

# FAIR - AND - ADEQUATE

close tax loopholes

protect public structures

control property taxes

April 2010

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## Small change can help fill Wisconsin's state budget hole

Wisconsin still faces a multi-billion dollar deficit. However, small changes could help to fill the massive state budget hole. Wisconsin loses \$1.2 billion every year due to the "Tax Gap," the difference between what is legally owed by taxpayers and what is actually paid to the state. This equals one out of every \$10 collected by the state as General Purpose Revenue.



Why is that important? Over a billion dollars is lost to the state revenue pot every year which means less state aid to cities, counties and schools. The reduced state aid results in program cuts that raise class size, slow firefighter response time and deliver fewer meals on wheels to the elderly. At the same time, property taxes go up to make up for lost state dollars. It's a double whammy for responsible citizens and business owners who file their tax returns, pay their taxes and support the services and infrastructure needed for stable and prosperous communities.

The Institute for Wisconsin's Future (IWF) has released a new report -- **Wisconsin's Billion-Dollar Tax Gap** How uncollected taxes can help fill the state's budget hole. The report looks at the size of the tax gap, who is not paying and what can be done to collect delinquent taxes.

Read the full report at [http://www.wisconsinsfuture.org/publications\\_pdfs/tax/TAX\\_GAPApril\\_2010.pdf](http://www.wisconsinsfuture.org/publications_pdfs/tax/TAX_GAPApril_2010.pdf)

## Wisconsin federal lawmaker: Economy nearly died



U.S. Rep. Dave Obey defended the \$700 billion federal stimulus bill as a lifeline to a mortally wounded economy and said it is helping create jobs. "The whole idea was to use government funds to reflate the economy until the private sector could regain its footing and begin to produce job growth on its own," Obey said. "It has for the last three months."

The bailout of banks and the stimulus money staved off a depression, Obey said. "The patient damn near died," the congressman said. "The world economy damn near died."

<http://www.wausaudailyherald.com/article/20100409/WDH0101/4090645/Lawmaker-Economy-nearly-died>

## Recovery Act funding helps Wisconsin manufacturing businesses save energy and reduce costs



Fifty businesses will get assistance streamlining logistics, reducing energy costs and making other improvements under a pilot program launched by the Wisconsin Manufacturing Extension Partnership. The \$1.75 million program will "help companies create clear paths that other Wisconsin manufacturers will be able to learn from," said Aaron Olver, Wisconsin's new Commerce Secretary. The aim of the program is to help small and mid-sized factories become more sustainable - to help their bottom line. Wisconsin was allocated \$55 million for energy-related programs from the federal American Recovery and Reinvestment Act and allocated it to factories - either to help them become more energy-efficient and

sustainable or to help them retool to make energy-efficiency, renewable energy or other clean-tech products. "We are the only state in the nation that is dedicating 100% of that fund to manufacturers," Olver said. Modern Equipment Company in Port Washington (shown at left) is one of the companies participating.

The full article is at <http://www.jsonline.com/business/91667699.html>

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## Emergency treatment for US economy proving effective US Council of Economic Advisors reports on Recovery Act in 2010

The Recovery Act was put in place to deliver money and jobs to American families. Since February 2009, there has been more than \$200 billion of tax relief and income support provided to households. These funds have had the most significant impact on middle- and lower-income families.

- The Recovery Act saved or created between 1.1 and 1.4 million jobs, as of April 2010. The chart shows dramatic reductions in the monthly job losses since it was passed in February 2009.
- The Council of Economic Advisors estimates that without the Recovery Act, household take-home income would have fallen substantially in 2009 and consumer spending would not have rebounded as it did. Indeed, consumer spending would likely have continued to fall.



See the full report: <http://www.whitehouse.gov/sites/default/files/microsites/CEA-3rd-arr-report.pdf>

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## Oshkosh used \$5.3 million in Recovery Act dollars for city

The City of Oshkosh has put more than \$5.3 million of American Recovery and Reinvestment Act assistance to use in everything from hybrid buses to road construction and enhanced law enforcement.

The \$634,000 Energy Efficiency and Conservation Block Grant will be used to reduce energy use and improve energy efficiency in city buildings. The city could possibly turn savings from projects funded using those dollars into a revolving loan fund for future energy-saving projects. The energy efficiency grant also more directly achieves key purposes of the stimulus package: Job creation and energy efficiency.



Oshkosh received \$157,000 through the United States Department of Justice to assist local law enforcement combat violence against women, fight internet crimes against children, improve the functioning of the criminal justice system, assist victims of crime and support youth mentoring. [http://www.ci.oshkosh.wi.us/stimulusCity\\_of\\_Oshkosh\\_American\\_Recovery\\_and\\_Reinvestment\\_Act\\_Funding.htm](http://www.ci.oshkosh.wi.us/stimulusCity_of_Oshkosh_American_Recovery_and_Reinvestment_Act_Funding.htm)

The city also received \$400,000 in grants to offset the cost of cleaning up contamination in the Marion Road Redevelopment Area. It's part of at least \$1.2 million in state and federal assistance the city has tapped. The city's \$5.3 million is just a sliver of the \$1.5 billion in federal stimulus funding spent statewide last year, according to the Associated Press. Stimulus spending supported unemployment benefits, education, Medicaid, and highway planning and construction, which included a grant that jump-started U.S. Highway 41 construction in Winnebago and Brown counties last fall. <http://www.thenorthwestern.com/apps/pbcs.dll/article?AID=/201004060418/OSH0101/4060423>

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## Boeing's Cash Cow: Corporate strategies hurt middle class



People in Wisconsin remember last year's debacle at Mercury Marine in Fond du Lac, where the company used the threat of leaving to force concessions from its union and massive tax breaks from city, county and state government. The master of such a corporate strategy is The Boeing Company, the aerospace giant which thrives on government handouts. IWF's latest report, **Boeing's Cash Cow: A corporate strategy's impact on middle-class America**, describes how Boeing relentlessly squeezes state and local governments for massive tax breaks while simultaneously demanding expensive public infrastructure and low-wage workers.

Boeing treats state and local governments as "cash cows" they can milk for tax breaks, low-cost financing and a host of other services. This corporate strategy eliminates the middle-class jobs that have sustained America's prosperity.

The Boeing story is a case study of what the Wall Street Journal recently called the new “global tax competition.” It is depleting public resources everywhere, even as the demands for public structures and services soar. As the report shows, in the long run, Boeing’s demands are a recipe for economic disaster and the deconstruction of America’s middle class.

Full story at

[http://www.wisconsinsfuture.org/publications\\_pdfs/otherpubs/BOEING%20REPORT4\\_web.pdf](http://www.wisconsinsfuture.org/publications_pdfs/otherpubs/BOEING%20REPORT4_web.pdf)

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#### QUOTE OF THE MONTH

*"Saying that the stimulus did not help the economy because the unemployment rate still went up is like saying that a parachute did not help a man that bailed out of a crashing plane because he still descended to the ground."*

Mark Harris, Winnebago County Executive

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