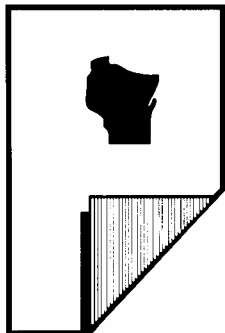


WISCONSIN PAPER COUNCIL

250 N. GREEN BAY ROAD
P.O. BOX 718
NEENAH, WI 54957-0718
PHONE: 920-722-1500
FAX: 920-722-7541
www.wipapercouncil.org



NEWS RELEASE

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For More Information Contact: Pat Schillinger, President
920-722-1500 (work)
920-419-7030 (cell)

Governor Signs AB 507 Tax Reform Into Law

Bill helps paper manufacturers

NEENAH – Governor Jim Doyle signed Assembly Bill (AB) 507 into law today at the Appleton (formerly Appleton Papers) plant in Appleton.

AB 507 replaces the current income tax credit for sales taxes paid on fuel and electricity used in manufacturing with a sales tax exemption and would allow accrued credits to be recovered in the future. This has been the number one legislative priority for the Wisconsin Paper Council and is a major victory for the paper industry.

“Enactment of the tax reform contained in Assembly Bill 507 is a major step forward in providing tax equity in Wisconsin and allowing our paper industry to begin competing on a more level playing field,” said Pat Schillinger, President of the Wisconsin Paper Council. “We are now competing in a global marketplace and all barriers and hurdles to open competition must be eliminated in Wisconsin if we are to maintain the health of the paper industry,” he said.

Wisconsin has been the number one paper producing state in the nation for the last 50 years, but recently the paper industry in Wisconsin has been struggling due to foreign competition, a weak economy, overcapacity and a poor business climate in Wisconsin. Papermakers are the highest paid manufacturing employees in Wisconsin, earning on average \$49,000 annually, but there has been a loss of nearly 9,000 jobs in the paper industry in Wisconsin in the last three years.

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The Wisconsin Paper Council has identified areas that need improvement in Wisconsin in order for the paper industry to compete worldwide. The issues are regulatory reform, tax reform and energy reform.

“The tax reform enacted today is one small piece of the puzzle,” Schillinger said. “It is not the silver bullet that will save the paper industry in Wisconsin, but it goes a long way toward both improving our mills’ bottom lines and sending a message to outside corporate decision makers that Wisconsin’s business climate is improving,” he said. “We urge the Governor and the Legislature to continue their positive actions on tax, regulatory and energy reform measures,” he said.

The Wisconsin Paper Council is the trade association for the pulp and paper industry and is located in Neenah, Wisconsin.

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