

FAIR - AND - ADEQUATE

close tax loopholes

protect public structures

control property taxes

The Institute for Wisconsin's Future newsletter on tax policy

Wisconsin citizens want strong communities, reasonable taxes and a revenue system in which all individuals, businesses and organizations pay a fair share. This monthly email newsletter covers current research, community organizing and political activity to support a fair tax system which adequately funds services for the common good.

Wisconsin public servants confront national anti-government organization



Over 800 state and local workers gathered in Madison on October 17th to stand tall against the Americans for Prosperity rally at the Capitol. The Americans for Prosperity is a Washington DC-based group that has targeted Wisconsin to push cuts in public services and fight any new taxes. The link below includes a news video of the rally:

<http://www.channel3000.com/editorials/14360216/detail.htm>

There's gold in (some of) them cornfields

Under state law, land used for agriculture is taxed at a far lower rate than commercial property. When a developer purchased a valuable 55 acre lot in the affluent Milwaukee suburb of Brookfield, he decided to save tax dollars by...

planting corn. As commercial property, this land is valued at approximately **\$20 million**. If the developer paid property tax at the actual value of the land, he would have to fork over about **\$325,000**. But as "agricultural property," the land is assessed at **\$15,600** with a tax cost of **\$253** per year. This form of tax avoidance is frequently used by developers across the state who can sprinkle a few corn seeds on land purchased for commercial investment and save hundreds of thousands of dollars while they wait for construction to begin. The agricultural use tax break was designed to help farmers but corporate developers have decided to help themselves to the benefits. Unfortunately, Waukesha County will pay the price with lower revenue and higher property taxes for everyone else.



The property tax tango

The Wisconsin state budget was signed into law on October 27. It has not been good news for most communities. Anti-tax Assembly leaders pushed for and received a budget that provides minimal state aid to cities, counties and educational districts. This forces local officials to request higher property taxes which angers taxpayers on limited incomes. At the same time, they are cutting services which hurts everyone.



In **New Berlin**, the local tax levy will increase 5.9% as city officials scramble to find enough money to cover the cost of increased public safety staff. They will move money from building maintenance, postpone debt service and reduce salary and benefits for on-call fire safety staff. <http://www.jsonline.com/story/index.aspx?id=678293>

In **Grand Chute**, town leaders have to choose between hiring personnel for the police or fire department because there is not enough funding for both. The town leaders are looking at a referendum in April to override state levy limits so that the town can afford to strengthen both public safety departments. See below.

Dover will spend \$75,000 less on roads than they did in 2007 as officials slash spending in the 2008 budget. Town Chairman Ray Gromacki said Tuesday he expects the town to spend about \$1.15 million in 2008 — nearly \$100,000 less than in 2007. The most sizable cut will be in the road budget. The fire department also will feel the pinch as its budget for minor equipment purchases will decrease from about \$36,000 to \$15,000. To make matters worse, Gromacki said, the town will be faced with a \$5,486 deficit from 2007 going into next year. "There is no excess to be spent anyplace, and that is why we have taken the budget down everywhere," he said.

http://www.journaltimes.com/articles/2007/10/30/local_news/doc4728041e3b360391267448.txt

Spending caps eat away at local services

It took the village board of **Blanchardville** just 30 minutes Monday to break up a police department that has been a local fixture for 30 years. But village residents are left to wonder who will pick up the pieces. The board voted 5-2 to enter into negotiations with the Lafayette County Sheriff's Department for police protection, abolish its police force and issue a non-renewal notice to its chief as of Dec. 31. Village President Dennis Marty said the board's decision was based on finances. "The state hasn't been generous in our budget or our ability to raise funds," Marty said.

<http://www.themonroetimes.com/o1113bla.htm>



As **Grand Chute** officials gear up for a tax-levy override referendum next spring, leaders of other Wisconsin communities are sure to be watching how the plan plays out. The town could be first out of the gate to try breaking through the state-imposed spending limits in place since 2005. On Wednesday, the Grand Chute Town Board approved a spring referendum seeking \$664,000 in additional spending authority to hire new firefighting staff in 2009. Curt Witynski of the League of Wisconsin Municipalities said Friday it may be only a matter of time before others follow Grand Chute's lead. My prediction is you will see a lot more of these municipal referendums, especially (applying to budgets prepared) next year," Witynski said. "I think the Legislature is divorced from the reality on the ground."

Witynski described **Coon Valley**, a western Wisconsin village of 700 devastated by floods in August. The town pays the Federal Emergency Management Administration \$18,000 next year. The spending caps allow it to increase its tax levy no more than \$6,300, he said. "How ridiculous is it that they are borrowing to pay what are essentially their operating costs?"

Pass or fail, the Grand Chute referendum will be watched by other communities struggling with tighter state-imposed spending restrictions next year and possibly beyond.

<http://www.postcrescent.com/apps/pbcs.dll/article?AID=2007711120556>

The **Janesville** City Council struggled to wring a few dollars from one department budget to feed another. It subtracted \$5,000 earmarked for park mowing and added it to the Tallman House's annual subsidy. The historical museum will receive \$57,264 in 2008—a 12 percent cut but still a softer blow than the proposed 20 percent trim. But City Manager Steve Sheiffer repeated his warning that harder times are ahead. "We've got a \$362,000 hole" in the 2009 budget, he told the council. "I don't want anyone to think we're taking this road today and we're done. We're not." City Manager Steve Sheiffer said the goal was to meet the state's 3.86 percent tax levy limit without cutting services.

<http://www.gazettextra.com/news/2007/nov/13/janesville-city-council-approves-2008-budget>

Public frustration with tax structure growing

On November 1st, hundreds of **Milwaukee** taxpayers showed up at a Milwaukee Public Schools budget hearing to protest a proposed 16.4% property tax hike proposed by MPS administration. The tax hike was designed to restore programs in music, arts and sports in high schools and to "tax to the max" so state aid for 2009 would not be reduced.

The crowd convinced school board members to reduce the tax hike to 9% and even then there were discussions of recalling board members who had supported the 9% increase.

<http://www.jsonline.com/story/index.aspx?id=681686>



This public outburst was a vivid illustration of the recent findings of the **Wisconsin Public Radio survey** conducted by St. Norbert's College. This annual survey asks residents across the state to identify the most important problem facing Wisconsin. Approximately 35% of the people responded that taxes and budget was the main problem. Almost all said that taxes were too high, some mentioned property taxes specifically. Others said the tax structure was the problem. <http://wpr.org/announce/survey0711/State-Issues.htm>

New report from Good Jobs First

Open Government Lags Behind Technology. While many states are using the Internet to expand public access to information on how tax dollars are spent on corporate contracts and tax subsidies, Wisconsin is not keeping up with this trend toward open government, according to a new report from Good Jobs First entitled THE STATE OF STATE DISCLOSURE. According to the Wisconsin Public Interest Research Group (WisPIRG) the Badger state falls behind neighboring states in many ways. Although Wisconsin rates first in the nation for providing access to lobbying information, Wisconsin does not provide any information on state contracts by vendor name nor is there any data on where contractors are located. Wisconsin also fails to show a searchable database on who receives tax breaks and subsidies or how these government contributions benefit residents of the state. The full report is available at ---- www.goodjobsfirst.org/statedisclosure.cfm.
