

FAIR - AND - ADEQUATE

close tax loopholes

protect public structures

control property taxes

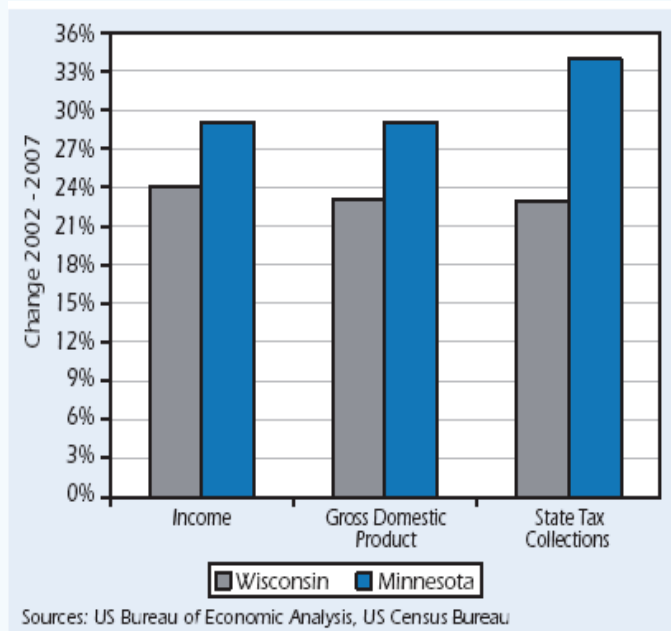
The Institute for Wisconsin's Future newsletter on tax policy

Closing the uncollected tax gap

January 2009

In Wisconsin, there is more than a one billion dollar "tax gap" – the difference between the amount of tax legally owed and the amount actually collected. Some of this is due to reduced capacity in the Wisconsin Department of Revenue (DOR). By 2008, one out of every four DOR jobs authorized in 2001 had been either eliminated or left vacant. Uncollected tax debt rose from \$700 million in 2001 to over \$1.1 billion in 2008.

Not in Minnesota, where its Department of Revenue budget grew 48% from 2001 to 2008 with an increase of 320 staff positions. Since 2001, Minnesota has spent \$100 million on its special tax enforcement effort, which has brought in over \$900 million in additional state revenue.



If Wisconsin hired an additional 150 tax collectors and auditors costing about \$12.5 million annually, this staffing could generate approximately \$100 million more in annual tax collections. This would happen without increasing any state tax rates.

Details can be found in the IWF report, ***Investing in Revenue: How Wisconsin can profit by using the Minnesota model for closing the tax gap.***

<http://www.wisconsinsfuture.org>

Do Wisconsin hospitals give enough free care to warrant their tax breaks?



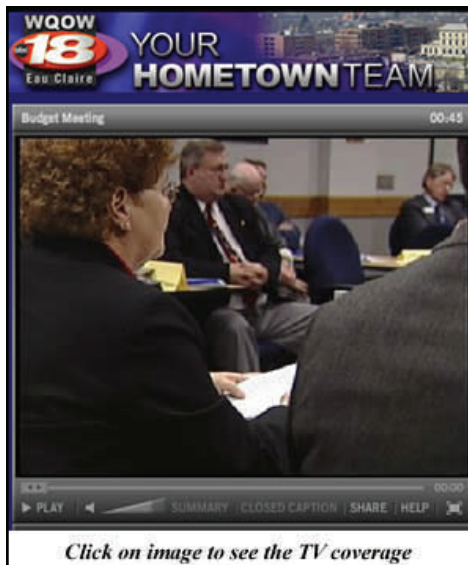
Wisconsin hospitals provided significantly less free health care and made more money than the national average in recent years, an analysis by the *Wisconsin State Journal* found. The issue of so-called "charity care" is likely to take on more relevance this year in the state and the nation as unemployment soars and tax revenues plummet. Hospital administrators say the sagging economy has already increased their charity care and reduced their earnings, but some public officials say they may try to require nonprofit hospitals to contribute more to the community to justify their tax breaks. www.madison.com/wsj/home/local/434390

Also, Wisconsin's extensive roster of non-profit hospitals own at least six billion dollars worth of tax-exempt property that could generate at least \$117 million in property taxes yearly to help support local services according to the IWF report, ***Hospitable Taxes: How non-profit hospitals profit from our out-dated tax system.*** Read this report at <http://www.wisconsinsfuture.org/publications/taxes/index.htm#hospital>

Note to self - don't privatize highways and airports

"Back in the days when the market was a kind of secular god and all the world thrilled to behold the amazing powers of private capital, the idea of privatizing highways and airports and other bits of our transportation infrastructure made a certain kind of sense. Private businesses did everything better than the state, we were told. And that meant even tasks as inherently public as maintaining bridges and roads....But something happened on the road to privatopia, with so many brilliant schemes of the last few decades melting away in this harsh new day of failing banks and plummeting asset prices."

So writes Thomas Frank (author of *What's the Matter with Kansas*), who describes in the *Wall Street Journal* the current push to hand over major public structures to corporations and why it does not serve the public interest. online.wsj.com/article/SB123310436361422253.html



Cataloging revenue options for Eau Claire leaders

On January 27, over 40 leaders from Eau Claire and Altoona discussed possible ways to increase state revenue in order to boost state aid for community services and infrastructure. Jack Norman, IWF Research Director, reviewed a range of ways Wisconsin could expand its revenue base based on the latest IWF reports on strengthening the Department of Revenue and modernizing tax policy. The groups discussed the options as a step in developing a plan for long-term state fiscal reform.

The event was sponsored by the Citizen Alliance for Strong Communities – Greater Eau Claire (CASC). CASC members include the city, county and school districts of Eau Claire and Altoona, the Eau Claire Chamber of Commerce, Eau Claire Labor Council and Association of Educators, Chippewa Valley Technical College and the Real-

tors Association of Northwestern Wisconsin. CASC efforts are based on the belief that state government plays a key role in sustaining effective public structures — both physical infrastructure, such as roads, parks, sewers and airports, as well as social systems that address health, public safety, education, economic development, legal issues and support for people in need.

<http://www.wqow.com/global/video/flash/popupplayer.asp?ClipID1=3383679&h1=Budget%20Meeting&vt1=v&at1=News&d1=45233&LaunchPageAdTag=News&activePane=info&rnd=85006119>

QUOTE OF THE MONTH

According to the *Milwaukee Journal Sentinel*: The Wisconsin Policy Research Institute released a report warning that people without health insurance would move to the state if Wisconsin provided universal health insurance, potentially increasing the cost of the program. The report is based on an economic model that predicted 142,000 people would be drawn to Wisconsin if the state provided universal coverage. How accurate is that number? **"It really is a best guess,"** said David Dodenhoff, co-author of the report.

<http://www.jsonline.com/business/38197529.html>