



Survival Coalition

of Wisconsin Disability Organizations

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Survival Coalition Statement of Principles on the Projected 2009-2011 State Budget Deficit

Background

State government currently estimates that the state could have a deficit exceeding \$5 billion by the end of the 2009-2011 biennium. Obviously it will require major action by Governor Doyle and the legislature to deal with this situation in the upcoming biennial budget session.

In the face of similar deficits in recent years other states have made drastic cuts in basic services, public benefits, and school funding, resulting in major setbacks in the quality of life in those states. It is not clear whether and how long it will take those states to regain the ground they have lost.

Fortunately Wisconsin state government has shown a strong resolve in recent years to avoid the drastic cuts scenario, e.g. in the Medicaid Program. The Survival Coalition of Wisconsin Disability Organizations is hoping that Wisconsin will be able to continue to hold that high ground. We believe there are other strategies which can and should be explored in addition to, and before making selected cuts in state operations and state-funded programs.

In that vein, we propose the following Principles for the governor and legislature to consider in addressing the deficit:

Principle 1: It's important to preserve the things that make our communities great places for all people (including people with disabilities) to live, work, participate in community life, grow up, and grow old by adequately funding our investment in good schools, safe communities, a strong health care and long term care system, a skilled workforce, well maintained roads and natural areas, and a clean environment.

Principle 2: Everyone in Wisconsin – including corporations – should pay their fair share for the services we all rely on every day, such as long term care, health care, courts, garbage collection, highway repair, public safety and schools. And the providers of these services should be reimbursed at reasonable rates. We cannot let these public structures erode during a down economy.

Principle 3: We understand that solutions must address both the spending and revenue sides. But attempting to fix the budget primarily by cutting creates as many problems as it solves. In the last two state budgets the public sector has already endured some deep cuts. There are some parts of state and county government (e.g. human services) that cannot take more cuts without seriously undermining the essential role of government.

Principle 4: We need to modernize and reform our tax system to fit the economic realities of the 21st century. This may require increasing some taxes when it will not unduly harm Wisconsin consumers and businesses. But it also means closing loopholes: we can no longer allow many corporations to avoid Wisconsin taxes; we should tax services appropriately; and we should tax internet purchases fairly. This will both help solve the current challenges and position us for a prosperous and competitive future. In fact, we believe that the tax loopholes should be fully explored and addressed before the serious cutting of basic services starts.

Examples of Closing Loopholes and other Revenue Enhancements *

1. Implement the Hospital Assessment proposed in the last biennial budget.
2. Streamline sales tax collection.
3. Combined reporting for corporations and their subsidiaries.
4. Eliminate the domestic production deduction.
5. Increase the real estate transfer fee.
6. Restore the estate tax.
7. Increase the sales tax rate and/or eliminate some sales tax exemptions.
8. Create an oil company gross receipts tax.
9. Increase the top marginal income tax rate.
10. Increase the cigarette tax.
11. Restore indexing of the gasoline tax.
12. Step up revenue collection efforts.
13. Create a tax on soda (possibly earmarking the revenues for health care).

* Most of these ideas are explained in further detail in “Catalog of Tax Reform Options for Wisconsin”, a joint publication of the Institute for Wisconsin’s Future and the Wisconsin Council on Children And Families.