

# FAIR - AND - ADEQUATE

close tax loopholes

protect public structures

control property taxes

The Institute for Wisconsin's Future newsletter on tax policy

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## TAX NEWS Headlines:

- **Wisconsin Supreme Court favors corporations at big cost to Wisconsin citizens**
- **Gov. Doyle orders huge funding cuts from Medicaid, the University of Wisconsin system and the Department of Natural Resources**
- **Winnebago County must make tough budget decisions**
- **City of Madison facing tough budget shortfall; layoffs, program cuts possible**

## Wisconsin Supreme Court favors corporations at big cost to Wisconsin citizens

Two long-awaited decisions by the Wisconsin Supreme Court, released days apart in July 2008, have ripped more holes in Wisconsin's already tattered tax base.

In one case, the Court upheld the state Tax Appeals Commission, which ruled that the Menasha Corp. was illegally charged the 5% state sales tax on specialized software it purchased. State tax collectors had argued that the company bought prewritten computer software, which is taxable. The result: up to \$265 million in refunds that cash-strapped state government will have to pay, plus the loss \$25 million in annual sales tax revenue going forward.

In the other, the Court ruled unanimously in favor of Walgreens, saying that the City of Madison had used the wrong method to assess the value of the buildings the drugstores are in. This ruling might squeeze the property tax base in as many as two dozen communities statewide that used similar methodology. Madison will have to repay hundreds of thousands of dollars in taxes to Walgreens, and Milwaukee repayments could exceed \$1 million.



Links: Menasha: <http://www.jsonline.com/story/index.aspx?id=771699>

Walgreens: <http://www.jsonline.com/story/index.aspx?id=770541>

## Gov. Doyle orders huge funding cuts from Medicaid, the University of Wisconsin system and the Department of Natural Resources



Gov. Jim Doyle ordered more than a dozen state agencies to cut millions of dollars in spending to help close Wisconsin's budget deficit. Doyle's orders include slashing tens of millions of dollars from the state's Medicaid program, the University of Wisconsin System and the Department of Natural Resources. The agencies have until Nov. 17 to submit plans detailing how they'll achieve the reductions. The cuts likely will occur in the last quarter of the 2008-09 fiscal year, which ends next June 30.

<http://www.leadertelegram.com/story-news.asp?id=BH3E4ACBE2R>

## Winnebago County must make tough budget decisions

Winnebago County Sheriff Michael Brooks put County Board members on notice that they face tough budget decisions. Decreased revenue from housing state inmates coupled with salary increases and projections that gasoline will cost the department \$4.50-per-gallon next year has opened up a budget gap that Brooks told Judiciary and Public Safety Committee members could top \$1 million.

"I have no more rabbits to pull out of my hat," Brooks told the committee. "In my 14 years (as Sheriff), I have been very responsible in my budgeting, but cuts will have to be made." ... Supervisor Bill Wingren said he expects all county departments will face tough choices as the county budget process begins. "With the increase in the cost of fuel, state revenue sharing issues, the loss of prisoners and salary increases, something has to give here," Wingren said. "It may sound trite, but we're really going to have to make some tough decisions."



<http://www.thenorthwestern.com/apps/pbcs.dll/article?AID=/20080715/OSH0101/807150385/1128/OSH01>

## City of Madison facing tough budget shortfall; layoffs, program cuts possible



Madison faces its toughest budget in two decades, and layoffs and program cuts may be necessary for 2009 according to Mayor Dave Cieslewicz. To continue current operations, the city would need to raise taxes on the average home an "unacceptable" 10 percent and increase tax collections 15.8 percent next year, Cieslewicz said. The city, however, can't raise taxes that much due to state law, which limits increases in collections to 11.25 percent. "We're not laying off police or firefighters," the mayor said. "But everything else is on the table. It's not where I want to

go. I don't want to lay off people or cut programs. But if there's any year this is a possibility, this is the one."

<http://www.madison.com/wsj/home/local/296186>