

# FAIR - AND - ADEQUATE

close tax loopholes

protect public structures

control property taxes

The Institute for Wisconsin's Future newsletter on tax policy

March 2009

## Combined reporting benefits citizens and business

Wisconsin's new tax policy —combined reporting — is a win-win for citizens and state-based businesses. Combined reporting closes tax law loopholes that have allowed very large multi-state corporations to shift profits out of Wisconsin in order to minimize or avoid paying state income tax. Many small and medium sized businesses can compete on a more level playing field because loopholes that benefit multi-state and multi-national firms will be closed. Now mega-corporations will pay their share of the costs for roads, public safety, courts and other public structures that they need to operate. This helps ease the tax responsibility on families and small business owners.

IWF's new study—[Combined Reporting: How Closing Corporate Loopholes Benefits Wisconsin](#)—

shows combined reporting will generate over \$200 million by mid-2011. These funds will help maintain state and local transportation, education and public safety programs vital for economic recovery. This revenue boost will not cause companies to move out of state. The mega corporations affected already do business in states where combined reporting has been in place for a number of years. At least 80% of the state's 50 largest manufacturing employers, 90% of the state's top ten banks, and 100% of the 15 top retail employers have significant operations in combined reporting states. The corporations have continued doing business in these states regardless of the tax policy that requires them to pay state income tax. The Governor's and legislature's decision to enact combined reporting will serve Wisconsin well.



Wisconsin's flagship company - Harley Davidson - paid \$22.7 million in 2006 for state income taxes. Microsoft, McDonalds and Merck Pharmaceuticals paid nothing. It's time to level the playing field.



UW students are part of a research effort to create green gasoline - a way to change sugar into gasoline. We can't afford to cut back on training quality.  
Photo: Jim Dumesic/University of Wisconsin

## University of Wisconsin under siege by state budget cuts

The UW system faces a \$120 million cut in state support for 2010-2011. This follows a decade of reduced aid from state government. UW-Madison Chancellor Biddy Martin has stated that this could lead to the loss of faculty and staff, the elimination of courses, and caps on the numbers of students in popular programs with each of the UW-Madison schools and colleges facing a possible 5 percent cut in their budgets. Under the proposed state budget, UW-Eau Claire would lose \$8.65 million in state aid and UW-Stout could lose \$6.42 million.

<http://www.wisconsin.edu/clipsheet/archive/2009/03/clips2009-03-06.htm>

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## Community leaders compare notes on state revenue plans



Eau Claire City Manager Mike Huggins and South Central Labor Federation leader Jim Cavanaugh look on as Deb Menacher, Deputy County Administrator for Marathon County, explains the impact of state funding cutbacks on local programs.

City, county, school district, labor union and civic leaders from Eau Claire, Oshkosh, Beloit, Madison, Portage and Milwaukee's south shore suburbs met in Portage February 27 to examine the proposed state budget and its impact on their communities. Eau Claire City Manager Mike Huggins led the discussion with a description of the Citizens Alliance for Strong Communities of the Greater Eau Claire area (CASC). This group was formed in 2008 to coordinate community wide efforts around protecting civic services and infrastructure. Similar efforts are underway in Oshkosh, Milwaukee South Shore suburbs and Wausau.

Because local systems are very dependent on state funding to maintain quality services, meeting participants supported state leaders' efforts to expand Wisconsin's revenue base. Most view revenue reforms as a crucial step in building capacity for economic recovery and business development. Many of the local

groups are preparing for state wide Joint Finance Committee hearings on the budget and plan to spread the word on the importance of budget decisions on families across the state.

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## Are you nervous talking about taxes and government?

Patrick Bresette from the DEMOS Public Works Project feels your pain. On March 4, 5 and 6, Bresette met with Wisconsin leaders in Eau Claire, Madison and Milwaukee to share research results on why most people have negative attitudes towards taxes and governments. The training also provides people with tools to engage citizens as "caretakers" of the vast system of public services and infrastructure.

The Citizen Alliance for Strong Communities of Greater Eau Claire sponsored two workshops for over 75 leaders from local government, school districts, labor unions, business and civic groups. The Democratic Assembly Campaign Committee held a session for 45 Assembly Representatives and their aides. The Institute for Wisconsin's Future organized a workshop for a varied group of municipal and school officials, advocacy groups and labor activists from South Milwaukee, Cudahy, Waukesha, Milwaukee, Kettle Moraine, Kenosha, Greenfield and Oshkosh.

DEMOS research shows most people think of government as either bickering politicians or a massive and vague bureaucracy.



Patrick Bresette of DEMOS Public Works Project speaks with workshop participants.



During breakout sessions, participants exchanged ideas on new ways to talk about the value of government.

Paying taxes is not seem as useful given these negative images. One goal of the training is to focus on government as the network of daily life supports — highways, airports, technical colleges, legal systems, traffic oversight, health inspections, technical training, emergency assistance, etc. The other goal is to help people see themselves not as consumers or victims but co-managers of the communities we live in — with taxes as the necessary grease for the wheels of civic life. For more information on DEMOS, check out their website:

<http://www.demos.org/program.cfm?currentprogramID=5A08E5B-3FF4-6C82-5EBB763809C2DA94>

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## ***Unjust Deserts* Author to Speak in Milwaukee**

Gar Alperovitz, author of [\*Unjust Deserts\*](#) and [\*America Beyond Capitalism\*](#), will appear at a breakfast to discuss the economic crisis, tax policy and rebuilding the American Dream. Gar is Professor of Political Economy at the University of Maryland and Gust Scholar at the Brookings Institute. The meeting, sponsored by IWF, is open to the public and will be held:



**Friday April 3:** 8:30 to 10:00 a.m.

[Milwaukee Public Market](#)-400 North Water Street, Second Floor

**Fee: \$10 payable at the door.** Parking is complimentary.

Please RSVP to [vstrattner@wisconsinsfuture.org](mailto:vstrattner@wisconsinsfuture.org) or call IWF at (414)967-1682.

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## **QUOTE OF THE MONTH**

**"We're headed down an extremely dangerous path that has turned our (Supreme Court) elections into an auction,"** said Mike McCabe, Director of the Wisconsin Democracy Campaign. The Democracy Campaign is working with other groups to push for legislation that mandates public financing of judicial elections.

<http://www.postcrescent.com/article/20090317/APC0101/903170485/1003/APC01>