

INDIVIDUAL HEALTH INSURANCE REFORM

Significant improvement in laws governing the individual health insurance market is included in the new state budget. Created by Senator Kathleen Vinehout (D-Alma) and placed in the budget bill by Governor Doyle, the changes will make it easier for individuals to retain coverage and ease the pre-existing condition burden that accompanies most individual policies.

New law provisions for individual health insurance policies include:

- No claim 12 months from the date of issue of an individual insurance policy may be reduced or denied on the ground that a condition existed prior to the effective date of coverage, UNLESS the condition was excluded from coverage by specific provision at the time the cost was incurred;
- Single adults up to the age of 27 must be covered if the parents have an individual policy and seek the adult child's coverage.
- A policy may not define a preexisting condition more restrictively than a condition, regardless of the cause of the condition, for which medical advice, diagnosis, care or treatment was recommended or received before the effective date of the coverage. The policy must reduce the length of time during which a preexisting condition exclusion may be imposed by the combination of the consecutive periods of coverage if there is no more than 63 days between coverage periods.

The legislation also expands the appeal rights for individual policy holders who have been denied coverage under a pre-existing condition dispute.

WIB is grateful to Senator Vinehout for her leadership on these and many other health care issues.

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*The Voice of Independent Business
in State Government*

Dems Pass Budget (continued from page 1)

There is much to dislike about the new budget but it arguably is about as good as possible under the current economic circumstances. The hard truth is that to cut significantly more from state operations would require additional slashing to public education, the University of Wisconsin System, the Technical College System, the state prison system and shared revenue for cities, towns and counties. The people of Wisconsin will feel the spending and service cutbacks contained in this budget and many will be very unhappy.

The legislature may have to return this autumn or next winter to cut further if tax collections drop even further. There is no guarantee that this budget is the final state tax and spending plan for the next two years. There is also no guarantee that the battle over expansion of the sales tax base will go away. But for the start of the new fiscal biennium small business owners can be grateful they are not asked to bear a much greater burden.

How The Good Guys Won (continued from page 1)

WIB pointed out in another well-publicized news release that a sales tax on accounting services is NOT a sales tax on accountants but is, in fact, a sales tax on farms and businesses that use accounting services. Ditto many other services and agriculture products. Finally, we concluded December by explaining the Michigan mess. That legislature voted to massively expand the sales tax base and then was forced to rescind their action just hours after the new taxes took effect.

By early in 2009 WIB efforts seemed to be paying off. The governor suggested in a newspaper interview that he didn't want to do battle over expansion. He introduced his proposed budget with no expansion. There was behind the scenes talk but no public discussion of expansion during three months of hearings and deliberations by the budget-writing Joint Committee on Finance. WIB was at every hearing and every Finance Committee meeting. By the time the budget arrived in the Assembly and Senate expansion had effectively been killed. For now. As we have seen for decades, however, the issue – and the money – never really goes away.

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AGRI-BUSINESS COALITION
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DEMS PASS BUDGET

A \$62.2 billion state budget has been passed by the legislature and signed into law by Governor Doyle. Majority Democrats provided all the votes in both houses. No Republicans voted for the budget and complained that it taxes and spends too much. Democrats pointed out that the Republicans never introduced any spending proposals of their own but merely kept voting against spending and tax proposals offered by Democrats.

The budget contains NO expansion of the sales tax base, a huge victory for small businesses and farmers who would have paid significantly higher taxes if the sales tax had been applied to business services and farm necessities. Details can be found in the article *How the Good Guys Won the Fight to keep the Sales Tax off Business Services.*

A major change in use value property tax assessments was deleted by the budget conference committee. The change would have assessed farm property at the higher rate if the land was platted or zoned something other than agriculture. This change was placed in the Senate version of the budget and drew an immediate outpouring of opposition from affected farmers.

A proposal to charge a per-head slaughter fee for livestock was removed by the Joint Committee on Finance. This proposal drew significant opposition at Finance Committee hearings around the state.

The budget increases spending from all funds by 6.6% over the biennium. However, for the first time in anyone's memory, the budget actually cuts general purpose revenue spending by more than 3%. Collections from General Fund Taxes – mostly income and sales taxes -- are expected to be down about 7% or \$1 billion in the coming biennium, according to the non-partisan Legislative Fiscal Bureau. The loss of tax revenue is partially made up by the large infusion of federal economic stimulus dollars, money that is required to be spent but won't be available when the state budgets again in two years.

There are about \$2.1 billion in tax and fee increases in the budget. Details can be found in the article *Budget Raises Fees, Some Taxes*. A new high earner income tax bracket, reduction in the capital gains income tax exclusion and a hike in the cigarette tax will be felt by some taxpayers.

HOW THE GOOD GUYS WON THE FIGHT TO KEEP THE SALES TAX OFF FARM NECESSITIES

The State of Wisconsin has a new two year budget and the sales tax base has NOT been expanded to farm necessities or business services used by farmers. WIB Agri-Business Coalition members can take a lot of the credit!

Last autumn state officials knew they were facing the worst budget crisis since 1983. Expansion of the sales tax base was being discussed wherever any lawmakers gathered. The coalition Wisconsin Way wanted to expand the base and they included some of the most powerful special interest groups including the Wisconsin Education Association Council, Wisconsin Counties Association and Wisconsin Realtors Association.

What the administration and legislature didn't know then was that they would be facing the worst national economic crisis since the Great Depression. As the recession deepened last fall and Democrats won control of both houses of the legislature expansion of the sales tax base seemed almost inevitable. The state needed big money and expansion of the sales tax base is the easiest place to find it.

Sales tax base expansion has never been a partisan issue. If Democrats have led the charge at various times (Cullen & Loftus 1983; Speaker Kunicki in the early '90s) the two leading advocates over the past quarter century have been Republicans, Senator Joe Leean (R-Waupaca) and Rep. DuWayne Johnsrud (R-Eastman). Getting more tax revenue by taxing farm necessities and business services has been a distinctly bipartisan project and that is always a huge challenge no matter who controls the legislature.

WIB urged members to talk with every legislative candidate during the 2008 campaign. WIB members understood the issue and responded enthusiastically. After the November election WIB urged members to contact new and reelected legislators and again WIB members responded. The phone calls and e-mails poured into the state Capitol from around Wisconsin.

WIB wrote Governor Doyle in early December that expansion of the sales tax base is "unthinkable" and put out a well-covered news release. The governor responded that he appreciated WIB's viewpoint but that, "I simply cannot take anything off the table."