



MacIver Institute

The Free Market Voice for Wisconsin

\$13 Billion of Bad

The 2009-2011 State Budget (Act 28) has been called the worst budget in Wisconsin's history. The MacIver Institute has been on the frontline in Madison to bring you all of the sordid details and breaking news every step of the way.

Facing an unprecedented economic crisis and a \$6.6 billion deficit, Governor Doyle and the Legislature passed a budget that:

- Increased taxes by over **\$2 billion**
 - Increased spending by 6.2% or **\$3.6 billion**
 - Increased borrowing to **\$3.58 billion**
 - Allowed a local property tax hike of **\$1.5 billion**
 - Left taxpayers with a structural deficit of **\$2.33 billion**
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- \$13.01 billion of bad**

Sen. Jim Holperin (D - 12th S.D.) said it best, "You know the Governor's got enough little tax and fee hikes in that budget of his to sink a good-sized battleship." Or an entire fleet. Or all of Wisconsin's hard-working taxpayers.

Some will try to tell you that the budget was necessary to "confront the worst global and national economic crisis in generations." Or that it wasn't that bad. Or that we passed a tax credit bill in 2010 that made everything better. Yeah, right.

The MacIver Institute has compiled a handy list, in no particular order, of lowlights from the 2009 budget. **Put it up on your fridge** and when a politician comes knocking on your door, ask him/her about:

The Ten Worst Budget Items of 2009:



1) Pork, Pork and More Pork - \$500,000.00 for the Opera House in Oshkosh. Recycling bins for Wrightstown. \$50,000.00 for a playground in Beloit. \$400,000.00 for a bike path in Douglas County. The list goes on and on. With a \$6 billion deficit staring us straight in the face, how does Wisconsin have taxpayer dollars for pork?

2) Sick Tax (I & II) - The "original" sick tax started back in February of 2009, long before the budget was enacted, raising \$275 million. Wanting even more, the Legislature passed another new "hospital tax" in the budget, taking an additional \$891 million.



3) Phone Tax - New tax of 75 cents/month on every wireless and landline phone number, costing you \$107 million.

4) Nursing Home Bed Tax - More than doubled the tax on nursing home beds to take \$71 million from the elderly.

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5) Increased the Cost of Auto Insurance - Increased mandatory auto insurance limits that will jack your insurance rates 30 to 45 percent.

6) Increased Taxes on Job Providers - Wisconsin's business image continued to take a beating. Overall taxes on job providers were increased 28% including (a partial list):

- Created a new custom computer software tax - \$66 million
- Increased taxes on combined reporting - \$215 million
- Applied sales tax on all transactions between affiliated businesses - \$40 million
- Eliminated tax deduction for domestic production activities - \$54.9 million
- Increased taxes on "throwback sales" - \$80 million



7) iPod Tax - Created a new tax on digital downloads, taking another \$11 million out of the local economy.

8) Driving Wisconsin off the Funding Cliff Full Speed Ahead - This budget used over \$3.4 billion of one-time stimulus (ARRA) funding to increase spending, including over \$2 billion, or 65%, of the stimulus funding being spent on existing programs. With this one-time money gone, what taxes will the politicians raise in the next budget to fill the hole?

9) Elimination of the QEO - Repealed the Qualified Economic Offer, which allowed school districts to avoid costly arbitration if they offered their teachers a compensation increase of at least 3.8 percent. Also prohibited arbitrators from considering the fiscal health of the district when settling a dispute. No one knows how high your property taxes will go.



10) Garbage Tax - Increased the garbage tax to \$13 a ton - one of the highest in the nation - taking another \$69 million.

Whoa, is that ten already? How about a baker's dozen?



11) Local Property Tax Increase - Increased the ceiling on local governments' ability to raise your property tax bill from 2% to 3%, costing taxpayers \$1.5 billion statewide and resulting in an average property tax increase of \$459 on a \$250,000.00 home.

12) Investment Income Tax Increase - Reduced the income tax exclusion for long-term capital gains from 60% to 30%, raising \$242 million.



13) New Income Tax Bracket - Created fifth income tax bracket with a tax rate of 7.75% for individuals earning over \$225,000.00, taking \$287 million.

We wish we could tell you this was an exhaustive list, but it's not. For the entire list and additional information, please visit **The John K. MacIver Institute for Public Policy** at:

www.maciverinstitute.com

Thank you.

