
❖ The TAX TIMES ❖

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PRESIDENT'S COMMENTS

Rather than pontificate on a single issue, I've taken the liberty of ranting on three separate points this month. As always, your comments in response are welcome.

TAX FREEDOM DAY

Tax Freedom Day, the day on which an average citizen's year-to-date earnings are enough to pay their total tax obligation, passed quietly last month. For the people of Wisconsin it was May 14th, seven days later than the national average. If you read the small headlines in the middle pages of your newspaper, you might have known it occurred. The press and media don't pay much attention to Tax Freedom Day, or more importantly to the fact that it comes later every year as the government takes an ever-increasing portion of our earnings. Apparently, this is far less newsworthy than items such as the "government shutdown" (hardly affecting anyone excepting those waiting for the next entitlement check). Perhaps we need a law calling for the shutdown of government each year on Tax Freedom Day — sort of a "time out" during which the nation could examine how bloated government spending and excessive taxation has muted the incentives for hard work and risk taking, and undermined the value of self-reliance among our people. Maybe the press would even cover the story.

I'm from the Government, and I'm here to help you.....

It sure is aggravating to hear Bill Clinton and Donna Shalala defend the federal government's role in providing social services such as welfare and Medicaid. After spending *trillions* (that's with twelve zeroes) on federal poverty programs, it is truly astounding that national leaders can look people in the eye and claim that these sort of programs should not be turned over to the States because they won't do as good a job as will the federal bureaucracy. It should be obvious by now to all but the most rabid liberals that government programs should be funded and operated at the lowest, most local level of government feasible. There is no value added from having federal involvement in so-

cial service programs.

FALL ELECTIONS

It's tough to start thinking about fall elections when summer is just getting underway. However, candidates are now circulating nominating petitions and will very soon be in full campaign mode since the primary election takes place in September. Taxpayers simply *must* get involved. Now is the time to review whether incumbents followed through on their campaign promises and what their voting record was on key taxpayer issues. For the challengers, force them to be specific about how they intend to reduce taxes. This is not the time to be timid about asking tough questions. If you find a candidate you believe in, help out with volunteer or monetary support. Don't sit on the sidelines, because those groups who want you to pay more tax so they can feather their nest will be very much in the game.

Tom Sladek -
President, Brown County Taxpayers Association.

How Should The State Invest Its Money? A Concern For Taxpayers.

The June 3, "Press-Gazette" carried an Associated Press article about a group of our legislators wanting the State Investment Board to sell its Phillip Morris, plus a number of other large stock holdings worth nearly a billion dollars. A wide variety of socially orientated issues were involved. We certainly don't defend the manufacture of tobacco products as socially responsible, but on the whole, this matter seems rather ridiculous and hopefully is resolved quietly. There is too much at stake, including a prudent investing reputation for the board.

There are two sides to every issue. Phillip Morris has a huge investment in Wisconsin and its workers. They own Miller Brewing, Oscar Mayer, Kraft Foods and others contributing heavily to our economy. These and probably most other companies do some things objectionable to certain groups. However, go tell a Procter & Gamble worker from Green Bay, or a McDonald or K-Mart employee that the state in which they live and pay taxes does not consider their employer worthy of supporting due to some asinine social cause and you have to wonder if the inmates are running the asylum. * * *

The BROWN COUNTY TAXPAYERS ASSOCIATION

Elections by the Polls - or the "MAGIC TOWN" Syndrome.

No, we did not mean "at the polls", where you and I go to vote for the candidates of our choice. We refer to the constant barrage of "polls" publicized in the media which supposedly reflect our views and attitudes on candidates and political issues within one or two percentage points.

1996 is a presidential election year. Possibly the most important one since World War II, and the winner of which will lead us into the next century. Voter apathy is a serious problem and unfortunately there does not appear to be much going on to change this trend. Only 25.6% of eligible voters bothered to vote in the spring elections determining the makeup of the Brown county board among other important issues.

We have no argument with anyone's political beliefs as long as their motivation is not selfish to the point of complete disregard of what is ultimately best for the majority. We also realize that changing lifestyles and attitudes dictate changes which carry all the way through to our elected officials and their actions. The problem seems to be that there is way too much effort being spent trying to tell us just what our thoughts and attitudes are at any given time and we are becoming confused. Perhaps brainwashed would be a better word.

Insofar as this is an important election year, it seems that every action, comment, "faux pas," or appearance by someone running for almost any office deserves a new poll showing exactly what "we" think about it. The same goes for our thoughts on whatever else is contrived as being an issue of concern at the moment. The media for whatever reasons somehow seems to have their own agenda of what is best for all of us, and whether this truly reflects the majority is a matter of speculation. They do, however, have the ability to form as well as inform and the use of polls can be a useful tool.

How does anyone truly become excited about the upcoming elections when "polls" keep telling us what the results are going to be?. We do not question their accuracy, but realize that anyone taking a poll has a lot of control over the results. **Examples:** Whoever commissions that a poll be taken usually has a purpose or predetermined result in mind and the results can be completely ignored or altered if not to their satisfaction. The media can also disregard polls presented to them if they do not fit their editorial purpose. Questions asked by pollsters can have dual meanings. Certainly polls taken for national exposure should have to meet standards of accuracy to be acceptable, but we question expressions like "a recent poll" or "a survey of" as representing dependable sources of opinion. We also have seen "call in" polls used to express local opinions but these obviously can be "stacked" at will.

Recall the 1947 movie "Magic Town", casting James Stewart as a frustrated pollster trying to find the perfect community reflecting the opinions of the entire nation. He supposedly does, but glitches soon occur to mess things up. Not to worry as this was a movie and he ends up with the heroine, Jane Wyman. We should all be so lucky. What do you think? Jim Frink

County Sales Taxes and Property Tax Relief. (PART 10)

The April edition of the "*Wisconsin Taxpayer*" published by the *Wisconsin Taxpayers Alliance* is devoted to an extensive survey of the effect of the county sales tax in the counties which have chosen to impose it upon their citizens and visitors. Their purpose was to examine whether true "tax relief" was actually accomplished since the tax was first enacted in 1986.

Collections per capita for the 46 counties which had utilized the tax for over a year were presented. Not surprising, Door county with its wealthy tourists far outnumbering residents placed first at \$72.70 per resident. Neighboring Oconto county, however only managed \$25.97 per capita while the state average was \$42.73 so you can draw your own conclusions on what it would cost you and your family. This study did not address the effect of the tax on business competition between counties or the difference in per capita income and property valuations in the various counties.

Disadvantages of the tax were given as follows: The tax may be used to finance additional spending rather than tax relief. The tax is regressive, so the burden on low-income households increases. Merchants may be at a competitive disadvantage compared to businesses in nearby counties which do not have the tax, and collections are based on sales, which are sensitive to economic conditions.

One interesting conclusion of the study was that the 40 counties with sales tax prior to 1991 had a property tax increase of **19.6%** during the period 1991-1994. By excluding Milwaukee county with its high valuation and unique problems, the increase would be **24.6%**. On the other hand, the 24 counties which did not have a county sales tax (including Brown) only had a property tax increase of **22.4%** during this period. These numbers apparently do not take into effect that residents of the sales tax counties also had an average of \$42.73 per capita sales tax to contend with.

A number of comparisons are made in this study, but our observation is that a county sales tax does very little as far as property tax relief is concerned. It only adds another rather expensive and burdensome tax leading to increased spending by our elected officials.

It was interesting to note that although somewhat different methodology was used, with more current statistics and resources available, the results of this study were similar to the 1994 study by the **BCTA** which concluded that **#1** - Property taxes actually increase faster in sales tax counties, **#2** - The sales tax only encourages additional county spending, **#3** - County debt actually increases in sales tax counties, and **#4** - The effective tax rates (combined sales and property taxes) are considerably higher in counties with the sales tax than those without. A

"The best thing about the future is that it only comes one day at a time."
.....Abraham Lincoln

“TAX EXEMPT” Property - What Does it Cost You?

Ever since property taxes were developed and refined as a source of revenue for units of government, there have been certain entities and organizations exempt from the responsibility of paying it. In general, tax exempt status can be construed as applying to all property owned by units of government, most non-profit and religious groups including hospitals, cemeteries, charities, scientific and educational organizations. These same groups often have exemption from payment of income and sales taxes also. The usual accepted test to qualify for tax exempt status is determined if it is necessary to pay income taxes to the Internal Revenue Service. Unfortunately, at times the standards of the IRS can conflict with what makes common sense.

Undoubtedly the tax exempt status of these organizations was originally granted for valid reasons. They often fill a vital role in our society, and in many cases provide services which would otherwise be provided by the government at an even greater cost to us. In some cases, however, the term “non-profit organization” does seem to be rather loosely interpreted. Through the years, we very seldom hear of an organizations exempt status being revoked, but it seems that more and more property is being removed from taxation through purchase by religious or other non-profit groups, being placed in federal trust, etc.

Property taxes, especially in Wisconsin, are too much of a burden on the average homeowner or business operator to take this trend lightly. If property creating \$5,000, \$10,000 or \$100,000 in revenue is removed from the tax rolls, that same amount has to be pro-rated among the remaining taxpayers. The need for the expenditure still remains. True this may be negligible in some cases, but considering that every 5, 10 or \$100,000 expenditure made by government is supposedly absolutely necessary, it is not always easy to justify asking fewer taxpayers to share the

burden. Attempting to minimize the impact of tax exempt property on the remaining taxpayers by showing it as a *percentage of acreage* is also difficult to comprehend, as most of this exempt “acreage” is already in place in the form of state and county owned land, cemeteries, schools, parks, roads and the like. The valuation of property not being taxed or *removed* from taxation is the problem. Government services which our taxes pay for are already in place and based on the needs of all of the population and cannot be reduced by someone's tax-exempt status. Basically the situation is somehow trying to get everyone to pay their fair share of the government services they consume. This is not a new problem.

There are provisions for tax-exempt organizations to pay for municipal services which they use. For example, the state of Wisconsin paid the city of Green Bay a total of \$515,496 in 1995 for fire, police and other services received, and we understand other organizations are doing likewise. We are certainly not proposing that churches and non-profit groups be made to pay property taxes, but obviously some of these exempt groups are better off financially than others and in some cases actually compete with other business organizations who do pay taxes. A review of the standards for qualification for tax exempt status on both the federal and local levels could be in order.

This is an area which receives little publicity, but as the pressure for more taxpayer supported services and facilities continues we are sure tax exempt status will be more of an issue. It will be a concern of the Brown County Taxpayers Association. We would appreciate your comments. * * *

“When a fellow tells me he’s bipartisan, I know he’s going to vote against me.”

.....Harry S. Truman

“The best education in the world is that by struggling to get a living.”

.....Wendell Phillips

“Beware of little expenses. A small leak can sink a great ship.”

.....Benjamin Franklin

MAY MEETING NOTES

Mike Riley of Taxpayers Network, Inc., announced that Cost of Government Day (COGD) will fall on July 2 this year. This is the day the average American has earned enough income to pay his share of the total financial burden of government taxes AND regulations as calculated by the Americans for Tax Reform Foundation in Washington. This is different from Tax Freedom Day on which the average person has reached the point they have earned enough money just to pay their own personal tax obligations.

For example, the Superfund Environmental Tax amounts to \$500 million each year, but compliance costs add another \$2 billion to this at our expense. Legal fees and coping with onerous regulations are wasting billions in taxpayer dollars each year and Mike will forward specific examples to the foundation in Washington if we contact him.

Don Kristopeit, President of the Federation of Wisconsin Taxpayers Organizations, reviewed actions by taxpayers groups throughout the state. He stated that the BCTA is one of the more effective of the 29 active taxpayers groups in Wisconsin and suggested we send copies of the “TAX TIMES” to other groups and ask that they send us their newsletters in return to Box 684, Green Bay, WI 54305.

He related some activities of the South Milwaukee Save Our Schools (S.O.S.) organization, founded due to spending caps enacted by the Legislature. Using half-truths and misinformation to incite parents is standard procedure for S.O.S., he explained. The group gained its greatest publicity by sending seven busloads of school children to demonstrate at the Capitol in Madison.

On a more positive note, he reported that a Greendale citizens committee developed an acceptable \$2.5 million remodeling plan after three consecutive referenda for a \$10 million school building proposal failed to pass. He also reported that the Wisconsin Taxpayers Alliance will continue the annual school cost study that the Public Expenditure Survey had prepared in the past.

Dave Nelson - Secretary

BCTA Meeting & Events Schedule

Thursday - June 20, 1996. DAYS INN - Downtown *
12:00 Noon - Monthly Business Meeting

Monday - July 1, 1996 Deadline - Material for July
"TAX TIMES"

Thursday - July 18, 1996. DAYS INN - Downtown *
12:00 Noon - Monthly Business Meeting

Wednesday - July 31, 1996 Balance due - Property Taxes

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

All members of the BCTA, their guests, and other interested persons are invited to attend and participate in these open business meetings.

BCTA has speakers available for your club or organization.

This issue of the "TAX TIMES" is being mailed to various service clubs and organizations in the Green Bay area.

The Brown County Taxpayers Association has speakers available and would welcome the opportunity to address your organization at one of your regular meetings, tell you more about our group or discuss items which are of concern to all of us as taxpayers.

For further information, call the BCTA answering service at 469-7373 and leave a message, or contact the president of the BCTA, Tom Sladek at 433-2620.

Thank you for your interest.

The TAX TIMES

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