
❖ The TAX TIMES ❖

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Have We Lost Our Voices?

“The first requisite of a good citizen in this republic of ours is that he should be able and willing to pull his weight.”

. Theodore Roosevelt

Have our lives become so labored, so demanding that we forget the price of liberty? Our voices are still and our bodies are not present to be counted. Those who govern are at liberty to set the rules. This is a call to the **BCTA** membership to be seen and to be heard. Can you count on yourself to call five fellow members, then ask them to call five more members or neighbors, and attend one, maybe two public meetings a year? This is the price of liberty and commitment to citizenship. To not answer the call is to be in servitude to our government. Gen. Colin Powell was accurate when he said that “our country has lost it’s sense of shame.” While he may have spoken in a much broader sense, it seems to me that those who would appoint themselves the “watch” over public expenditure should not do so from the post game seat.

To borrow a phrase from Howard Jarvis, California’s property tax reform leader of Prop. 13, who adopted the expression from the movie *Network*, I’d like to say, “*I’m mad as hell, and I’m not going to take it anymore.*” As I sat in our last **BCTA** meeting I couldn’t help but speak up because “*I’m mad as hell,*” and I’m not going to give up the fight without at least making an effort. Americans can do things for themselves. We all have time to make a few calls and attend one maybe two meetings a year. We don’t need campaign managers and leaders to simply adopt the tactics required to be heard and seen. If there is something we don’t like about government, let’s show up and tell ‘em so, let’s circulate a petition. Even if the petition has no legal effect, it will impress and scare the hell our of elected officials. That’s all we need to do to get action! If we have faith in our system than our commitment to action is the proof required to validate that faith.

The place we start is a list of upcoming city council meetings, committee meetings, school board meetings, and any public meeting where our voice needs to be heard. Each member who will participate will be asked to call five other members, neighbors and invite them to show up. If we are careful to frame the issue carefully, our presence will carry the day. This technique has been used successfully by many activist campaigns. In his book, *I’m Mad As Hell*, Howard Jarvis writes, “The people of the United State - or at least some of the states - have two basic rights, the right to vote and the right to legally petition.” He goes on to say, “I think the right to petition is more important than the right to vote because the right to petition means that people can group together to stand up to the politicians and the bureaucrats. But when you vote, you go in there in solitary and vote in the booth, and that’s it.” That last phrase sounds all too familiar and chilling in it’s finality, “that’s it.” Have you walked out of the voting booth first with the sense of a duty completed. I’ve always been “a bit put off by those zealots”, but I realize now that zeal for the right cause is necessary to act. If you agree, and even if you don’t agree, let’s get in the game and show up on the field ready to *fight the fight*.

Come to the next **BCTA** membership meeting, Thursday, February 15, Days Inn, Downtown 12:00 noon. Bring a neighbor, co-worker, or anyone else who complains about how their tax dollars are collected and spent!

Thomas Jefferson justified civic involvement by referring to a Latin Maxim: “*Malo periculosam libertatem quam servitutem*” (“Rather a dangerous liberty that a peaceful servitude”). **Are you “mad as hell” and “sick and tired of being sick and tired”?**

Richard Parins, BCTA Member

The BROWN COUNTY TAXPAYERS ASSOCIATION
Promoting Fiscal Responsibility in Government

Could Government Be Run More Like a Private Business?

This certainly is not a new or unique idea. Taxpaying citizens frustrated at the costs of maintaining government services and benefits have been offering advice on this subject since taxes were invented back in biblical times.

Even though Americans probably enjoy the best and most effective system of government ever devised, there are always comparisons made to private enterprise and the way they do their business more efficiently.

In most ways, government is just another business operation, providing a wide variety of services for their customers, you and I. Most of the employees in public service do a superb job with a dedication that we all envy and they should be complimented. Much of the similarity ends there, however.

The many safeguards built into government operations at all levels, local to national, are intended to assure us, the customers that their mandate is performed as advertised and to protect us from deception. In most cases, the system works, providing us with a wide variety of service for our tax dollars with an openness which is the envy of the rest of the world. However, the overall dollar cost for what we are getting in many instances appears to be tremendously high, and the question arises, could government be run more cost effectively if private business methods were put to greater use? Following are some of my own observations and comparisons.

Personnel and Supervision.

Private enterprise usually hires workers based on their need to have a job performed and to enhance the profit making function of the employer. Wages and benefits are based on the employees performance and value to the employer, competitive situation, work ethics, and the continued success of the business. Supervisors **must take responsibility** in order to support their position. In most successful operations, the reward for doing a good job are promotions and the opportunity to share in decisions. This incentive often drives good performance and job satisfaction, while poor performers who fall by the wayside often do so at their own ineptness.

On the other hand, larger units of government in particular seem to have created layers of bureaucracy that no private employer could afford. The system of promotions can be discouraging and it often seems that employees at higher levels in the system are more engaged

in perpetuating their positions than performing a function for the taxpayers who pay their wages. Study after study has suggested that the wages and benefits to be higher than with private employers. *I have yet to see a study comparing productivity.* The government system of job descriptions and pre-determined qualifications to fill vacancies probably has some merit, but is more inflexible and disregards many intangible factors sought by private employers.

Job Security and Down-Sizing.

Unfortunately, economic reality is forcing many employers to reduce their payrolls in order to remain competitive, and we are living in a time when job security is as important as wages and other benefits. Down-sizing through the elimination of non-essential or non-profitable functions has become a cloud hanging over our heads and for that matter, the entire economy.

This hardly seems to be the case with government, however. Agencies seem to expand by their own weight. Down-sizing can be a matter of taking time to dream up reasons to justify a departments existence. In many instances when public employees are dismissed for whatever reason, you can count on expensive lawsuits tying up the system even more.

Castles in the Sky.

Take a look at Washington, Madison, or for that matter, downtown Green Bay. For some reason, many elected officials and department heads feel it their obligation to have massive, expensive, unfunctional and often poorly located structures constructed at taxpayer expense. Expert public relations people are retained on their staffs to constantly explore new ways to create these expenditures, ignoring the fact that the more space there is to work in, the more people will be hired to fill the space. Sometimes these people appear to juggle paper and keep each other busy rather than fill a necessary service to the taxpayers. All I know is that in private business, where competition is a factor, new construction is authorized by proven profit making and made affordable by remaining so.

Bidding, purchasing and record keeping.

Somehow the cost of government construction and operations appear to be a lot more than for a private industry. Why should a jail cost \$100,000 per inmate to construct when you can build a comfortable family home for that amount? The list of proposed repairs to Green Bay schools contains many big ticket items which we do not dispute but wonder if the cost is entirely justified. Anyone who has done business with the city, county or state often wonders if all the red tape involved is necessary as it obviously adds to the cost. There is a lot of record keeping simply to record expenses to their

proper budget accounts, considering these people aren't obligated to come up with a bottom line profit or pay taxes. Despite all of these safeguards designed to maintain accountability, we still hear "horror" stories of officials abusing the public trust with outlandish expenditures, and other unjustified waste of taxpayer dollars..

Private business can have more latitude in these areas. Their responsibility is to the owners or shareholders, with the desire to make a profit. Their chain of command is usually shorter and more flexible. If their is a job to do, they can usually "just do it" as long as they maintain adequate records for tax purposes and comply with applicable laws.

Budgeting.

A private individual or organization is only allowed the privilege of spending or budgeting whatever income they project earning. Competition usually limits the amount they can charge for their end product, and thus the monies available. Society can be harsh on those who spend more than they earn. On the other hand, a government has the luxury of pre-determining its spending needs, can force through a budget or "wish-list", and assess the necessary taxes to raise that amount accordingly. In other words, private spending is limited to what is available, as opposed to first determining what you want to spend. *What would happen if taxes were frozen at a certain level?*

This is admittedly an oversimplified comparison, and many of the reasons for the way things are done, including laws, bargaining agreements, public apathy and just plain politics dictate that some things will probably never change. In the same respect, there is no reason to simply assume that a different approach to doing business wouldn't work.

This is an election year and candidates will be busy pitching their qualifications. Rather than ask what they are going to do for you, ask them how they are going to do it. They may even open to suggestions you may have on improving the way government operates. Comments and suggestions from our readers are always welcome in the "TAX TIMES."

Jim Frink

"The one thing sure about politics is that what goes up comes down, and what goes down often comes up."

. . . . Richard M. Nixon

Wisconsin Taxes Are 5th Highest in Nation !

The average taxes paid in 1994 by a Wisconsin family of four with a household income of \$50,000 ranked fifth highest among the nation's 50 states, according to a study prepared by the *Wisconsin Taxpayer's Alliance*.

The average state and local taxes paid by such a household was \$6,034, or 37% above the national average of \$4,415.

A Wisconsin household earning an income of \$25,000 paid \$1,395 which was

“taxes paid by such a household was \$6,034, or 37% above the national average”

6th highest nationally and a family earning \$75,000 would have paid \$9,689 which was 5th highest nationally.

Four major categories were used in determining the rankings, which were income, sales, auto and property.

Even though Wisconsin's auto related and sales taxes are presently below the national average, high property and income taxes more than make up for the difference. Income and property taxes make up more than 75% of the total.

Following is a breakdown of the taxes a \$50,000 family would pay:

* \$2,327 in income taxes, or 39% of the major tax total. This amount is 21% more than the U. S. average and is the 10th highest nationally.

* \$763 in sales taxes, ranking 29th.

* \$184 in auto related taxes. This ranked 37th nationally but could be changed considerably if proposed gas tax and license fees are imposed.

* \$2,760 in local property taxes, which ranks us 7th nationally and is 57% above the U. S. average of \$1,762.

Studies of this type always place Wisconsin near the top in both taxes paid and the ability to pay them. In spite of this, there is constant pressure from many areas to increase our taxes even more.

Whether recently enacted property tax relief legislation will actually lower our tax burden or just end up with a lot of reshuffling remains to be seen.

* * * * *

JANUARY MEETING NOTES

Katherine Miller of the Public Expenditure Survey distributed a table providing details of the way the Green Bay School District is being “ripped off” by the new school aid formula enacted by the Legislature as part of the property tax relief program, as inferred in headlines resulting from a recent wire service story. Under the new three-tier formula, the Green Bay School District will receive ONLY a \$21.3 million INCREASE in state aids and levy credits instead of a \$21.9 million increase. This amounts to a 37.4 percent increase over 1994-95 general aids rather than a 37.7 percent increase which was originally proposed. The table showed that some area school districts gain more under the three-tier formula than they would have gained under the two-tier formula, (Note - See article on following page.)

Mike Riley of Taxpayers Network, Inc. discussed privatizing the Social Security program. He emphasized that participants have no vested rights in the program as it now exists. He stated that we need to replace it with a system of personal retirement accounts that would provide full property rights with the right of inheritance.

BCTA President Tom Sladek reviewed a letter to be sent to Brown County legislators outlining BCTA positions on current issues. We oppose legislation authorizing an exposition district with taxing authority until detailed financial plans for the the proposed conference center and arena are made public. We oppose legislation to eliminate local determination of residency requirements for public employees. We support preserving the present requirements for school district bonding over \$1 million. We support the initiatives in the W-2 welfare reform plan.

The next BCTA meeting is scheduled for Thursday, February 15, 12:00 noon at the DAY'S INN.

David Nelson, Secretary

The Cost of Justice.

A recent news article stated that the number of state and prison inmates in the United States grew at the rate of 1,725 per week for the 12 month period ended June 30, 1995. As of Dec. 31, 1994, there were 565 inmates per 100,000 citizens in jails or prisons, which qualifies the U. S. as having the worlds highest rate of incarceration, followed by Russia with 558 per 100,000. This is 8 to 10 times higher than other industrialized countries in Western Europe.

This rate is unlikely to go down as long as violent crime is a way of life and public sentiment favors prison confinement as the punishment of choice.

The 1995-96 Wisconsin **"BLUE BOOK"** indicates Wisconsin ranks 41st in the percentage of prisoners per capita, which either represents a lower crime rate than other states, or a lower rate of conviction and confinement. However, the number of inmates and space to house them in Wisconsin is growing at a rapid rate nonetheless and this obviously is going to represent a major state budget item indefinitely.

One particularly disturbing statistic from a taxpayer point of view however, is the cost of operating our system. The **"BLUE BOOK"** listed the average cost per prisoner for the period 1991-92 as \$54,379, or 7th nationally. The national average was \$35,606. In other words, it costs about \$9,500 more per year to keep a prisoner in Wisconsin than the national average.

Our prisons have never been known as

luxury resorts, but something has to be the cause of those numbers. Citizens insist on proper security at these establishments, and certainly humane conditions with proper rehabilitation to return former inmates to society without being a further burden to the taxpayers.

We are sure that our prisons are for the most part comparable to those in other states. Does it relate to our reputation of being a high taxed state, (see article on page #3) and just cost more like everything else with no one really taking the blame?

Anyone who has been in a competitive business soon realizes that if their costs are not in line with those of the competition, they will not remain in business very long. Sales per employee and the cost to produce your product are factors which guide your every move. You can learn a lot from your competition, or in this case, other states. Either you adopt some of their cost saving methods and compete, or be forced to justify your higher costs to your management, which in this case is the taxpayers of Wisconsin.

With our horrifying crime rates and demand for longer sentences, it would seem that a longer look at just how we are going to pay for these prisons is as much in order as the number of beds available.

Maybe we can learn more from looking at the competition. * * *

THANK YOU!

We want to thank everyone who contributed material for this issue of the **"TAX TIMES."** Contributions from our members and other interested parties are always solicited and welcome. We also welcome comments from our readers and realize we can't make everyone happy with our activities.

The focus of the Brown County Taxpayers Association remains on taxpayer related issues and we make every effort to

be factual in what we do or say. As an organization, we can only be as strong as our membership and what they want us to accomplish. * * *

"There is no Democratic or Republican way of cleaning the streets."

....Fiorello La Guardia

"Sometimes party loyalty asks too much.:"

....John F. Kennedy

School Property Tax Relief. *Is There a Magic Formula?*

Now that the legislature has passed a property tax relief plan to ease the burden of school district property taxes, we have entered an era of squabbling over just how this money is to be distributed.

"Poor" school districts claim that rich schools are being subsidized more than they, rural districts claim the large cities are being favored, and on and on. Even certain political parties and their patrons are claiming the method of distribution being considered is based on favoritism more than other equalizing factors.

A look at all of the data would suggest there probably isn't any way that everyone is going to be happy. Some districts are operated more frugally than others. There is a wide variety of existing school property tax rates, property valuations in the respective districts, comparative district operating costs, new construction and remodeling needs in certain districts, etc., to be sorted through and somehow equalized.

The **Public Expenditure Survey**, using statistics from the Legislative Fiscal Bureau and the Dept. of Revenue, prepared a table for the **BCTA** outlining the aids area school districts would receive under the proposals. Insofar as the Green Bay School District indicated they would receive fewer dollars under the proposed 3-tier plan, they compared Green Bay with several area school districts.

In order to more easily compare these districts, we asked the PES to make these comparisons on a per pupil dollar basis rather than the total amounts. Results of this report are on the following page, along with graphs indicating overall state aids to Green Bay and the proposed difference in school property tax rates.

It is interesting to note that the numbers for Green Bay in most cases are very close to, or more favorable than the averages for the state as a whole.

We also seem to compare favorably with other area schools in the total amounts of state aid being received.

Under the proposed 3-tier formula, Green Bay schools would receive a total of \$71,583,238, or \$21,310,242 more for the 1995-96 school year than would have been projected under the old formulas. This represents an increase in state aids and levy credits of 42.4 percent which would not previously been available. This compares with a state-wide average increase of 34.3 percent.

We acknowledge there are far too many factors involved in these school aid formulas to please everyone. Also, we do not believe any formula takes fully into consideration past and projected spending patterns of the various school districts, some of which perhaps have been more considerate of their taxpaying constituencies than others. The **BCTA** is definitely a supporter of good education, but would like to see the results justify the cost.

Finally, thank you to Katherine Miller and the *Public Expenditure Survey* for providing us with the information in this article. Details of their study are available for anyone interested.

“Education costs money, but then so does ignorance.”

. Sir Claus Moser

TAX FACTS

From Robert Miller

“If the hours spent complying with the tax code were put to productive work, they would represent the entire annual output of the U. S. auto, truck, and aircraft industries.”

Dallas Morning News, 6/30/94

“Americans devote 5.4 billion hours a year to federal to federal tax-related paperwork.”

“The private sector tax compliance work force was almost 32 times the 93,000 person work force of the IRS in 1985.”

“2,943 million Americans worked full-time on federal tax compliance activities in 1985.”

James Payne, “*COSTLY RETURNS*”

“The average family today pays more in taxes than it spends on food, clothing, and shelter combined.”

“293,760 trees are felled yearly to print Federal Tax Regulations alone. This does not include the paper used in tax forms.”

Dr. Alvin Rubushka

“The IRS estimates that it takes about 27 hours for the average family to keep records and prepare an itemized Form #1040 with a few additional schedules.”

Internal Revenue Service

“We might come closer to balancing the budget if all of us lived closer to the commandments and the Golden Rule!”

. Ronald Reagan

The FLAT TAX

(Don't hold your breath)

Insofar as this is an election year, it seems a number of presidential candidates are making political hay with a variety of “flat tax” proposals.

Even though this idea possibly has some merit considering what the tax codes have become in recent years, most people are probably more concerned with what their own tax burden would be if such a system were ever enacted.

It seems they probably forget that their tax returns very likely became more complicated and expensive when the last “tax reform” laws were passed by congress. After a law is passed, a lot of red tape and confusion can be added by teams of bureaucrats and regulators.

At the bottom of this page we have reproduced a hypothetical tax return form using a flat tax. Even though it may be

Continued next page

FLAT TAX (Continued)

fun to compute your present liability with such a system, it is difficult to imagine doing away with all of the "sacred cows" and special interest adjustments which now exist. Could we truly reduce or eliminate the capital gains tax and still have a "flat tax?" Although it doesn't take long for people to take advantage of any tax code, many of the current provisions probably do have some merit.

One proposal getting a lot of attention calls for a 17% tax on most earned income while ignoring interest, dividends and capital gains. Certain exemptions and allowances would still exist. With this proposal, a couple with two children earning \$75,000 and now paying \$8,999 in federal taxes would only have to pay \$7,470, and a couple now earning \$300,000 and paying \$77,220 would only have to pay \$42,933.

This obviously would have appeal to the person earning \$75,000 or \$300,000 but unfortunately they are in the minority when it comes to creating tax laws.

Items to consider regarding taxes.

They must produce sufficient income to fund government operations.

Enough said.

They must be simple enough for the population to understand and assure compliance.

This area still needs work.

They must be fair to everyone, encourage economic growth while not creating hardships.

Always open to good suggestions.

One unfortunate by-product of the present law is non-compliance by under reporting income or even file returns. Estimates place lost income taxes at an amount sufficient to balance the federal budget and pay off the national debt in short order. Many people today are able to unravel the fine print on the back of a lottery ticket but use the fine print on their income tax return as an excuse to ignore full compliance. A person not paying his share may be a hero to some, but they are only making the rest of us pay more.

Although a "Flat Tax" as such may still be in the future, it would seem that a little

more work with what we have is in order.

* * * * *

"We have so many people who can't see a fat man standing beside a thin man without coming to the conclusion that the fat man got that way by taking advantage of the thin one!"

. Ronald Reagan

**BUDGET
BATTLE LOOMS**

Some in Madison might think that its premature to talk about the 1997-99 state budget, but the decisions made in next year's budget will be pivotal in deciding the role of government in the twenty-first century.

The pressure of providing additional property tax relief will force the legislature to develop a clear vision for the future of our government. In last year's budget, we abdicated making the tough choices between tax relief and an expanding bureaucracy; we will not be able to do this again in 1997.

There will be two schools of thought for dealing with this problem. Some will argue that the state will need a "new revenue stream" to meet our budget restraints and pay for tax relief. Basically, they will be calling for a tax increase.

They will argue that programs for the poor, elderly and environment have been recklessly slashed undermining the proud "progressive tradition" of Wisconsin. In their view, taxes will have to be increased to maintain our "heritage". I reject this approach as nothing but a shell game.

Others will re-examine government putting every program under a microscope to evaluate its effectiveness and to question how we could deliver the same service more effectively (or if we need to deliver the service at all!).

Many of us are committed to this approach and will work to ensure that roads are built more efficiently, and call for greater use of technology to save tax dol-

lars on printing, copying and personal. Perhaps prisoners should work to pay for their benefits.

In any event, we are looking forward to this debate and working to produce a fiscally responsible government.

* * * * *

Green Bay Property Taxes Among the Highest in the Nation.

A recent *Wall Street Journal* item listed the Metropolitan areas with the highest effective property tax rates in the nation. Below are the winner of this honor in case you missed it.

Even though Green Bay is ranked 7th on this list, it is interesting to note that two of the Wisconsin cities which rank even higher, namely Milwaukee and Madison, are located in counties which have imposed a .05% County Sales Tax, which was intended to provide property tax relief for local taxpayers.

BCTA Meeting Schedule

Thursday - February 15, 1996, DAYS INN - Downtown
12:00 Noon - Monthly Business Meeting

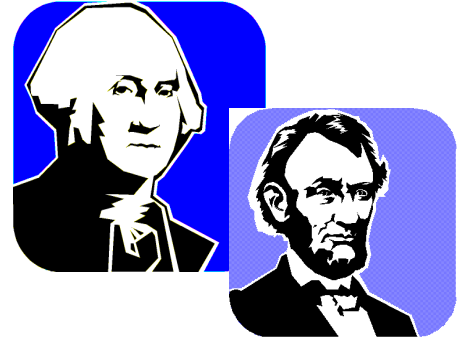
Thursday - March 21, 1996, DAYS INN - Downtown
12:00 Noon - Monthly Business Meeting

Thursday - April 18, 1996, DAYS INN - Downtown
12:00 Noon - Monthly Business Meeting

Cost - \$6.25 per meeting - Payable at door.
Call 469-7373 for reservations. (Leave Message)

Programs and Speakers to be announced.

All directors of the BCTA are requested, and all other members and interested parties are invited to attend and participate in these open meetings.



**BROWN COUNTY
TAXPAYERS ASSOCIATION
Promoting Fiscal
Responsibility in**

“Everyone is always in favor of general economy and particular expenditure.”
. Anthony Eden

The TAX TIMES

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