

FAIR - AND - ADEQUATE

close tax loopholes

protect public structures

control property taxes

January 2011



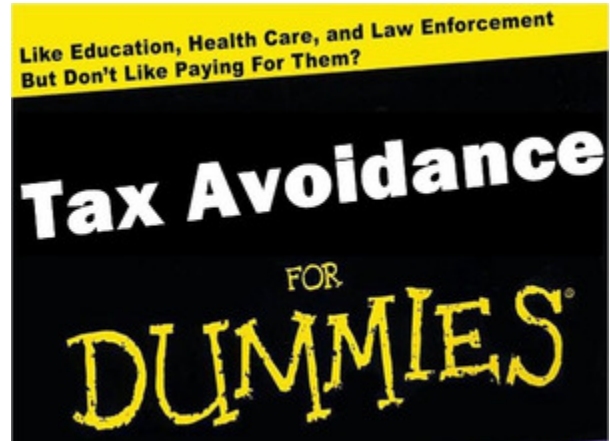
Property Tax Exemption Addiction-- There is 12-step program for Local Revenue Recovery

We are running out of money in local communities. We cannot pay the bills for our children's education, our neighborhood safety, our water and road maintenance. How can we find resources to cover the costs for these crucial systems?

Cities, counties and schools rely on property taxes to cover the cost of basic services and infrastructure so peoples' lives can run smoothly. Like the elves and the shoemaker, citizens wake up to find garbage disappeared, snow plowed from streets, traffic lights working and all systems in gear. Unlike the fairy tale, we pay the elves using property tax revenue.

Unfortunately, the current tax structure allows many groups to take a pass on paying property tax. These include wealthy non-profit hospitals, expensive senior housing complexes, business developers who claim they are farmers and billboard owners who are charged for their wood structures but not the expensive message space they sell for thousands of dollars. In spite of the revenue crisis, every year the state legislature creates more exemptions - loopholes that drain revenue away from communities already in dire financial straits.

There is an answer, according to IWF's Jack Norman and Dennis Collier. In their new report they recommend 12 steps to secure revenue for stronger communities, see;
Too Many Loopholes; How to turn property tax exemptions into revenue for local government.



The impact of budget cuts can be lethal



One month before a psychotic man attacked and murdered elected officials, citizens and a child in Arizona, the main Tucson newspaper ran a story titled, "[Mental-health cuts are life-threatening for some.](#)"

The story outlined the impact of drastic budget cuts on services for 28,000 mentally ill Arizona residents, cuts amounting to a \$65 million drop (52% of funding) since 2008.

"The number of seriously mentally ill people needing crisis services from the Southern Arizona Mental Health Corp. has gone up by 123% since July 1 when the cuts took effect." said H. Clarke Romans, Executive Director of the Southern Affiliate of the

National Alliance on Mental Illness.

Wisconsin Manufacturers and Commerce (WMC) praises Governor Walker's legislative agenda



According to James S. Haney, president of Wisconsin Manufacturers & Commerce, "Governor Walker's plan is a set of reforms that the business community has sought for many years."

What are the bills that business has wanted for so long?

1. New rules for civil lawsuits to make it harder for injured persons to win in cases against businesses.
2. A two-year income tax exemption to businesses that have been in Wisconsin for 10 years or more.
3. An increase in the economic development tax credits from \$75 million to \$100 million.
4. The elimination of the tax on Health Savings accounts
5. Tax cuts for businesses that move to Wisconsin. Walker also wants to give himself more power over enacting state agency rules and regulations as well as privatizing the Wisconsin Department of Commerce.

Where are the jobs?

<http://www.wmc.org/display.cfm?ID=2437>

<http://www.jsonline.com/news/statepolitics/11288844.html>

Cutting capital gains tax useless for economic growth

Capital Gains Tax Cut Benefits the Super Wealthy in Wisconsin							
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Average Income in Group	\$13,200	\$27,300	\$44,700	\$69,100	\$106,900	\$210,400	\$1,033,800
Average Tax Change for Affected Taxpayers	+\$13	+\$14	+\$67	+\$88	+\$200	+\$574	+\$5,475
Percent of Income Group Affected	0%	2%	4%	14%	19%	39%	72%

Source: Institute on Taxation and Economic Policy

In a fair world, which would be taxed higher - income from hard work or the profits from stock market trades? In 42 of the 50 United States -- they are both taxed at the same rate. But in eight states (including Wisconsin) investment income is taxed at a far lower rate than the wages earned by building homes, producing machinery, caring for the sick or protecting families from fire or crime.

Until 2010, Wisconsin gave the largest tax break for capital gains in the nation -- exempting 60% of the profit from tax. Last year, the legislature reduced the tax break to 30%. There is now a proposal, supported by Governor Walker, to increase the tax break back up to 60% and eliminate the tax completely by 2014.

Who wins from this proposal? According to a new study from The Institute on Taxation and Economic Policy, nearly every filer in the top 1% among Wisconsin earners claimed a capital gains break, averaging \$5,475. But among the bottom 60% of the state's tax filers, only 2% took a capital gain break, averaging about \$50.

Who loses? Wisconsin loses over \$151 million in revenue, even at the 30% level.

Do the tax breaks for capital gains help boost the economy? The simple answer is -- NO. The Congressional Budget Office found that capital gains tax cuts don't help the economy because they go to the wealthy who are "more likely to save than spend." Moody's top economist found that each dollar used for capital gains tax cuts generates 38 cents in GDP growth compared to a growth of \$1.50 when one dollar is used for food stamps, unemployment benefits or improving public infrastructure.

Wisconsin faces a 2.5 billion dollar deficit and middle class families carry the overwhelming tax responsibility already. Increasing the tax cut for wealthy investors digs the deficit hole deeper and makes the tax system more imbalanced -- with no apparent benefit for the economy. To quote Vermont's Republican Governor Jim Douglas, "Our state is one of only a few that has such an unfair penalty for doing an honest day's work."

State leaders are now looking at a plan to increase the Wisconsin tax break on capital gains. It is a no-brainer to say no to this dysfunctional proposal.

http://lacrossetribune.com/news/local/govt-and-politics/article_1a7c9fb6-1cfb-11e0-b418-001cc4c002e0.html
<http://www.itepnet.org/pdf/capitalidea0111.pdf>

The Kochtopus is coming to town

It's massive, powerful and wants to change America -- Koch Industries from Wichita, Kansas. The company has Wisconsin operations, including Georgia-Pacific paper mills, coal, pipelines and storage terminals. Now the company is growing a political arm in Madison. Koch controls oil, paper, lumber and other products as the second-largest privately held company in the United States (Cargill is the largest) with annual revenues of about a hundred billion dollars. Only four Americans are richer than either of the Koch brothers, David and Charles, says *Forbes*. They are also extraordinarily right wing. They founded and fund a wide range of think tanks and conservative organizing groups, including the Cato Institute and Americans for Prosperity, which has played a key role in shaping and funding the Tea Party. While the brothers have been a major player in national fights to cut taxes, prevent environmental reforms and reduce social services, they hadn't lobbied much in Wisconsin until the 2008-2010 session, when Koch Companies Public Sector LLC ranked among the twenty busiest Madison lobbyists. This month, they expanded their Wisconsin lobbying crew to seven, including a full-time lobbyist and Madison PR and legal insiders. Watch your communities, cheeseheads. Richard Fink, President of the Charles Koch Charitable Foundation, suggested that the Kochs needed to get more into the practical, day-to-day issue of governing. The boys are stalking Wisconsin.



http://www.newyorker.com/reporting/2010/08/30/100830fa_fact_mayer

<http://abcnews.go.com/Business/billionaires-bankrolling-gop/story?id=11939938>

<http://www.businessinsider.com/mystery-reporters-plagiarism-smear-plot-against-the-new-yorker-collapses-2011-1>

Quote of the Month

"All new net jobs come from young companies. They don't care too much about the regulations and the taxes. New jobs will be created by these entrepreneurs. They just want to get their companies up and running.

They need a support system to let them do that."

John Torinus, Chairman Serigraph and co-founder of Bizstarts Milwaukee

<http://www.wisn.com/politics/26352460/detail.html>

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