

FAIR - AND - ADEQUATE

close tax loopholes

protect public structures

control property taxes

The Institute for Wisconsin's Future newsletter on tax policy

March 2010

Rep. Ryan's House GOP budget plan: A lose-lose for American people

It's difficult to design a tax plan that will lose \$2 trillion over a decade even while requiring 90 percent of taxpayers to pay more. But Wisconsin Congressman Paul Ryan has met that daunting challenge. A new report from the national group -- Citizens for Tax Justice (CTJ) -- shows that Congressman Ryan's budget plan has nothing to do with balancing the budget, but has everything to do with creating a system that takes more from the poor and less from the rich.

The CTJ report finds that under Congressman Ryan's budget plan, the federal government would lose \$183 billion in revenue in 2011 as communities across the country face a massive funding shortfall.

At the same time, middle and lower income families would pay approximately \$1,500 **more** each year under the Ryan tax plan while households with an average income of \$1.4 million would save \$211,314 a year in taxes. No wonder the Americans for Prosperity are smiling.

To read the full report, go to:

http://ctj.org/ctjreports/2010/03/rep_ryans_house_gop_budget_plan_federal_government_would_collect_2_trillion_less_over_a_decade_and_v.php



California's Day of Action highlights need for fiscal relief to state and local governments



Students, parents, teachers, and other concerned citizens throughout California turned out en masse on March 3 to protest teacher layoffs and other cutbacks, combined with sharp tuition increases for public universities. Similar cutbacks are being proposed and adopted around the country as state and local governments struggle to balance their budgets amid shrinking tax revenues.

While some of these budget actions – such as a planned 32% tuition hike at California state universities – are seriously straining the education system, they also have a much broader impact, threatening to stall a fragile economic recovery and eliminate millions of jobs around the country, in both the public and the private sector.

Yet state governments cannot on their own put a stop to the cuts. In his November 2009 Briefing Paper *Dire States*, Economic Policy Institute

Analyst [Ethan Pollack](#) stressed that because states are unable to run budget deficits, even during severe economic downturns, they are in urgent need of fiscal relief from the federal government.

<http://www.epi.org/publications/entry/bp252/>

Beaver Dam seeks more federal stimulus aid

The American Recovery and Reinvestment Act has already been very, very good to the city of Beaver Dam. The city received \$20 million to upgrade its wastewater treatment facility as well as funding for a pair of road construction projects. North University Avenue from Gould Street to North Spring Street, and Madison Street from Curie Street to Rowell Street will be completed this year as part of the ARRA, as stimulus money will cover 100 percent of the construction costs, estimated at \$1 million, while the city is responsible for all of the design and engineering oversight costs, totaling \$71,550. Officials are hoping the stimulus spigot hasn't been turned off just yet.



See: http://www.wiscnews.com/bdc/news/article_c14f0c66-3426-11df-9316-001cc4c002e0.html

Job growth based on quality of life not tax rates

(Op ed from Alma School Board Director)



"The business climate indexes of the Chamber of Commerce and the Tax Foundation don't tell us much about where jobs are actually growing. A better place to look for a thriving job market is in Forbes' list of "Best Places to Raise a Family" and Money Magazine's "Best Places to Live."

To get on Forbes' list, a place had to have "abundant employment opportunities," "outstanding schools," "after-school programs," "short commutes," "low crime," "air quality," and "parks and recreation." Nothing is said about low taxes - perhaps, not surprisingly, since the qualities that put places on the list to begin with are paid for mostly by taxes.

There is a connection between higher taxes, good places to live and a growing economy. Nine of the Forbes 10 "best places to raise a family" are located in the 25 states with higher taxes and "bad" business climates."

http://lacrossetribune.com/news/opinion/article_e41e1780-2b6d-11df-b151-001cc4c03286.html

Note to Tea Party - the Federal Stimulus gave us tax cuts !!!!

In Wisconsin (and every other state), tax cuts from the federal stimulus have been raining cats and dogs. Thanks to the federal stimulus, Wisconsin individuals, families and businesses are seeing a \$5.2 billion tax cut over the 2009-2010 tax periods. Who's getting these tax cuts? **EVERYBODY!**

Each of Wisconsin's **2.2 million working families or individuals** is receiving a tax cut averaging \$506 per year in 2009 and 2010 through the Making Work Pay credit. That's enough to pay for a month's worth of groceries, and it amounts to a statewide tax cut worth \$2.3 billion. And there are many more tax cuts and direct aid that benefit diverse groups of citizens and companies.

While banks have kept a tight hold on their funds, the federal government has been pumping money into the economy consistently since February 2009 through the stimulus—the American Recovery and Reinvestment Act (ARRA)—to prevent an economic collapse.

This recession has been painful for the people of Wisconsin who have lost jobs, pensions, home values and, sometimes, hope. The federal government has been a constant target of anger and frustration because people want to blame someone, and the bankers who created this catastrophe have faded back into their skyscrapers. However, for those who want government to cut taxes and put money into people's pockets to jumpstart the economy: Open your eyes. Your wish has already been granted.



See: <http://www.jsonline.com/news/opinion/88691847.html>

Governors lobby Washington for more money as Stimulus aid runs out



Strapped states, facing up to \$180 billion in budget deficits in the next fiscal year, are going hat in hand to Washington. California wants \$6.9 billion in federal money for the next fiscal year, and Republican Gov. Arnold Schwarzenegger says he'll have to eliminate state health and welfare programs without it. Illinois, facing a \$13 billion deficit that equals roughly half of the state's operating budget, has what it dubs a stimulus team and a group in Washington pressing for additional state aid.

Full story at

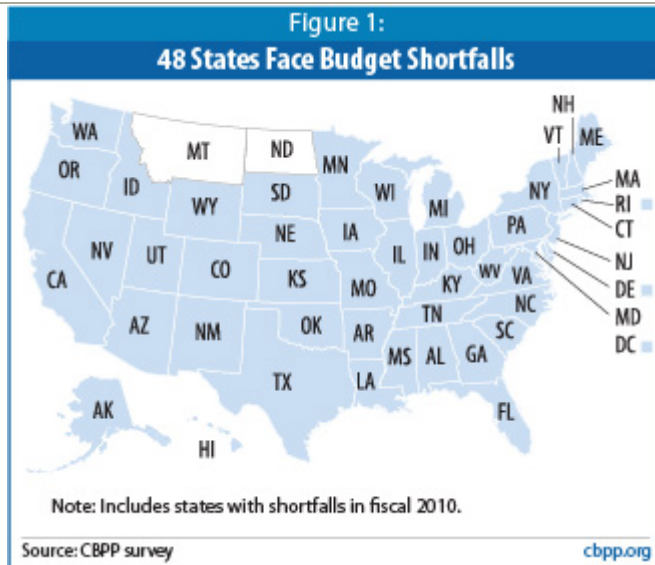
<http://online.wsj.com/article/SB10001424052748703447104575118210410953620.html>

Recession continues to batter state budgets; state responses could slow recovery

The worst recession since the 1930s has caused the steepest decline in state tax receipts on record. As a result, even after making very deep cuts, states continue to face large budget gaps. New shortfalls have opened up in the budgets of at least 41 states for the current fiscal year (FY 2010, which began July 1 in most states). In addition, initial indications are that states will face shortfalls as big as or bigger than they faced this year in the upcoming 2011 fiscal year. States will continue to struggle to find the revenue needed to support critical public services for a number of years.

States' fiscal problems will continue into the next fiscal year and likely beyond. Fiscal year 2011 gaps — both those still open and those already addressed — total \$103 billion or 17 percent of budgets for the 42 states that have estimated the size of these gaps. These totals are likely to grow as revenues continue to deteriorate, and may well exceed \$180 billion.

<http://www.cbpp.org/cms/index.cfm?fa=view&id=711>



Federal stimulus dollars help Wisconsin farm families



Wisconsin will receive \$22.9 million in American Recovery and Reinvestment Act (federal stimulus) funds to help provide high-speed Internet access throughout rural parts of the state. The broadband access will go to more than 380 communities in all the state's 72 counties. According to Governor Doyle, "High-speed Internet access is critical to the success of our state's entrepreneurs, businesses, students and families. This project will create jobs to lay and install fiber cable, for telecommunications contractors and technicians, and in fields like construction, manufacturing, masonry and electrical wiring. Through the stimulus, the federal government is making major investments in Wisconsin's broadband infrastructure to help our schools and libraries access high-speed Internet."

The ARRA also added \$1,712,237 to disaster relief support for Wisconsin farmers who suffered crop losses during the 2008 crop year. These funds helped stimulate the state's economy and gave state farm families added financial support to rebuild their operations. There are 78,000 farms in Wisconsin.

See: http://usagnet.com/state_headlines/state_story.php?tbl=WI2010&ID=228

<http://www.biztimes.com/daily/2010/2/18/wisconsin-to-receive-229-million-in-stimulus-funds-for-broadband-expansion>

http://www.nass.usda.gov/Statistics_by_State/Aq_Overview/AqOverview_WI.pdf

QUOTE OF THE MONTH

"Every once in a while a moment comes where you have a chance to vindicate all those best hopes that you had about yourself, about this country, where you have a chance to make good on those promises that you made ... And this is the time to make true on that promise. We are not bound to win, but we are bound to be true. We are not bound to succeed, but we are bound to let whatever light we have shine."

President Obama's speech to House Democrats on the eve of the health care reform vote. (March 20, 2010)

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Power