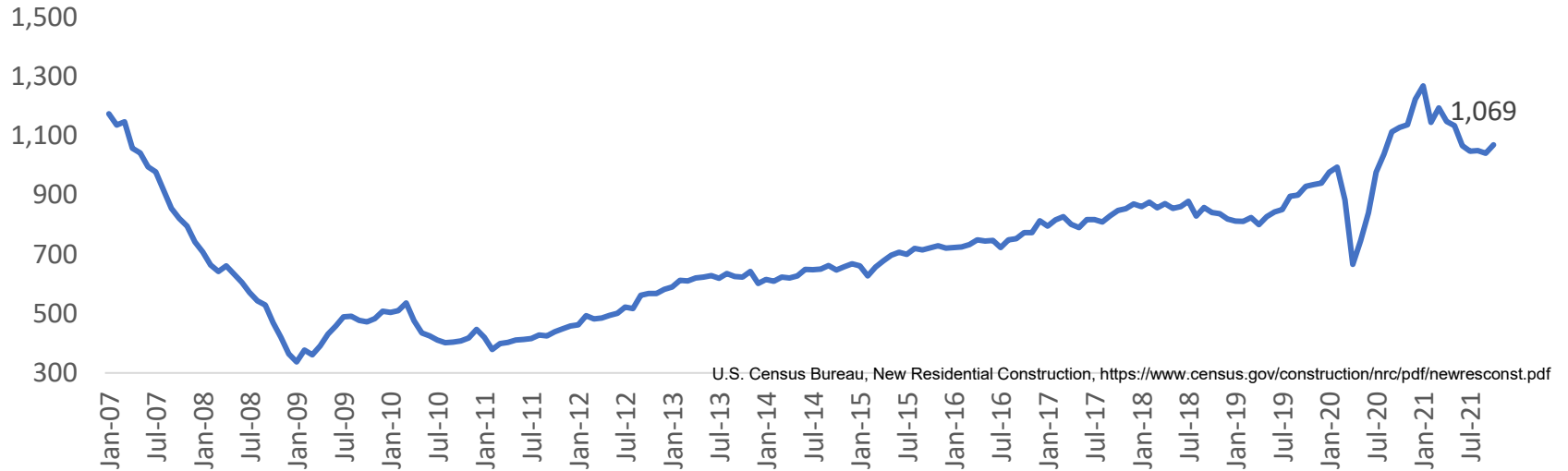
Construction Rebound Led by Residential Construction



U.S. Census Bureau, Value of Construction Spending, <https://www.census.gov/construction/c30/pdf/release.pdf>

Single Family Home Construction Strongest Since 2007 Q1

U.S. Total Single Family Homes Authorized for Construction in Thousands

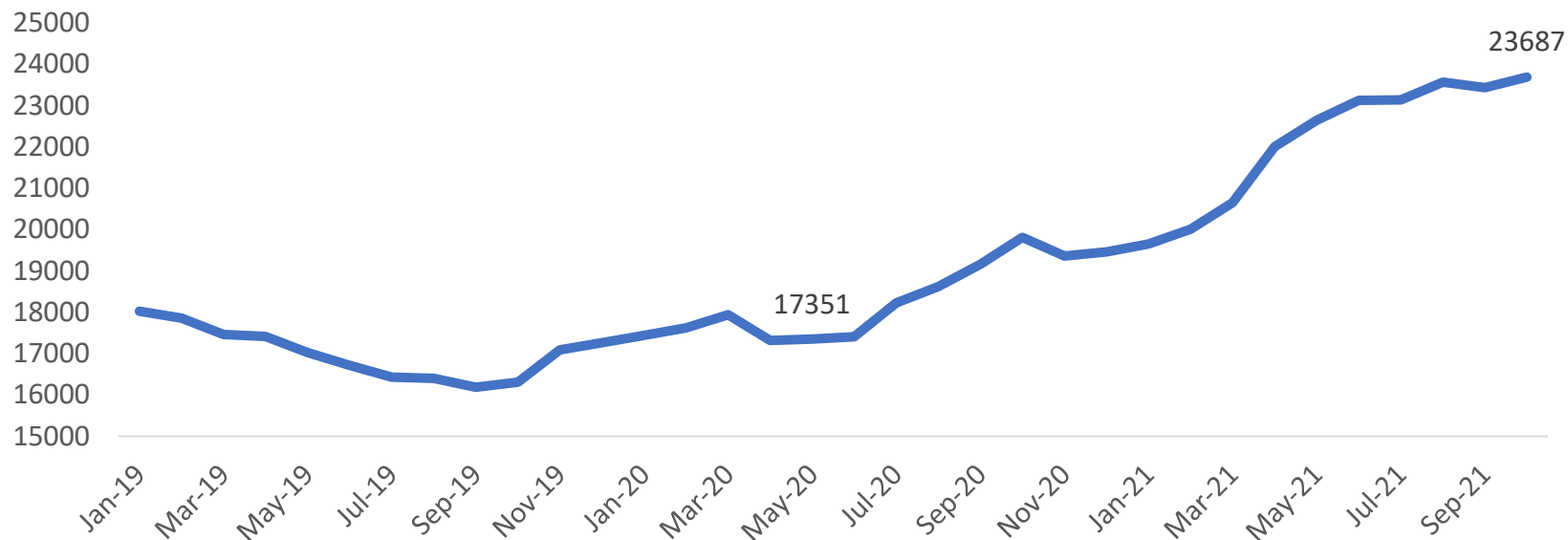


Housing:

Wisconsin Housing Construction Bounces Back

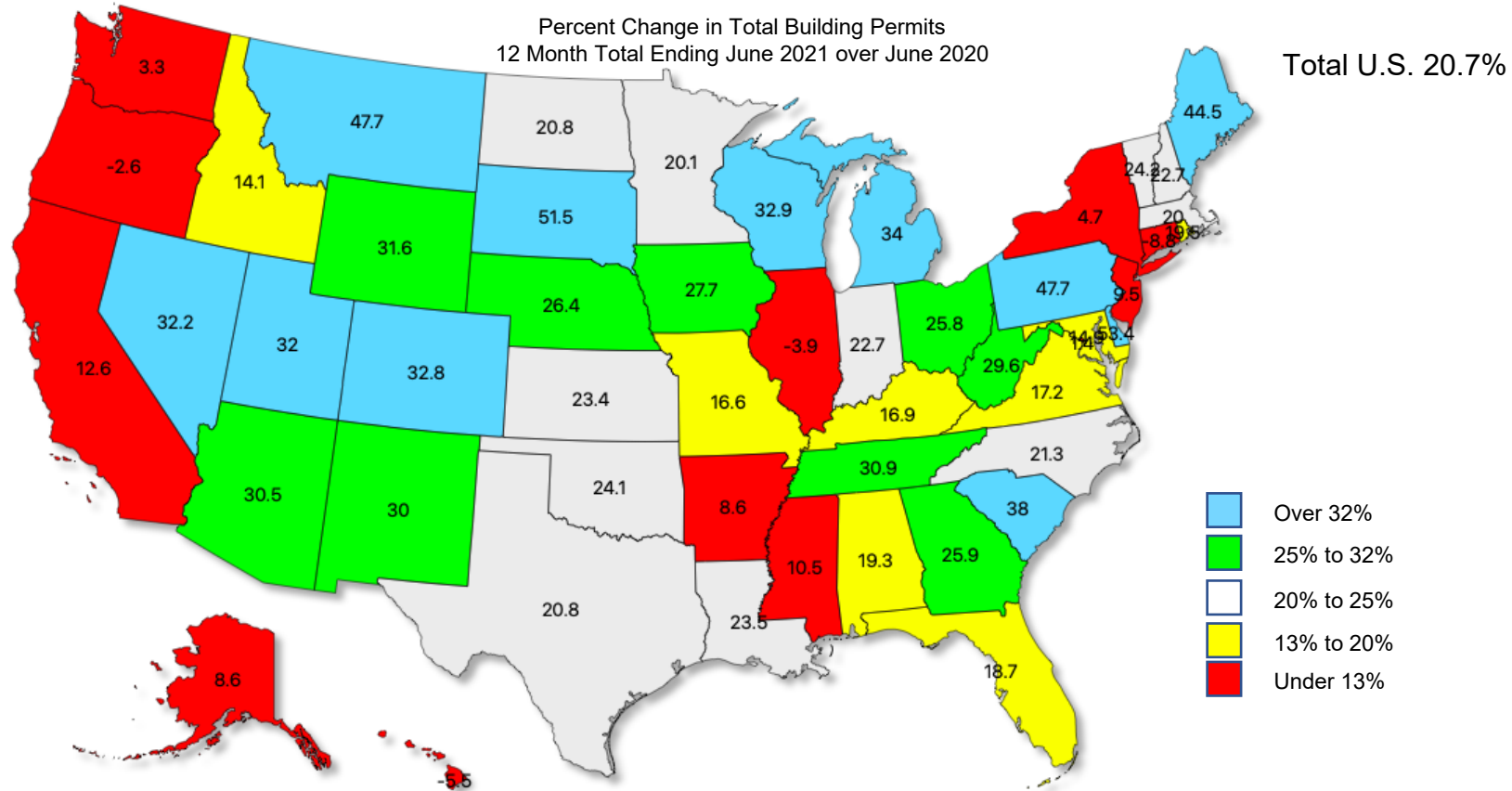
Highest Building Permit Total in Over 14 Years

Wisconsin Building Permits Issued, 12-Month Total



Source: U.S. Bureau of the Census, Building Permits Survey, Author Tabulation

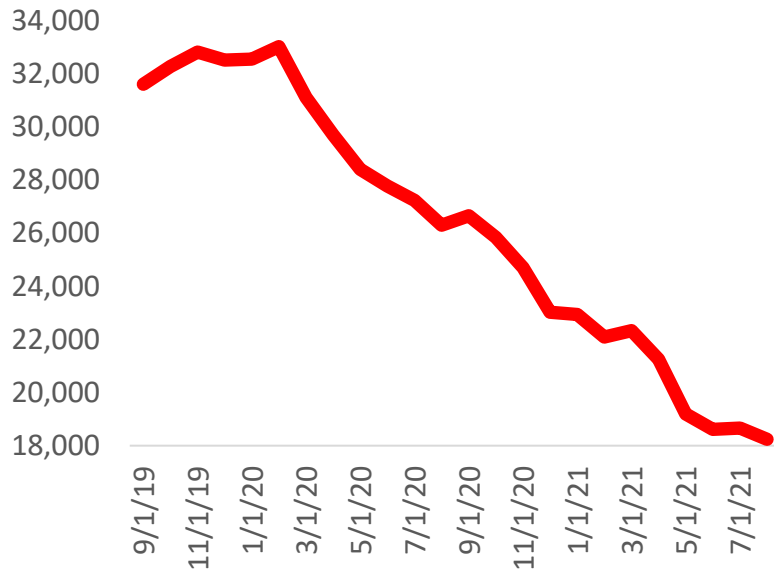
Housing Construction Pace in Wisconsin Faster Than Most States



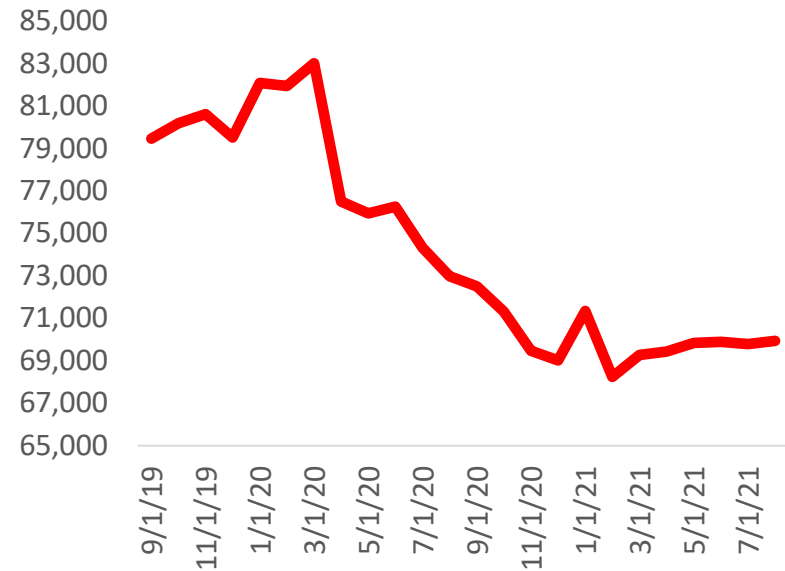
Source: U.S. Bureau of the Census, Building Permits Survey, Released July 20, 2021.

Construction Outside of Home Building Reflects Changes in the Economy

Value of Lodging Construction



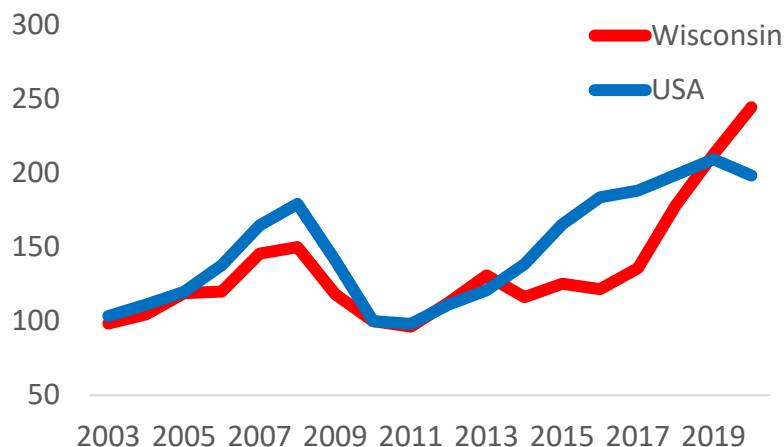
Value of Office Construction



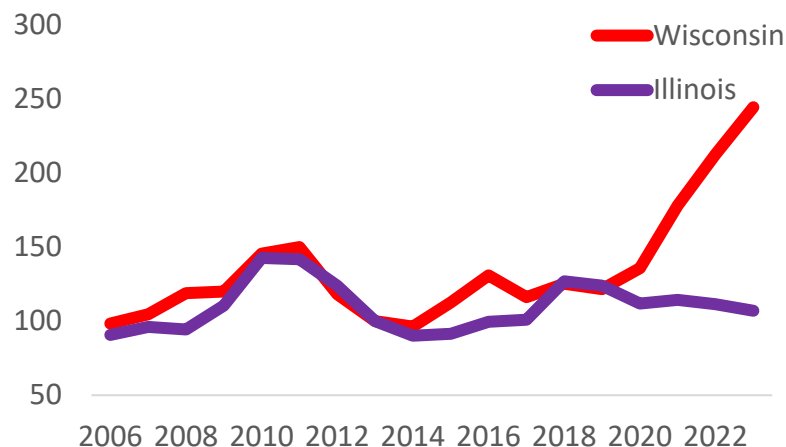
U.S. Census Bureau, Value of Construction Spending, November 2, 2020; <https://www.census.gov/construction/c30/pdf/release.pdf>

Wisconsin Non-Residential Construction Outpaced The U.S. in 2020

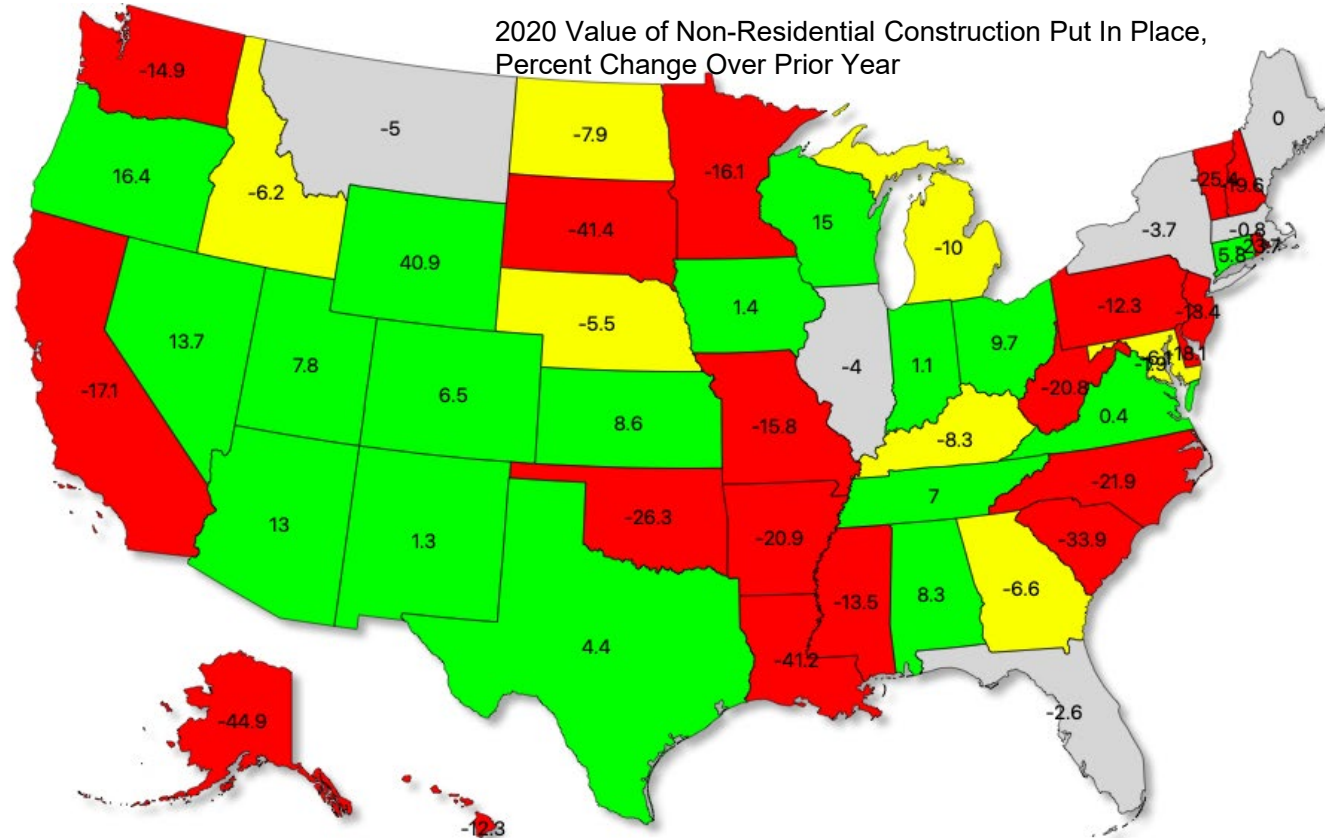
Value of Non-Residential Construction
Index Value 2010 Level = 100



Value of Non-Residential Construction
Index Value 2010 Level = 100



In 2020, Wisconsin Among Top States in Non-Residential Construction Put In Place

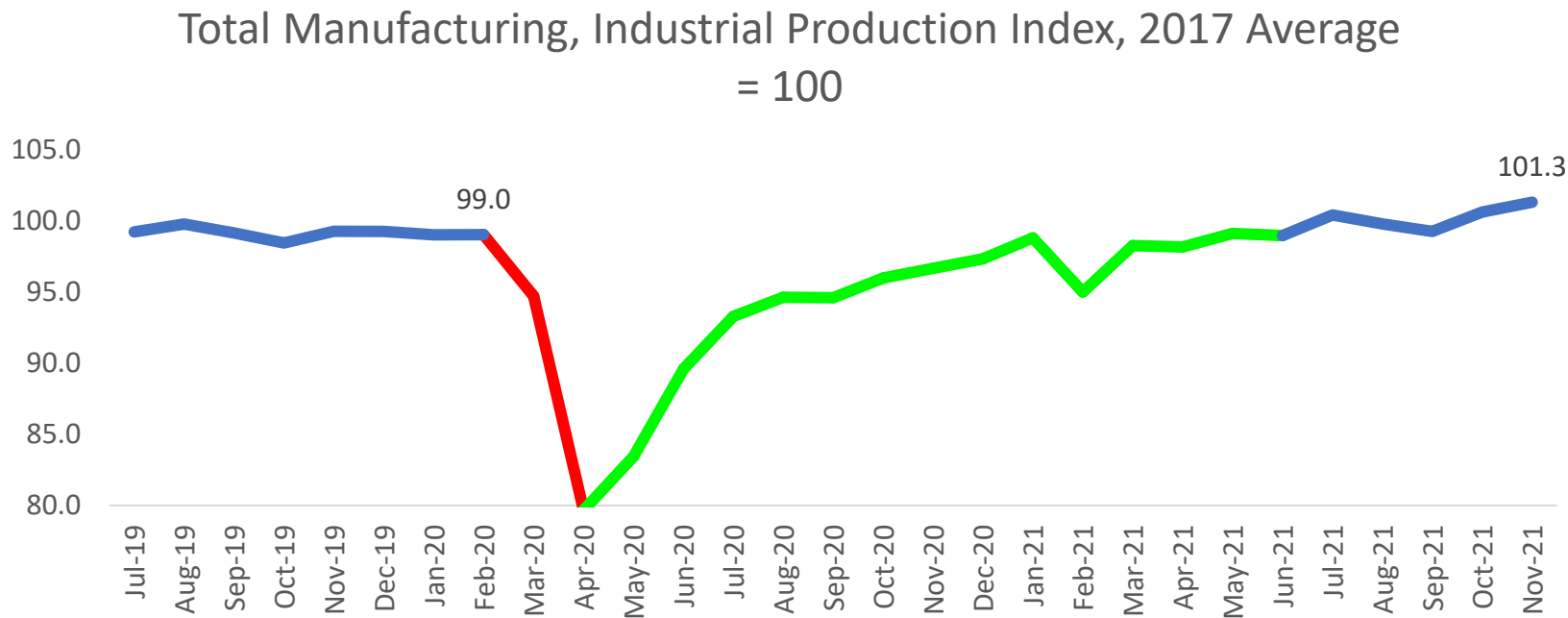


Manufacturing Rebuilds in Expansion

Manufacturing Above Pre-Pandemic Levels

Manufacturing Dropped 20% from February to April 2020

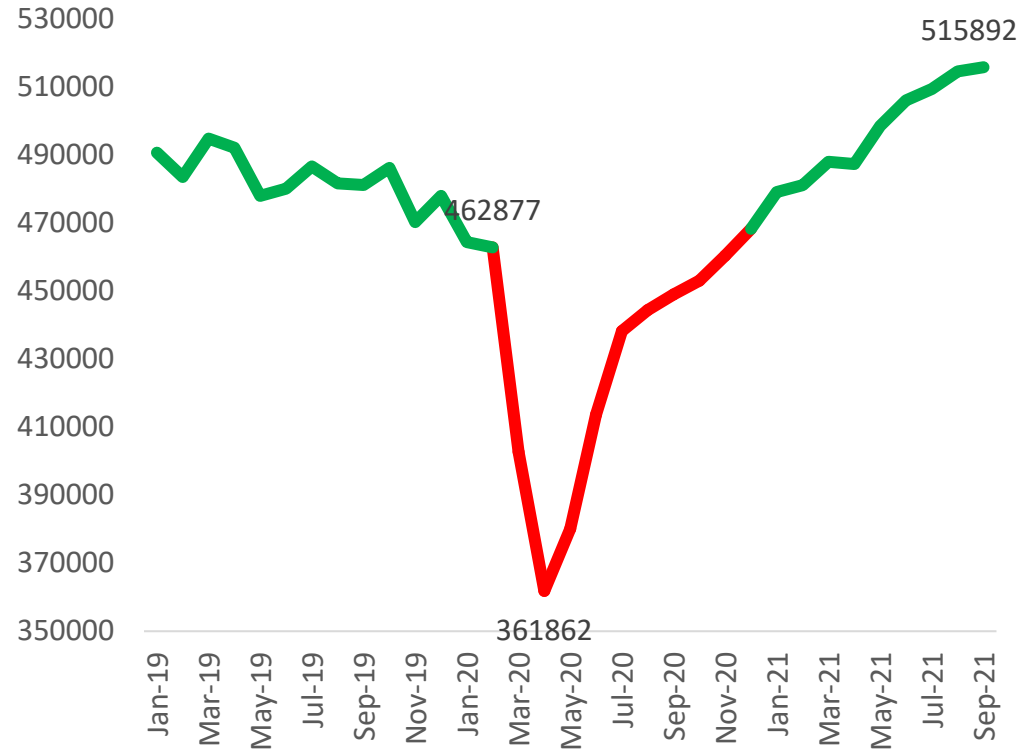
Gained 27% April 2020 to November 2021



Source: Federal Reserve Board of Governor's, Industrial Production Index, <https://www.federalreserve.gov/releases/g17/Current/default.htm>

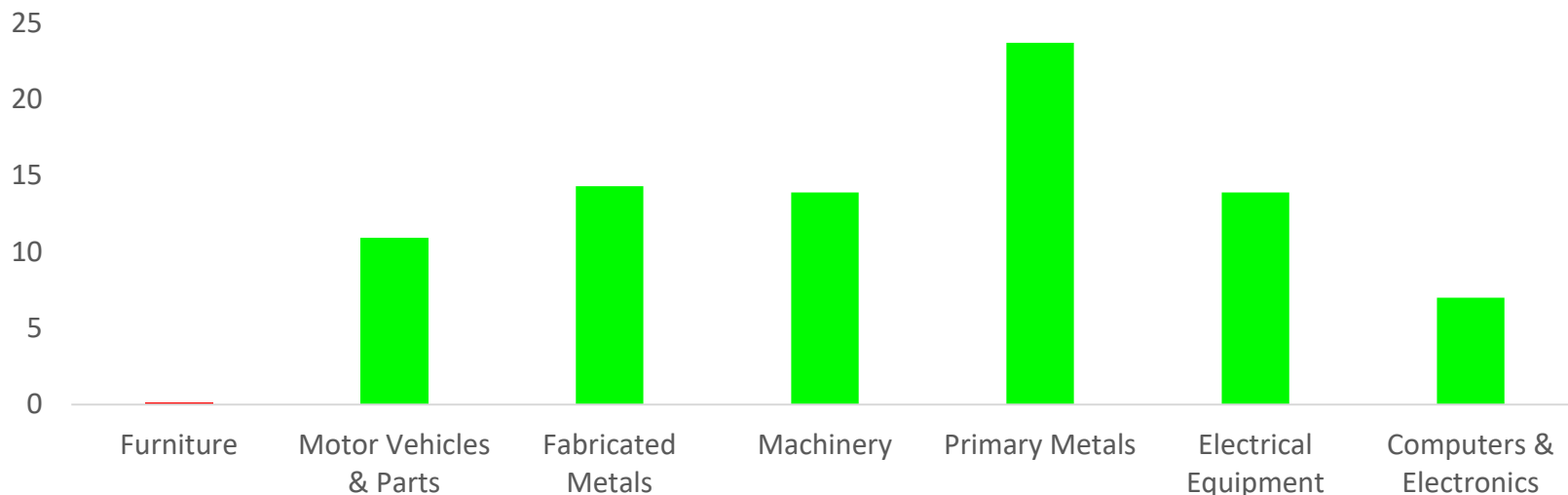
Manufacturing Orders At New Highs

New Orders, Total Manufacturing, \$M,
Seasonally Adjusted at Annual Rates



New Orders for Durable Goods Industries with Large Wisconsin Presence

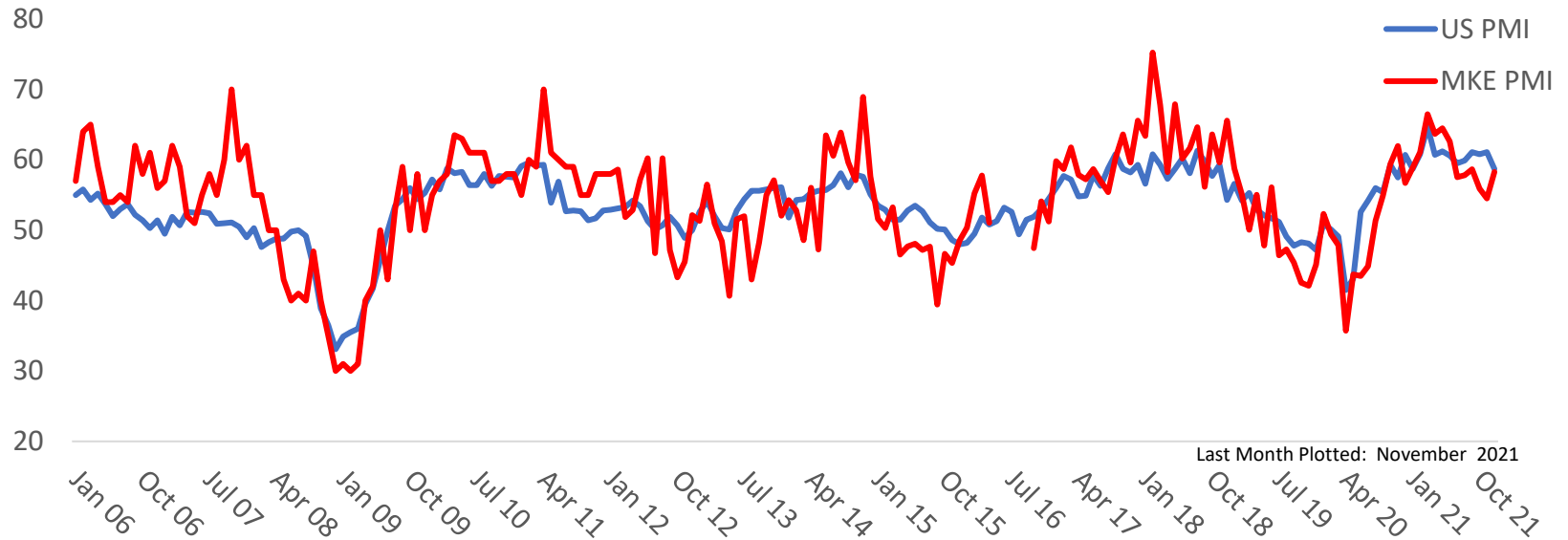
Durable Goods Orders, Year to Date Through August, Percent Change Over Prior Year



U.S. Bureau of the Census, MONTHLY FULL REPORT ON MANUFACTURERS' SHIPMENTS, INVENTORIES AND ORDERS August 2021

Wisconsin Manufacturing In Solid Expansion But Constrained by Parts & Labor

Purchasing Managers Index--Manufacturing

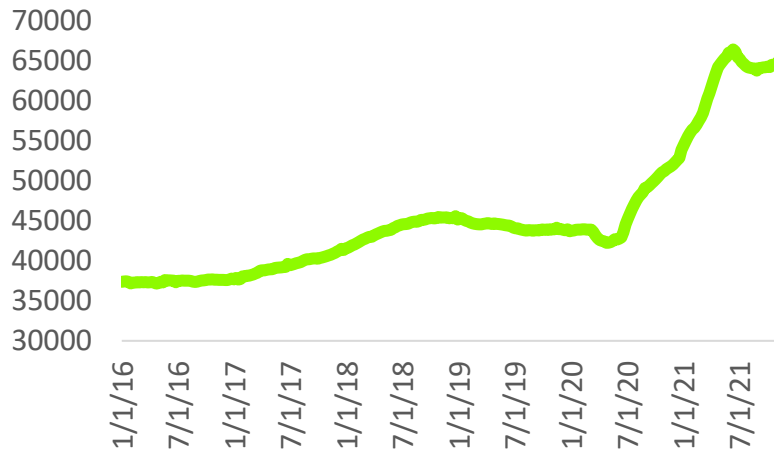


Source: Institute for Supply Management; Marquette University Center for Supply Management

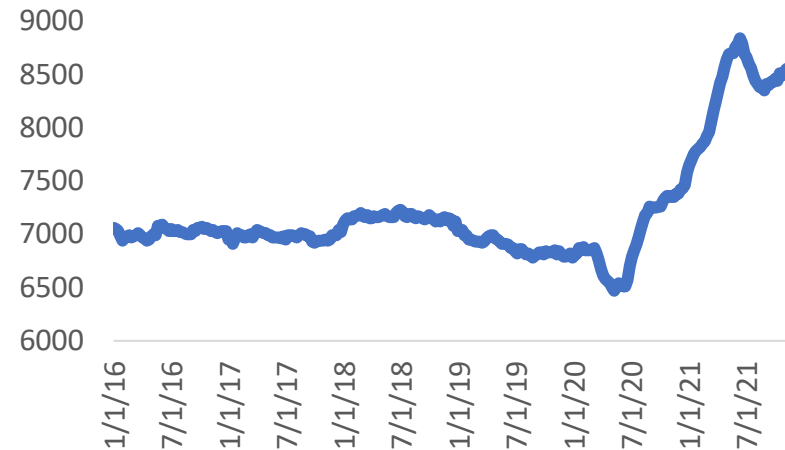
Wisconsin Entrepreneurship

Wisconsin Entrepreneurship Surged Coming Out of Contraction

WI New Business Formations
All Types
52 Week Total



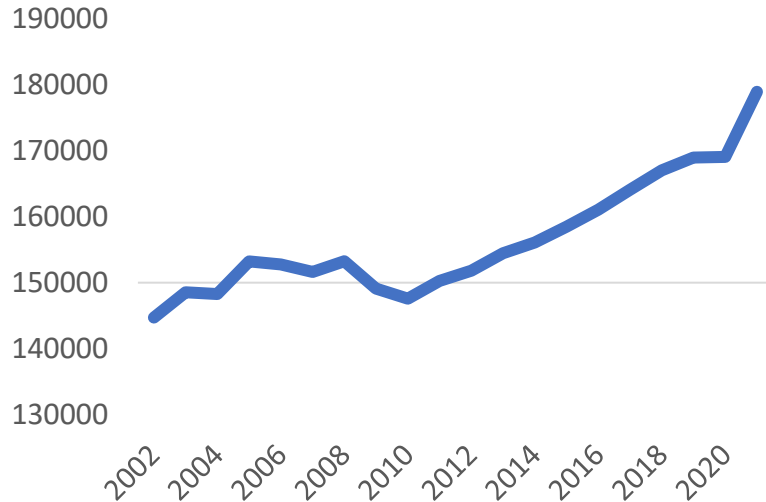
Wisconsin New Business
Formations
With Payroll. 52 Week Total



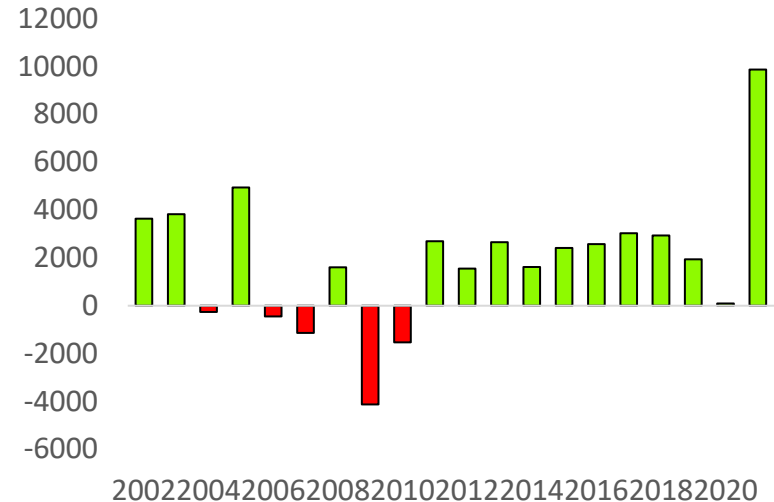
Source: U.S. Bureau of the Census, Business Formation Statistics

Wisconsin Total Number of Businesses Rising Sharply in 2021

WI Total Private
Establishments, Q2



WI Total Private Establishments
Change From Prior Year

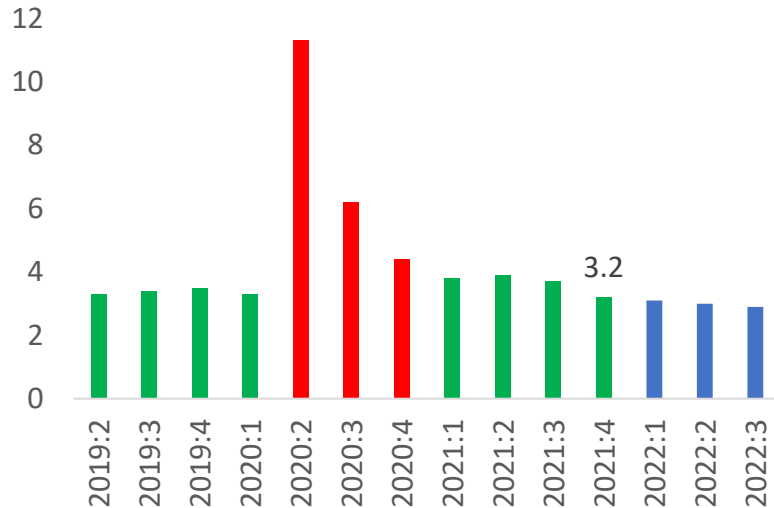


Wisconsin Outlook

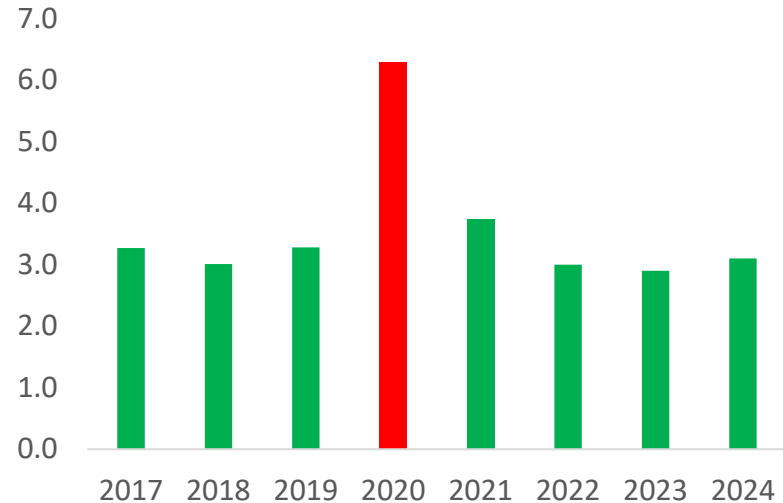
Wisconsin's Economic Outlook: Unemployment Rate

Full Employment Reached in 1st Quarter 2021, Sustained Through 2024
Reaches Record Low in 2022

WI Unemployment Rate by
Quarter



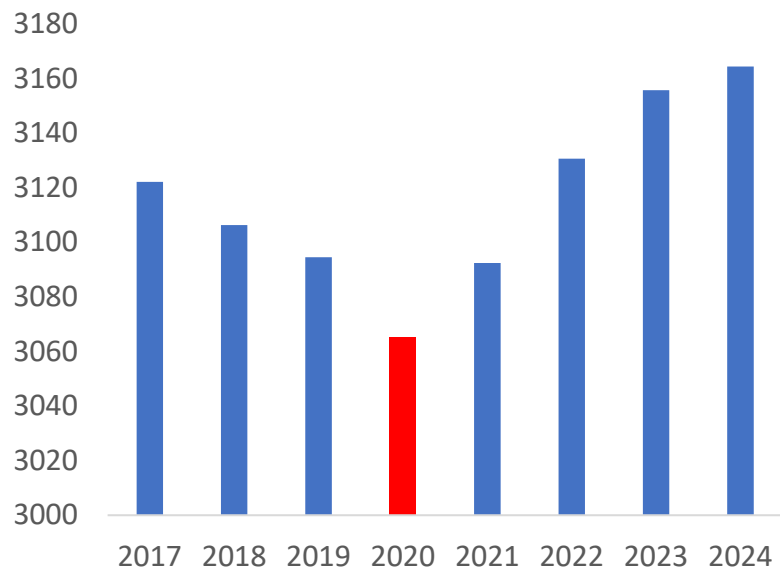
WI Unemployment Rate
Annual Avg.



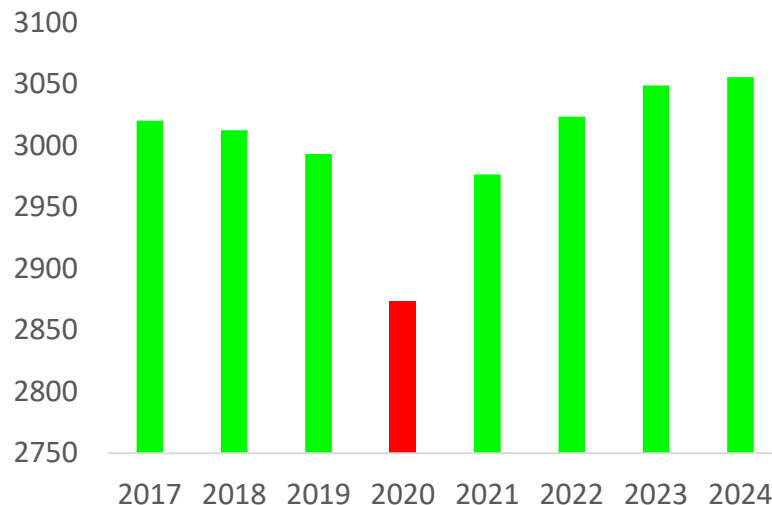
Wisconsin Economic Outlook

Labor Force Expansion Continues in 2022

WI Labor Force in Thousands

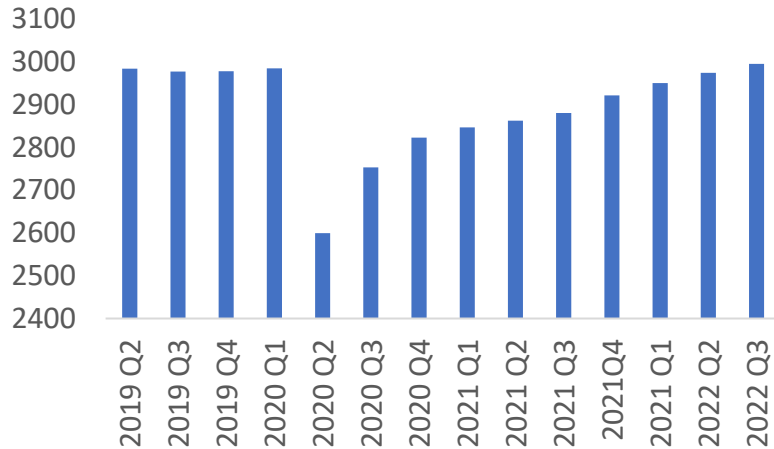


Wisconsin Household Employment Ks

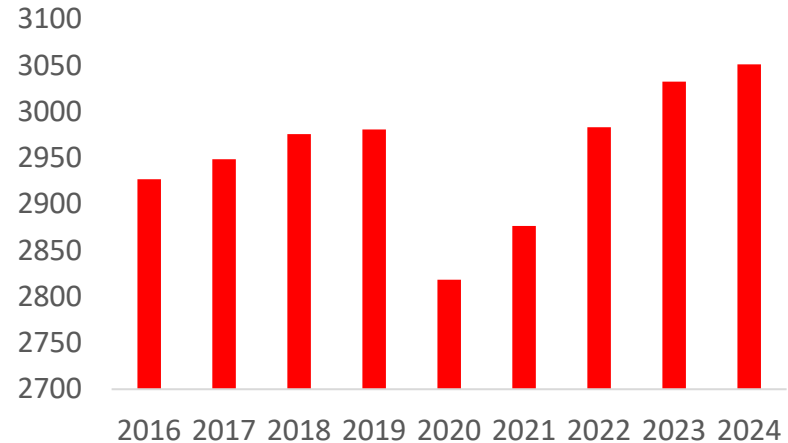


Wisconsin Employment Rebounding Fully Recovered by Mid-2022

Wisconsin Non-Farm
Employment
by Quarter



Wisconsin Nonfarm
Employment
Annual Average

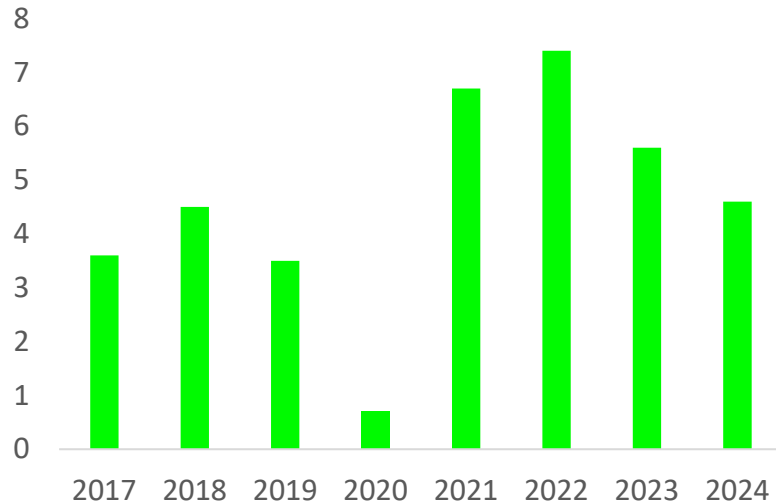


Wisconsin Economic Outlook: Personal Income

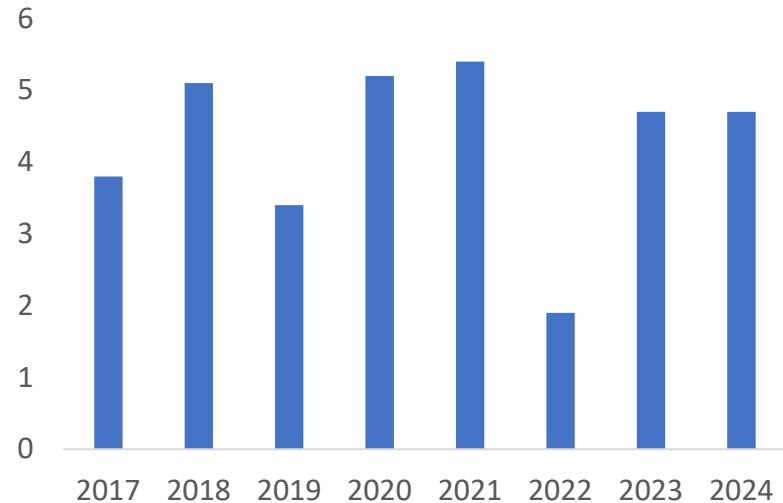
Supported by Wage Growth & Stimulus in 2021

Strong Wage Growth More Than Offsets Stimulus Phase-Out in 2022

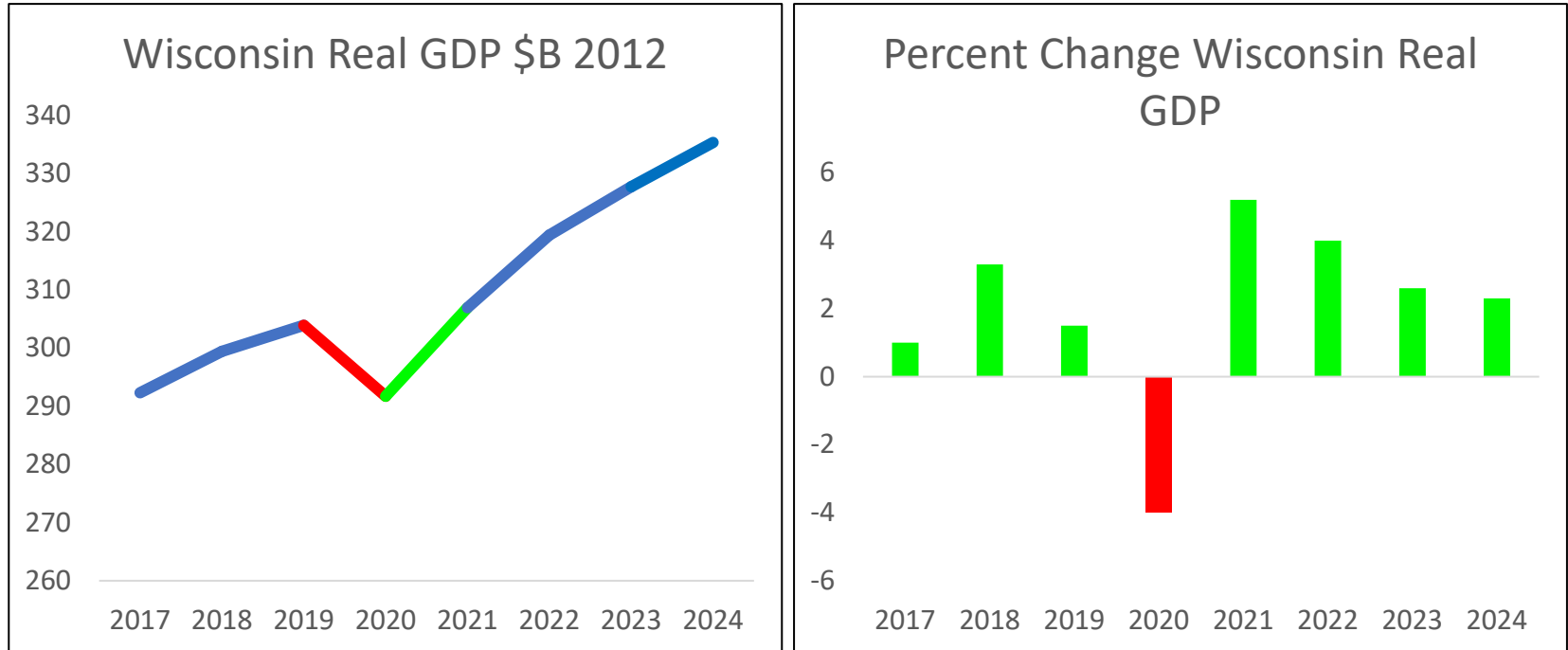
Pct. Change In Wages and
Salaries



Pct. Change in Total Personal
Income



2021 Was the Bounce Back Year for Wisconsin Strong Growth Carries Over to 2022

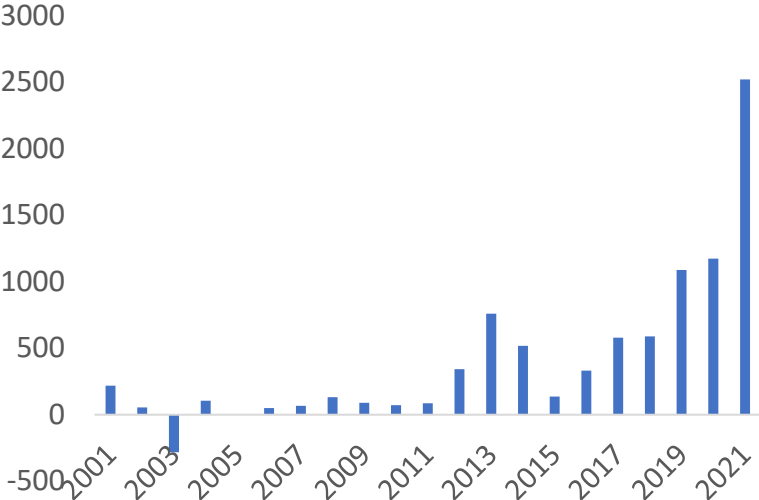


State Finances

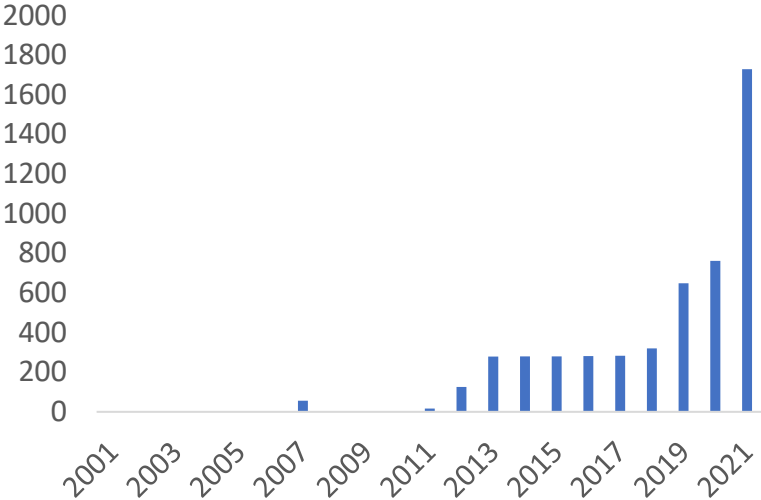
State Fiscal Condition

Budget Balances All-Time High

General Fund Year-End Balance
\$M



Budget Stabilization Fund
Balance \$M



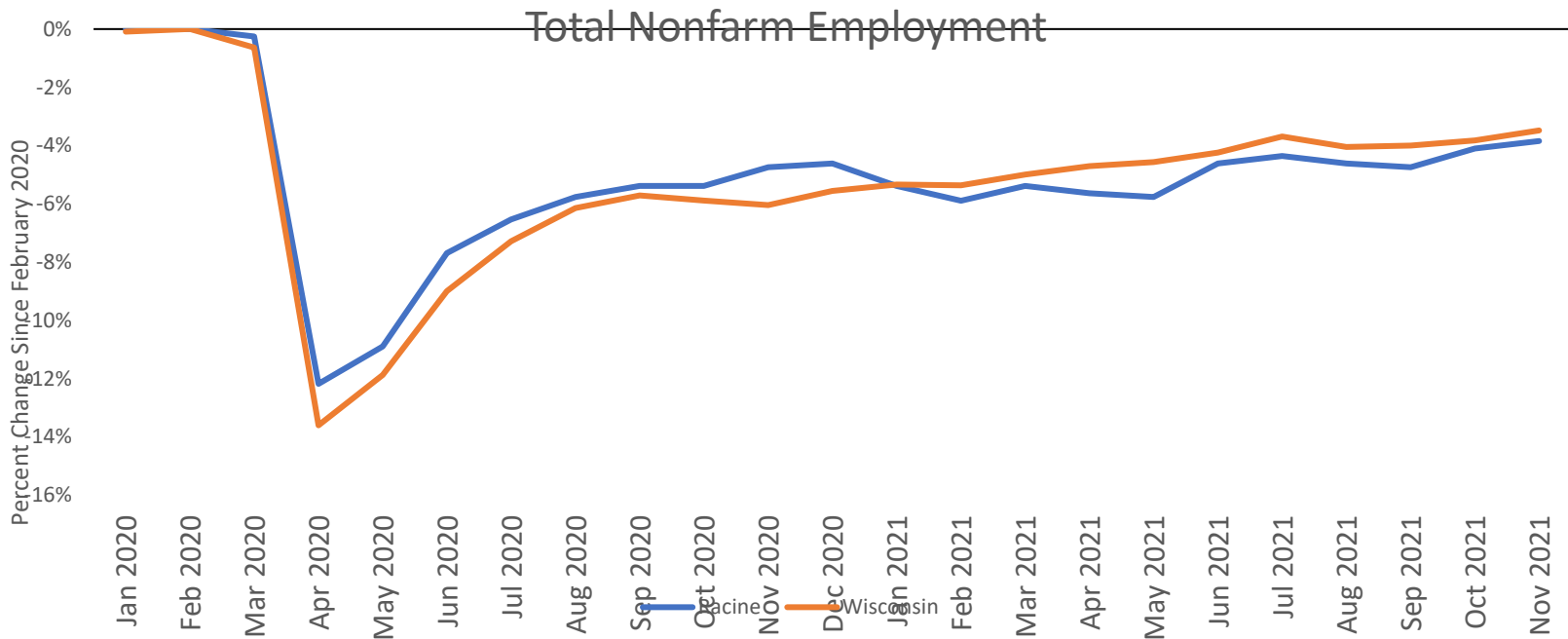
State Bond Rating Upgraded

- Kroll's Bond Rating Agency raised the State of Wisconsin's bond rating to AAA
- Standard and Poor's Raised the bond rating to AA+
- Kroll's
 - Tripling of Budget reserves
 - Healthy revenue growth even with tax cuts
 - Post COVID Recovery fueled by expanding economy
 - Favorable business climate
- Standard & Poor's
 - Sustained financial improvements
 - Long-term commitment to maintain budget reserves
 - Fully funded pension system

Racine County in Recovery

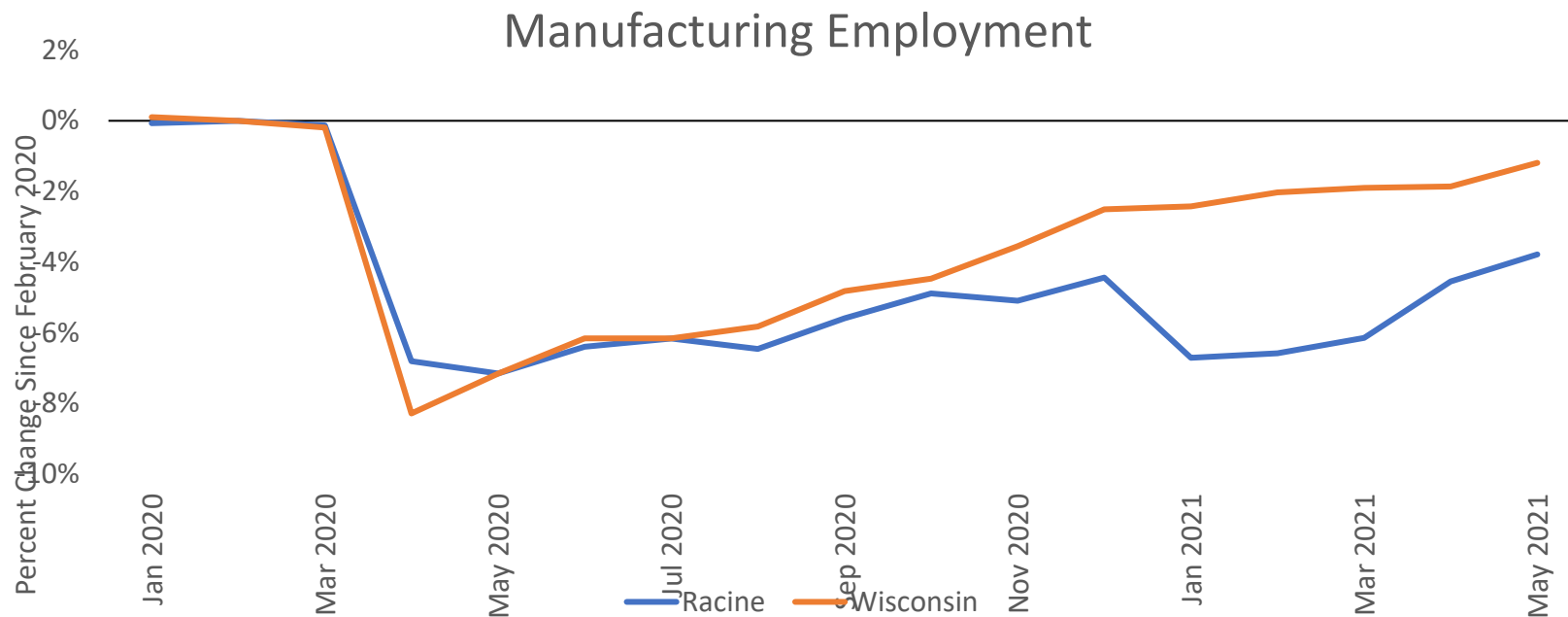
Employment Continues to Improve in Wisconsin and Racine

Currently Around 4% Below February 2020 Levels



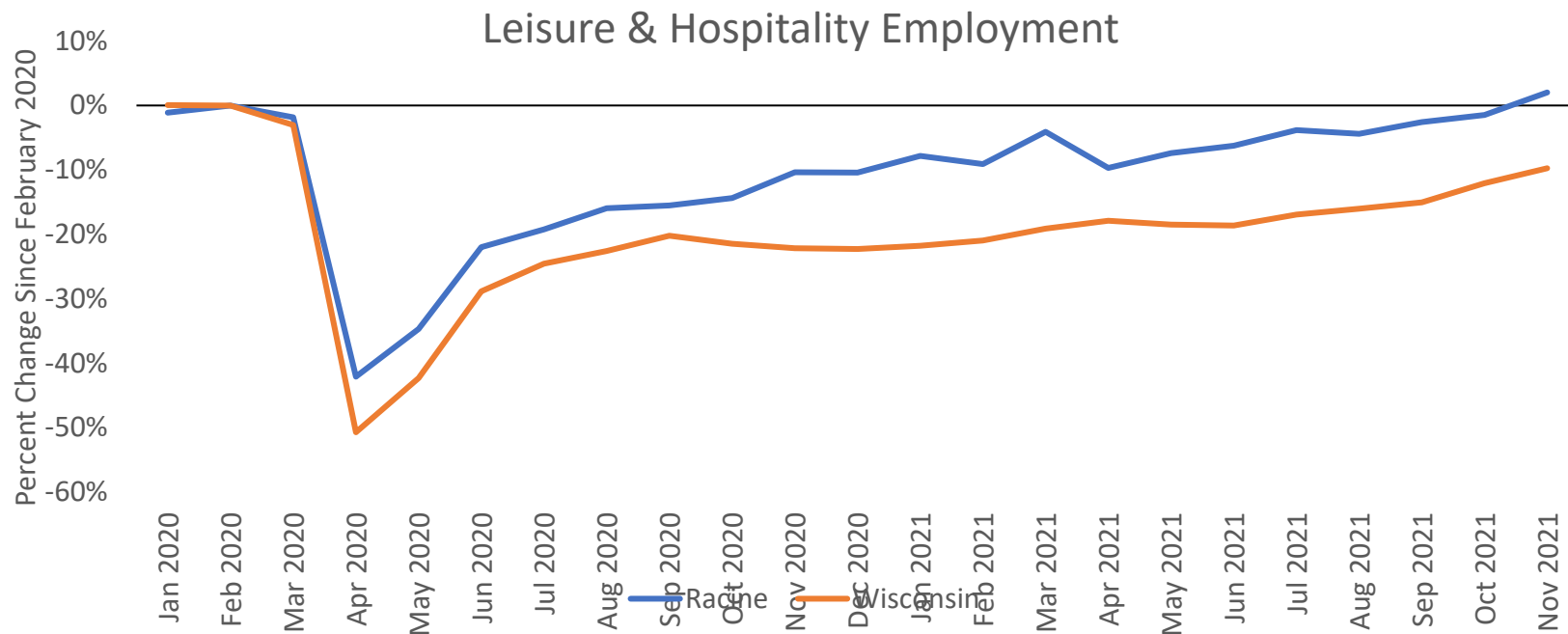
Source: U.S. Bureau Of Labor Statistics, Current Employment Statistics Program; retrieved from FRED, Federal Reserve Bank of St. Louis; January 5, 2022.

Racine Manufacturing Employment Rebuilding



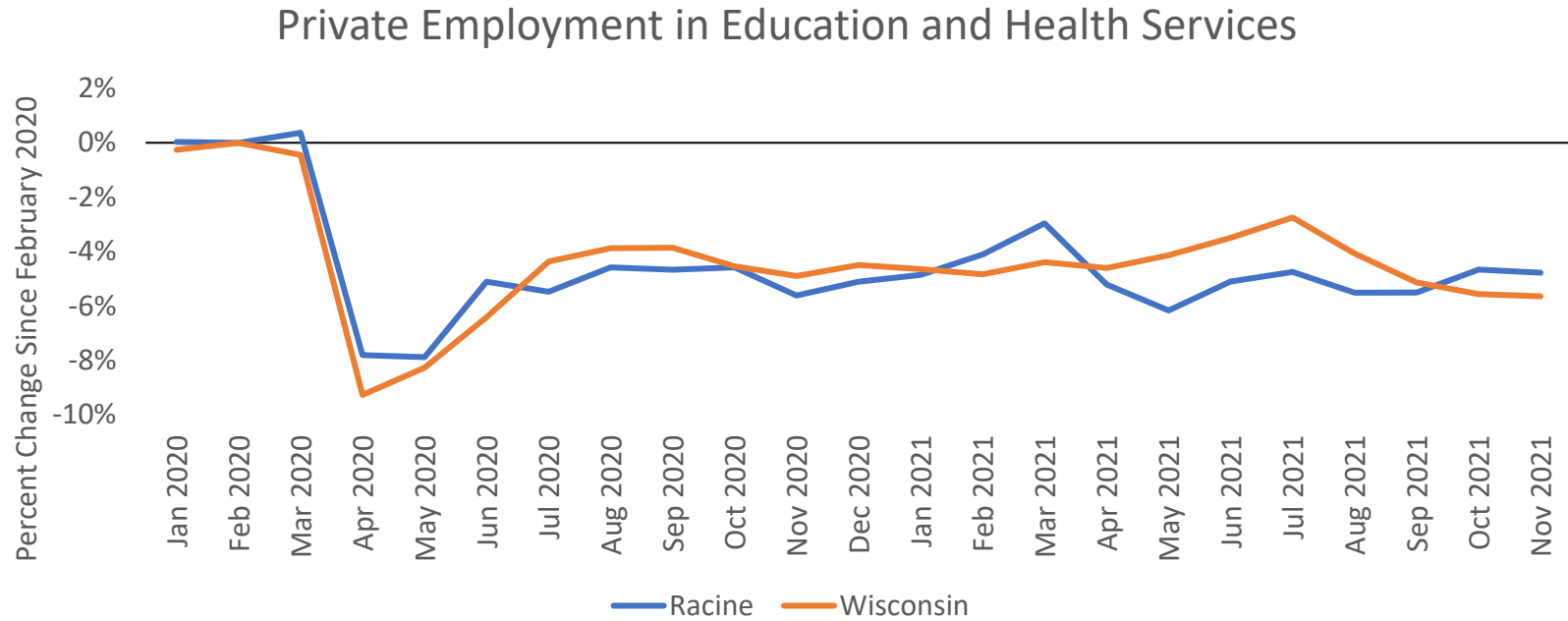
Source: U.S. Bureau Of Labor Statistics, Current Employment Statistics Program; retrieved from FRED, Federal Reserve Bank of St. Louis; January 5, 2022.

Racine Has Already Recovered in Leisure & Hospitality Employment



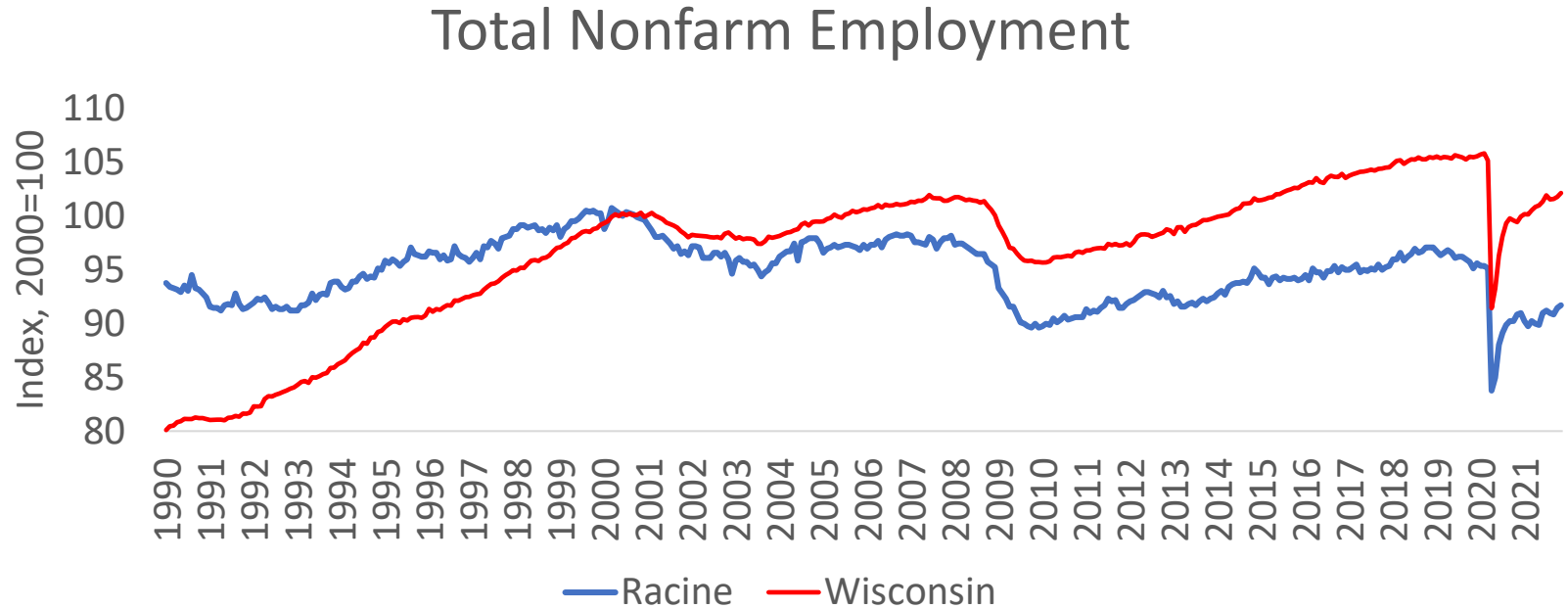
Source: U.S. Bureau Of Labor Statistics, Current Employment Statistics Program; retrieved from FRED, Federal Reserve Bank of St. Louis; January 5, 2022.

Employment in Education and Health Continues to Move Sideways



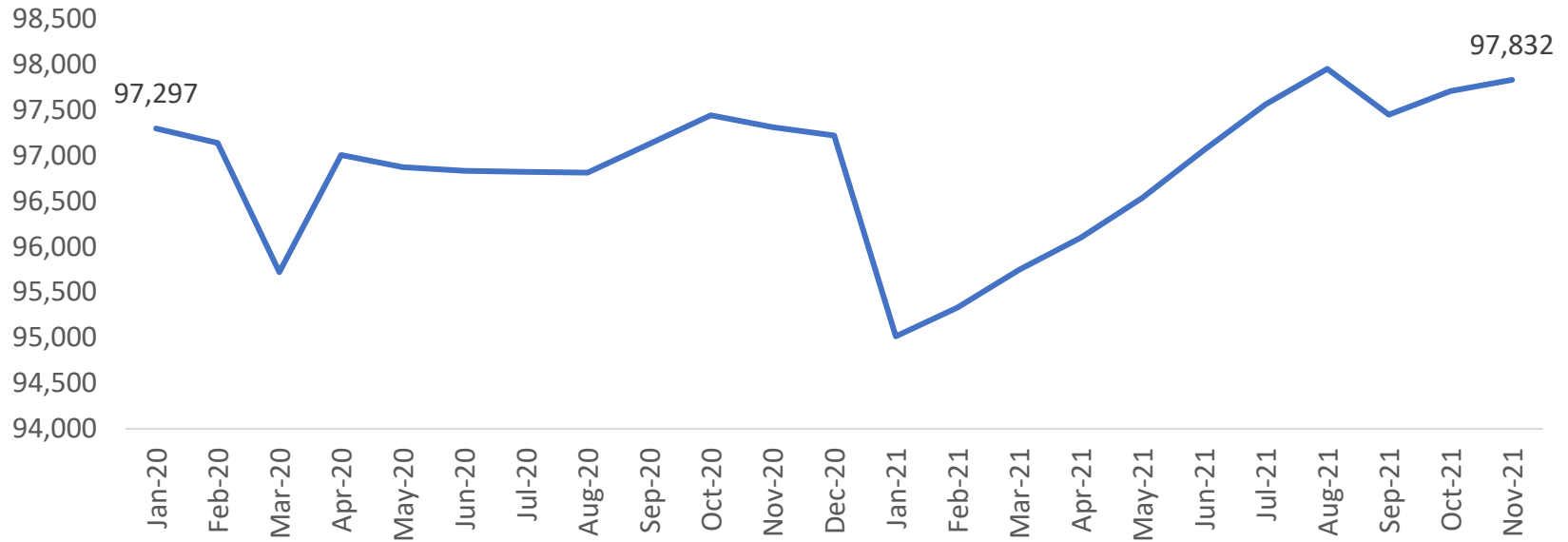
Source: U.S. Bureau Of Labor Statistics, Current Employment Statistics Program; retrieved from FRED, Federal Reserve Bank of St. Louis; January 5, 2022.

Racine's Employment Level Declined from 2000 to 2010 Improving Since 2010



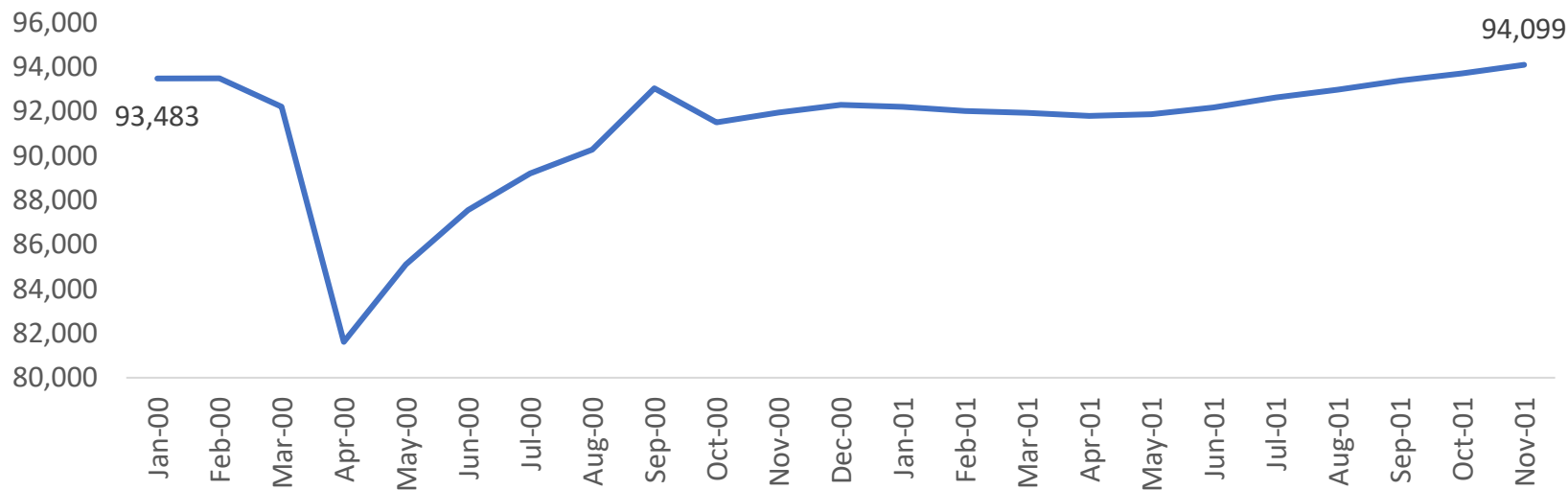
Racine Labor Force Fully Recovered

Racine MSA Labor Force, Seasonally Adjusted

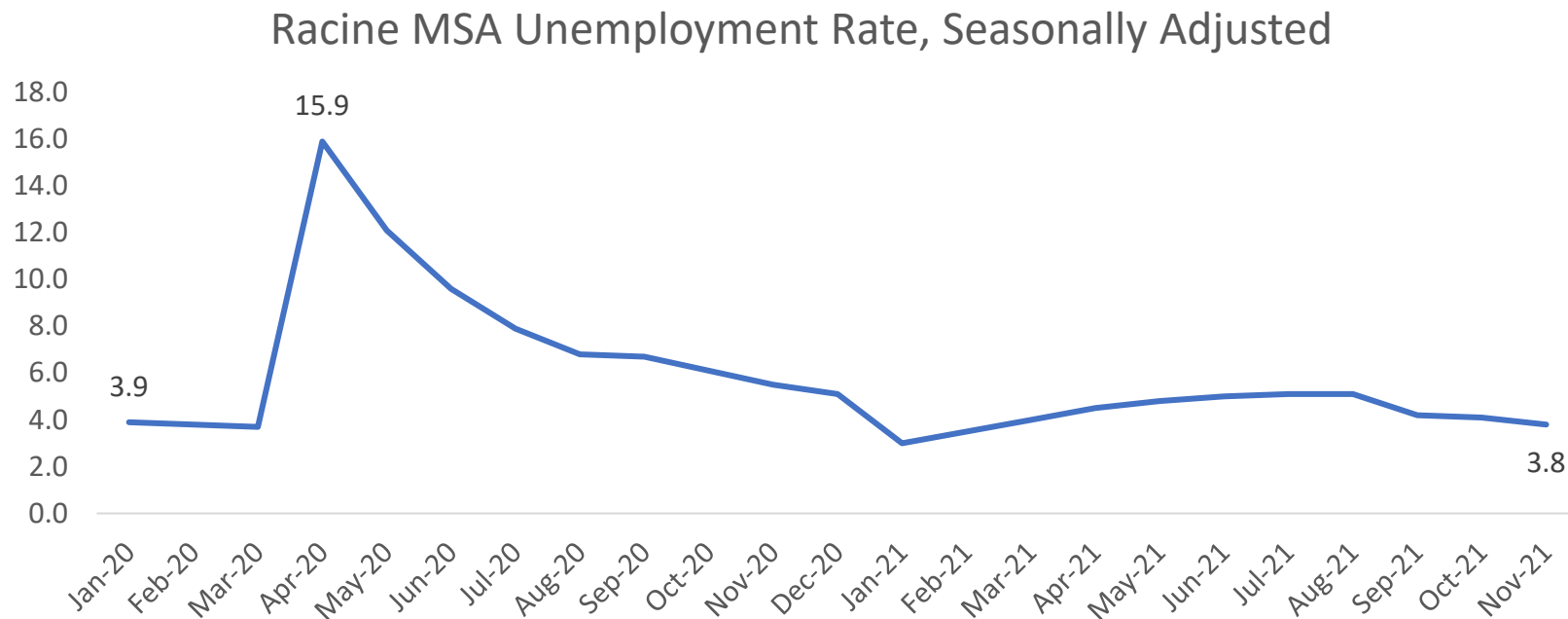


Racine MSA Employment Recovered Under Household Survey Measure of Employment

Employment, Household Survey, Racine WI MSA, Seasonally Adjusted



Racine's Unemployment Rate Back to Pre-Pandemic Levels



Personal Income Increased in 2020

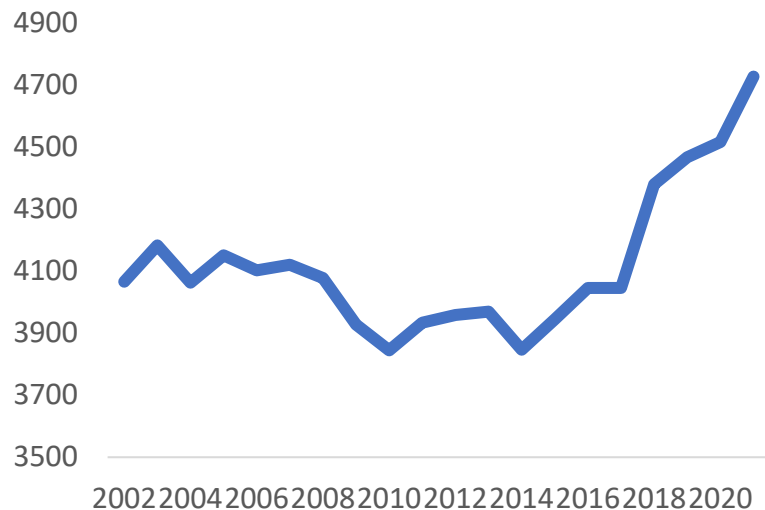
Percent Change in Personal Income in 2020

	Racine	Wisconsin
Total Personal Income	4.4%	5.2%
Wages and salaries	0.5%	0.7%
Personal current transfer receipts	25.9%	26.5%

Racine MSA

Business Growth Resumes in 2021

Racine MSA. Private
Establishments Q2



Racine MSA Pvt.
Establishments Q2
Change Over Prior Year

