

DEMS CONTROL ASSEMBLY, FINANCE COMMITTEE

Democrats claimed control of the state Assembly in November's election, giving the party total control of the state capitol's decision-making process. The Dems already controlled the Senate and the governor's office. Democrats will have a 52-46 margin with one independent.

Rep. Michael Sheridan (Janesville) has been elected speaker of the new Assembly.

Having Democrats in control of both legislative houses may bring concern to farm and business owners. History suggests that a legislature controlled by Democrats will be more sympathetic to raising tax dollars by expanding the state sales tax to business services and, possibly, farm necessities. Dems have been quick in difficult times to look at sales tax exemptions for new revenue. GOPers have also advocated expansion of the sales tax base in years past.

The powerful Joint Committee on Finance will have a 12-4 Democratic majority. The committee will be co-chaired by two Madison-area lawmakers. Senator Mark Miller (D-Monona) and Rep. Mark Pocan (D-Madison) bring significant experience to the task of overseeing legislative reworking of the most difficult state budget in 26 years. Neither, however, has a background in agriculture. Miller, 65, is a retired pilot in the Air National Guard. Pocan, 44, is a small business owner. Miller and Pocan have both had good working relations with WIB.



Co-chair Pocan



Co-chair Miller

The Finance Committee will receive the proposed state budget from Governor Jim Doyle in February. The committee will take the budget around the state for a series of public hearings. Because this series of hearings is the best way to determine what issues are of real concern to Wisconsin residents, WIB always attends each hearing.

WIB members Joan Ballweg (R-Markesan) and Mary Williams (R-Medford) won reelection battles in the Assembly. WIB member and prominent Fish Creek restaurateur Dick Skare narrowly lost his race for the 1st Assembly District. Skare is a Democrat.

Farmers Targeted (continued from page 1)

A recent Journal Sentinel headline said "State may give tax exemptions another look." "Lawmakers could quickly fill the budget gap with sweeping tax changes" said the Wisconsin State Journal. The newspaper specifically mentioned business services including accounting and advertising.

A recent Journal-Sentinel op-ed column said "Extending the sales tax to non-medical professional services – from advertising to tax preparation – would generate \$300 million" and "Extending the sales tax to business services – from credit rating agencies to public relations to outplacement services – would generate \$230 million." The column was signed by representatives of the Institute for Wisconsin's Future and the Wisconsin Council on Children and Families.

WIB remains committed to defeating any proposal to expand the sales tax base. WIB understands that the state budget is in a very serious mess but any tax increase should be broadly based across the entire spectrum of taxpayers and not aimed solely at the farm and business owners who are leading the effort to revive Wisconsin's economy.

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*The Voice of Independent Business
in State Government*

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4TH QUARTER 2008

STATE BUDGET BUSTED!

The State of Wisconsin faces its worst budget crisis since 1983. Declining tax revenues have led to a forecast \$346.2 million general fund deficit for the biennium ending June 30, 2009. Because the state constitution forbids a deficit, the incoming legislature will probably have to take early action to make cuts.

The anticipated deficit for the 2009-11 budget exceeds \$5 billion, according to Governor Doyle's office, or is considerably less, according to the Wisconsin Taxpayers Alliance and other observers. The governor's office is using state agency budget requests which anticipate an 8% spending increase but, as veteran budget observers realize, state agency requests are never completely accepted, even by a governor.

No one doubts, however, that the state has a real crisis after many years of patching together budgets with one-time money and accounting tricks.

How tough is it to cut spending? Very difficult, indeed. The state spent \$13.53 billion in general purpose revenue in fiscal 2007-08, according to the non-partisan WTA. K-12 school aids and credits took 43% that amount. Medical care for low income residents took 12.7%, the prison system claimed 8%, the University of Wisconsin System 7.9% and shared revenue for local government 7%. That's where most of your tax money goes and the UW System and shared revenue have had their funding severely restricted in recent biennia.

Our state's fiscal woes began with the budget of 1983 and became progressively worse during the 1990s. There will be no easy way to solve the problem and independent farm and business owners must make certain, as the adjacent article says, that our segment of the economy is not targeted to bear an unfair new tax burden.



**HAVE A HAPPY
HOLIDAY SEASON!**

**WIB appreciates your support in
allowing us to serve you in 2008.**

Merry Christmas & Happy New Year!

FARMERS TARGETED FOR NEW TAXES?

Expanding the sales tax base to business services including accounting is receiving major attention as a vehicle for raising additional tax revenue for the State of Wisconsin. Adding the 5% state sales tax to veterinary services is also being discussed at the State Capitol. With the state facing a 2009-2011 budget deficit in the billions of dollars, calls for budget cuts combined with tax increases are being heard frequently. Independent farm and business owners are most concerned about efforts to expand the sales tax base, a targeted taxation with big money coming by taxing business services and farm necessities.

Members of WIB's Agri-Business Coalition will pay an additional \$11,922 on yearly average if the sales tax base is expanded to farm equipment, real property repair, pesticides, exterminating, seed, vehicle trade-ins, feed, accounting, fertilizer, livestock property rentals and legal services according to a WIB member survey. Governor Doyle has promised WIB to "keep your members in mind and carefully consider your views" but he also wrote WIB's Wayne Corey, "I simply cannot take anything off the table" while drafting a budget that addresses the state's revenue shortfall.

"Our efforts to educate the 2009 legislature have already begun. Lawmakers need to understand that expansion of the sales tax base is asking farm and business owners to pick up the tab for many years of sloppy spending. It is unfair and we cannot and will not accept it," said Corey, WIB's executive director. WIB has been the state's leading opponent of expanding the sales tax base for over 30 years.

Senator Robert Jauch (D-Poplar) was an expansion proponent early out of the gate when the Milwaukee Journal Sentinel said Jauch wanted the legislature to "look at getting rid of state sales tax exemptions." The newspaper article cited the exemption for live game birds and shooting-range clay pigeons, worth \$2.5 million in fiscal 2004, and for barber shops and nail salons, which would have totaled over \$29 million in fiscal 2004.

Sales tax enthusiasts often use the small items when advocating expansion of the base, but it is the business services and farm necessities that would bring in the big bucks. In fiscal 2004, the most recent year available, taxing accounting would have raised \$54 million, personal property & supplies used in farming \$77 million and farm machinery \$20.8 million.

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