

FAIR - AND - ADEQUATE

close tax loopholes

protect public structures

control property taxes

The Institute for Wisconsin's Future newsletter on tax policy

Wisconsin citizens want strong communities, reasonable taxes and a revenue system in which all individuals, businesses and organizations pay a fair share. This monthly email newsletter covers current research, community organizing and political activity to support a **fair** tax system which **adequately** funds services for the common good.



April 15: Wisconsinites pay their state income tax.. and the corporations' too

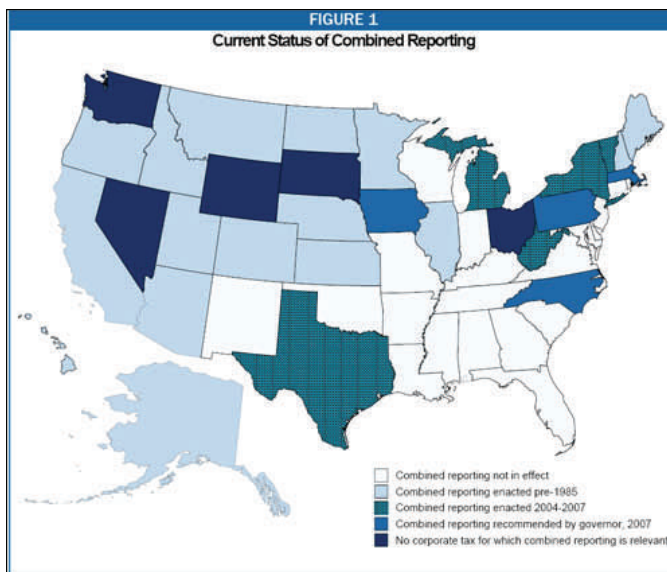
You paid your state income tax. Wouldn't it be nice if corporate Wisconsin did too? Chances are you paid more than **Microsoft, McDonald's, Pepsi, Sears, Budget Rent-Car, Kimberly Clark, Boston Market, Frito-Lay, K mart, Victoria's Secret and Stockely-Van Camp**. In fact, you paid more than all of them put together. For the last year of information available (2005), they paid zero (0) income tax. Big corporations avoid over \$500 million in state income tax every year. They skip taxes by using loopholes that allow them to move their profits to non-tax states. That means our families and small businesses cover the cost of the roads, police, fire protection and other services these

mega-corporations rely on. Do you think it's about time to close the loopholes or should we just keep paying their public service bills?

See [Revenue Gap: An analysis of corporate tax avoidance](http://www.wisconsinsfuture.org) at <http://www.wisconsinsfuture.org>

Combined reporting adopted in more states

map from [Center on Budget and Policy Priorities](http://www.centeronbudgetandpolicy.com)



" Finding legal ways to collect taxes already on the books is not a tax increase. This year, with revenues falling far short of covering basic priorities, the Legislature should take a serious look at a few revenue-generating reforms."

We couldn't say it better ourselves, but that quote is from *The Tampa Tribune*. In an editorial on April 11th, 2008, the Tribune makes an eloquent case for combined reporting as an essential step for protecting public services and infrastructure. Combined reporting is a tax reform which closes the loophole that allows multi-state and multi-national corporations to shift profits from a state with corporate income tax to a tax-free state.

Said the *Tribune*, "Tough choices go beyond what to cut. Let's also look at making everyone pay what's already owed. For example, Florida allows multi-state businesses to shelter

Florida income in other states. This makes the effective income-tax rate on small Florida businesses higher than the rate paid by corporations sheltering income elsewhere." The point works as well for Wisconsin as for Florida.

The entire editorial is online at:

<http://www2.tbo.com/content/2008/apr/11/na-tax-phobia-in-tallahassee-protects-huge-unfair-/>

Wisconsin Senate backs combined reporting

Speaking of combined reporting, the Wisconsin Senate included that important tax reform in its budget-repair proposal. The Legislative Fiscal Bureau estimated that would yield about \$90 million annually in additional revenue, but that's an old estimate that is almost certainly much too low. Political observers agree that combined reporting, regardless of its merits, has little chance of making it into the final budget repair deal that must be agreed upon by the Senate, Assembly and Governor. But the momentum combined reporting has won this legislative session bodes well for its chances in the 2009 Legislature.

For a comparative summary of the Governor's, Assembly's and Senate's approach to repairing the budget to adjust for the effects of the recession, see the **Legislative Fiscal Bureau's summary**.

http://www.legis.state.wi.us/lfb/2007-09Bills/2008_03_26_WI%20Leg_Comparative%20of%20Proposals.pdf

Wisconsin's corporate income tax system is antiquated and needs to be reformed

This was Michael Mazerov's statement to a state Senate committee hearing. "Aggressive tax avoidance by large, sophisticated multistate companies is a serious and growing problem," said Mazerov, who is a senior fellow at the Center on Budget and Policy Priorities, a liberal think tank in Washington. "Unfortunately, Wisconsin remains something of a laggard among the states in addressing it." Mazerov spoke to the Committee on Tax Fairness and Family Prosperity, headed by State Senator Bob Jauch, which is considering a number of bills to change the way Wisconsin collects the corporate income tax.

<http://www.jsonline.com/story/index.aspx?id=713147>

