

❖ The TAX TIMES ❖

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Comparing Taxes and Spending in Wisconsin

A recent report from the Wisconsin Taxpayers Alliance in Madison indicates that Wisconsin is continuing with its reputation as being one of the highest taxed states in which to live.

For the years 1992-93, the latest for which federal data is available, this amounted to \$133 per \$1,000 of personal income, or ability to pay. This ranks third in the nation and 15.6% above the national average. For 1993, this amounted to \$2,524 per capita, which was 9th nationally and 9.7% above the U.S. average.

It was noted that Wisconsin relies more heavily on income and property taxes than other states. Property taxes account for 36.3% of the total local-state burden while the national average is 31.8% and income taxes account for 27.2% compared to 23.4% nationally. Other taxes in Wisconsin rank equally high. We ranked 15th in motor fuel (gasoline) taxes, 7th in cigarette taxes and 27th in general sales taxes.

| Type of Tax | Wis. | U.S.Ave. |
|-------------------|-------|----------|
| Property | 36.3% | 31.8% |
| Individual Income | 27.1% | 20.8% |
| Corporate Income | 3.9% | 4.5% |
| General Sales | 18.7% | 23.4% |
| Selective Sales | 9.4% | 11.9% |
| All Other | 4.6% | 7.6% |

The report noted that whether Wisconsin's high tax ranking will decline in the years to come depends largely on certain programs such as property tax relief as well as what happens in other states.

Per capita local and state expenditures in 1993 were \$4,235. This was 6.6% above the national average, and 13th highest of the states. State-local spending was \$224 per \$1,000 of personal income, which was 12.3% above the U.S. average. Following are selected Wisconsin's per capita general expenditures for 1992-93, and how these rank in comparison with

| CATAGORY | Amount | Rank |
|---------------------|--------------|-----------|
| Higher Education | 450 | 10 |
| Elem/Sec. Education | 1,078 | 9 |
| Welfare | 696 | 12 |
| Highways | 350 | 15 |
| Health | 124 | 20 |
| Police Protection | 150 | 9 |
| Fire Protection | 63 | 14 |
| Corrections | 105 | 22 |
| Natural Resources | 98 | 8 |
| Sewerage | 119 | 7 |
| Interest on Debt | 202 | 28 |
| All Others | 800 | 28 |
| TOTAL | 4,235 | 13 |

other states.

Total per capita expenditures for our neighboring states are: Minn. 4,770, Mich. 3,955, Iowa 3,859, Ill. 3,647.

The complete report is printed in the June 1996 *WISCONSIN TAXPAYER*, Wisconsin Taxpayers Alliance, 335 W. Wilson St.,

How do Green Bay Property Taxes Compare?

Recently released figures from the Department of Revenue compare property tax rates for various communities and school districts in Wisconsin. The chart below indicates the net property tax rate for Green Bay and other major cities in the area, and the estimated taxes on a \$150,000 home after the lottery tax credit has been applied.

| Municipality | Tax Rate m/Assessed | Lottery Credit | Net tax on \$150,000 home |
|------------------|---------------------|----------------|---------------------------|
| Sheboygan | 42.32 | 142.39 | \$6,348.00 |
| Green Bay | 40.81 | 125.82 | \$5,995.68 |
| DePere | 37.39 | 118.40 | \$5,608.50 |
| Marinette | 33.58 | 107.11 | \$4,929.89 |
| Ashwaubenon | 33.28 | 123.36 | \$4,868.64 |
| Appleton | 32.88 | 113.74 | \$4,818.26 |
| Allouez | 31.77 | 125.82 | \$4,639.68 |
| Fond du Lac | 27.24 | 115.12 | \$3,970.28 |
| Manitowoc | 26.12 | 110.07 | \$3,807.93 |
| Oshkosh | 25.71 | 116.77 | \$3,739.73 |

Assuming that all of the municipalities are assessed equally per state law, there appears to be a considerable difference in the net taxes paid on property of equal valuation. We certainly don't know why Sheboygan is higher than Green Bay, but do wonder why Green Bay is so much higher than the rest of the pack. Undoubtedly more comparisons of county and municipal services, school district costs, "quality of life" enhancements, state aids and local demographics and assessment policies would be in order before coming to any conclusions.

The BROWN COUNTY TAXPAYERS ASSOCIATION

TWO SIDES TO EVERY ISSUE.

In the June "TAX TIMES" we printed an article commenting on a group of legislators wanting the Wisconsin State Investment Board to consider selling its Phillip Morris and other issues based on various social reasons. Our reasoning was that the investment in the states economy by some of these companies helps to pay our taxes, and their record of being good investments should take precedence insofar as the investment board is responsible for over \$42 billion dollars of public employee pensionas well as other state funds.

We also commented that there are "two sides to every issue," and are pleased to print the following from one of our members. As with any article appearing in the "TAX TIMES" we welcome your opinions.

How Should The State Invest Its Money? Another View.

A June "Tax Times" article asked this question about how the State Investment Board invests more than \$42 billion in public employee pension funds and government revenues. The "Tax Times" answer was for the State Investment Board to ignore all questions involving what might loosely be called "social criteria" in its investment decisions. But as the "Tax Times" stated "two sides to every issue." Here is another side.

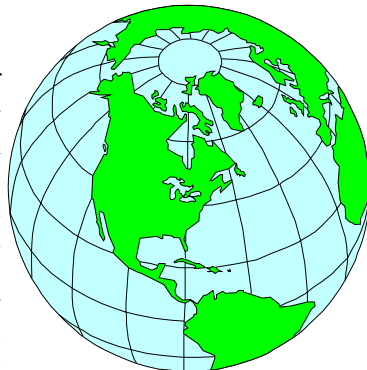
I would be the first to say that legislators should not be involved in making or suggesting specific investment decisions to the State Investment Board. If legislators are concerned about companies that may be considered undesirable becoming part of the State Investment Board Portfolio, it seems to me that they should attempt to change the directives, constitution, or mission of that board.

Investing by some kind of social criteria is probably already being done by the State Investment Board, though. I would be willing to bet that the Board has never considered investing in some profitable companies that produce legal adult pornography, or specialty companies that make items like mass-murderer trading cards and clothing. Imagine what what would be said by Wisconsin Citizens!

But the notion of attempting to spend and invest in what one believes in, or using "social criteria" is very old, very American, and very wise.

As taxpayers, we complain about what we think are poor investments of our tax dollars, judging their use by a set of what we think are good monetary and social criteria. We think certain uses of tax dollars represent poor expenditures and investments. We try to change or eliminate these uses of tax money because they are not in line with what we value.

As consumers, we spend our money on those things that we value. In this way we signal the continued supply of those items to us and others in the marketplace, which is the essence of



a free market economy. Most consumers take in to account a wide variety of factors in addition to price; there is the reputation of the company, durability of the product, its recyclability, etc. etc. This is the way we have always expressed value in America. In fact for most of us, it is the most important way we express what we value, and what we want changed and to remain the same in this country. This is especially true of people who do not vote.

Investing by the State Investment Board works in much the same way. The Board is signaling for the continued support of those companies in which it invests. I sure don't want my money being invested in pornography, which could happen if profit is the only criteria. As for Phillip Morris, which has been a divestment target, it sounds reasonable and sensible to me to have public debate over investments in them. Most people don't buy cigarettes because they hold no value for them. They do not want to spend money, risk their health, and support a product that they do not value. Many people do not want their investment money used to support Phillip Morris for the same reason. This is not unreasonable when, as mentioned before, we consider that some kind of social criteria is probably already in place, whether it is stated or not.

In addition, it is also worth noting that many Americans have been investing for profit according to social criteria for years. Recent issues of *Money*, "USA Today", and the Sunday, July 14 Money Section of the "Press-Gazette" have published articles on the benefits and profitability of social investing.

This issue seems to me to be one where vigorous, healthy, public debate would be most welcome and educational! We could all stand to learn more about public investing, how a market economy works, and how we express our values in what we spend and invest in.

Scott Liddicoat- Member, Brown County Taxpayers Association.

BCTA News

The next meeting of the Brown County Taxpayers Association is scheduled for Thursday, August 15, 1996, 12:00 noon at the Days Inn-Downtown. All BCTA members and interested parties are invited to attend and participate. (See meeting notice on back cover).

A date has not been set as yet for our September meeting. This is normally our annual meeting, at which time we elect new officers and directors for our organization. A nominating committee is preparing a prospective list of directors for approval by the membership. If you would be interested in serving on our board or otherwise taking a more active part in the BCTA, contact Dave Nelson at 433-1476 or Rod Goldhahn at 433-2575.

Renewal notices have been sent to those members whose membership renews during July, August and September. We appreciate your promptness in renewing as there is considerable effort and expense involved in sending out reminder notices. Thank you.

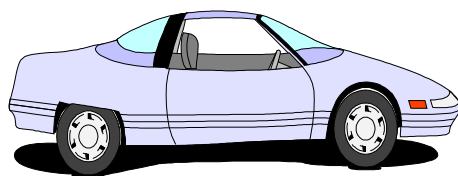
CAR BUYING AND COUNTY SALES TAXES

A few Saturdays ago, I was in Milwaukee coaching my newly graduated son on the sport of buying a new car. (The model he wanted was not in stock in Green Bay.) After some bare-knuckle haggling, we had a reasonably good deal agreed upon. The salesman began to write up the purchase. When he got to the 5.6 percent sales tax (including 0.5 percent for Milwaukee County and 0.1 percent for the stadium commission), I asked him to stop and look at my son's drivers license to verify his legal residence in Green Bay, where we have no county sales tax. The salesman quickly reduced the sales tax to 5.0 percent, painful enough when you remember we pay sales taxes out of the money remaining after income taxes are paid.

On the bright side, being a legal resident of Brown County eliminated the 0.6 percent local sales tax, saving Junior close to \$100. This episode is a reminder that the effort the Brown County Taxpayers Association put into challenging the Brown County sales tax proposal a few years ago was an effort with continuing dividends.

As former Governor Lee Dreyfus said on occasion, "Money is the food of government; we need to keep it on a diet." Let us never forget that bit of wisdom.

Dave Nelson



MEMBERSHIP

The BCTA offers its members an opportunity to be heard on various local issues through the "TAX TIMES" and by participating in our regular monthly meetings. We are always looking for new membership, which is open to all. Call Jim Frink at 336-6410 for more information.

What are your concerns in the Presidential Election?

From *The Wisconsin Taxpayer*

More Wisconsin residents want presidential candidates to address the federal deficit (17%) than any other issue. Other leading concerns are: health insurance (9%); elderly, and unemployment and wages (both 7%); and crime and taxes (both 6%). The least frequently mentioned of the major issues are education and abortion (both 2%). The findings were from a winter statewide survey taken by the Wisconsin Survey Research Laboratory at the UW-Extension; there were 418 respondents.

Wisconsinites List Top Concerns

| | |
|--------------------|-----|
| National Deficit | 17% |
| Health Insurance | 9% |
| Unemployment/Wages | 7% |
| Elderly | 7% |
| Taxes | 6% |
| Crime | 6% |
| Welfare | 5% |
| Foreign Policy | 4% |
| Put U. S. First | 4% |
| Government Waste | 3% |
| Economy | 3% |
| Education | 2% |
| Abortion | 2% |
| Don't Know | 10% |

Do these agree with your list of priorities in the coming Presidential election? Does media coverage of the Presidential race truly reflect the concerns of the voters? Are we receiving too much negative advertising and reporting rather than the positive? What issues should we be focusing upon? Let the "TAX TIMES" know what you think.

"In prison, those things withheld from and denied to the prisoner become precisely what he wants most of all."
Eldridge Cleaver

"Common sense is the knack of seeing things as they are, and doing things as they ought to be done."
Josh Billings

The Flat Tax would cut individual income taxes in Wisconsin.

Comparison of average household tax payments in Wisconsin and average state under current law and under a fully implemented Flat Tax of 17%.

| | Current household ave. tax payments | 17% flat tax est. household tax | Difference |
|-------------|-------------------------------------|---------------------------------|------------|
| WISCONSIN | \$4,308 | \$3,181 | -\$1,127 |
| U.S.AVERAGE | \$4,539 | \$3,417 | -\$1,122 |

In creating this estimate, the Heritage Foundation used the fully implemented tax proposal of Rep. Richard Arme and Sen. Richard Shelby. HR-2060 and S-1050. A free audiotape on the flat tax is available from Mike Riley, **Taxpay-**

Doers of Good Beware: Unconditional Aid Can Injure

Charity expert Marvin Olasky suggests that if the Biblical parable of the prodigal son took place in a modern welfare state, it might have a rather different moral:

"A young man set off for a distant country and there squandered his wealth in wild living. After he had spent everything, he was in need, and so took a job feeding pigs. The work was miserable, and the man visualized an alternative: 'I will go back to my father and say to him: "Father, I have sinned." He was about to return home when an official from Beds for the Homeless saw him and convinced him to spend the night. The shelter offered free food, housing, clothing and medicine and did not require any work in return. The prodigal son stayed on, and grew accustomed to panhandling in the morning, drinking fortified wine and smoking joints in the afternoon, and then eating and watching movies at the shelter in the evening. Meanwhile, the father sat on his porch every afternoon, hoping to see his prodigal son trudge home. Day after day the father yearned for the opportunity to hug him and prepare a feast of forgiveness and celebration. But the son never came."

Right To Vote On Taxes Act **qualifies for California ballot**

From Howard Jarvis Taxpayers Association
Los Angeles, California

The California Secretary of State has certified Proposition 62, the *Right to Vote on Taxes Act* for the November 5, 1996 ballot. If approved by voters in the fall election, the Right To Vote On Taxes Act will guarantee taxpayers the right to vote on new local taxes, require the approval of property owners for new assessments on property, and limit the use of fees.

"The *Right to Vote On Taxes Act* will close the loopholes in Proposition 13 and force local governments to work cooperatively with citizens on the issue of new taxes," said Joel Fox, President of the Howard Jarvis Taxpayers Association.

To give it the maximum strength in law, the Right to Vote On Taxes Act was qualified for the ballot as an amendment to the California Constitution.

The Right To Vote On Taxes Act Will:

- Strengthen existing law to require all new local taxes - like utility user taxes - be submitted to voters for approval.
- Require a majority vote of **property owners** to approve all new assessments on property. (Property owners would vote by mailing in the response card indicating yes or no. Not mailing in the card would be the same as not voting).
- Require existing assessments on property - that do not directly benefit property - ratified by a majority of property owners.
- Provide local voters the right to use the initiative to make changes in local laws governing taxes, fees, assessments and charges.

A statewide survey taken September 1995 showed that **87% of California voters want the right to vote on new taxes.** "There is overwhelming support for our initiatives at the grassroots," said Fox. "The people are tired of being pounded with new taxes, fees, and assessments without their consent."

Over one million signatures were collected by the Howard Jarvis Taxpayers Association and other California taxpayers groups to have this initiative placed on the ballot.

Thank you to Mike Riley of Taxpayers Network, Inc, for providing the above article. It will be interesting to find out what California voters do November 6. In the past, citizen initiatives being placed on the ballot as allowed in California have received mixed reviews, and there are recent examples of rather frivolous referendums costing millions of dollars of taxpayers money to enact. The ***Right To Vote On New Taxes Act***, however seems to be a good example of what motivated taxpayers can do when government does not respond to their concerns.

A New Brown County Jail - Are we ready to go?

At this time, it appears that pushing for approval for construction of new Brown County jail facilities by the County Board is on the fast track.

There is no question that law and order, and proper punishment of criminals convicted of crimes against law abiding citizens is high on the list of priorities for the spending of taxpayer dollars. The question is, how high, and for what?

Endless meetings by our elected public officials, plus studies by expert consultants costing in the six figure range have been expanded to prepare the public for a sensible plan that they are willing to pay for in the years to come.

Where are we? Supported by the premise that the cost of transporting surplus jail inmates to facilities with available space to rent is economically impractical the recommendation is to build a 288 bed maximum-security jail at an **estimated** cost of \$22.5 million.

We agree the expense of transporting and storing prisoners elsewhere is not prudent use of taxpayer money. However, we are also uncomfortable committing what could be an undetermined amount of money to construct and staff a showplace facility that may or may not be the most practical solution to the problems at hand.

The consultants, Dennis Kimme & Assoc., have produced figures estimating that to do nothing, or in other words, continue to transport prisoners would cost the county about \$147 million through 2010. However, to build a new jail as they propose, the total cost would only be \$143 million. Actual construction is estimated at 10-15% of this total, with the rest going towards staff and other operating expenses. They even claim the county could possibly earn \$10 million during that time by renting our extra space to others. We are talking about a lot of money while still dealing only with projections.

There is no question that the present jail is crowded and has other shortcomings. The number of prisoners and demands on facilities will increase each year and must be dealt with. However, it seems that both the \$143 and \$147 million figures are extremely high and we wonder if all present alternatives have been fully considered?

For example, we understand about half of the inmates are non-violent and convicted of misdemeanors (traffic, non-support, etc.) and have Huber privileges to leave the jail to work each day. Only about 20% require maximum security. Do these prisoners require individual air-conditioned cells in a facility that will cost over \$100,000 (including interest) per occupant to build? A 1992 study recommended a 200 bed minimum security detention center away from the downtown area at a cost of \$8.5 million. This could have been expanded as needs warranted. Could unused space at the mental health center or other locations still be used with modifications? Is it really necessary to transport as many prisoners as at present, or is this being done to free extra space. Could adjustments be made in the court system to hold trials on weekends when new bookings are heaviest, or reduce the number of other prisoners occupying space awaiting trial? Are we really considering the cost of staffing and operating a new jail if and when it goes on line? There have to be more alternatives than we have seen offered to date.

One major factor in the cost of a new jail is the ultimate location. As of July 30, there were 14 various sites under consideration not including downtown which was originally favored. Each site could present unique construction problems which could effect the cost dramatically. We sincerely hope the \$22.5 million estimated proposal is not intended as a foot in the door.

Jim Frink.

FACT AND FICTION ON THE MINIMUM WAGE

Minimum-wage workers are the most vulnerable Americans, right?

- * Actually, more adults who earn the minimum wage live in families with over \$30,000 in annual income than live in families making under \$10,000. Over all, 22 percent of minimum wage earners are poor. The majority of poor Americans don't work at all, at any wage.

Minimum-wage work is undignified.

- * Fifty-five percent of minimum-wage workers are youths age 16-24. Many of these live with their parents. Only 2 percent of workers age 25 or older are paid the minimum wage.

You can't raise a family on the minimum wage.

- * Few have to: 89 percent of all workers now making less than the proposed minimum have no spouse or child depending on them as sole breadwinner. Of these, 44 percent are single individuals living with their parents or other family member, 22 percent are single individuals living alone, and 23 percent have a spouse with a paying job.

Minimum-wage jobs are a dead end.

- * Sixty-three percent of minimum-wage workers earn higher wages within 12 months. Seventy percent of the restaurant managers at McDonald's, plus a majority of the firms middle and senior management began in hourly positions. (This includes CEO Ed Rensi, who started at 85 cents an hour in 1965.)

Sources: U.S. Bureau of Labor Statistics; Employment Policy Foundation; Wall Street Journal; Industrial Relations and Labor Review.

What do you think!

There are a number of local and state issues which we are sure to be hearing more about in the months ahead.

Locally, plans to build a new county jail are proceeding through various committees and could be presented to the county board shortly. What are your thoughts on this project? Proponents of a new arena and convention center are pulling all the stops. Do you really believe the use of room taxes and user fees as proposed would pay for this? What about this years referendum by the School Board for new construction. What are your thoughts on land being removed from the tax rolls and placed in federal trust? Do you believe the Dept. of Transportation really requires extra revenue to complete area highway projects? How will other future projects be paid for considering our present tax situation?

Send your comments to the "TAX TIMES", P. O. Box 684, Green Bay, WI 54305-0684.

JULY MEETING NOTES

Mike Riley of Taxpayers Network, Inc. distributed copies of a report, The Fiscal Impact of the NEA's Legislative Agenda, prepared by the Alexis de Tocqueville Inst. of Arlington, Va. The report notes that a \$702 billion federal spending increase would be necessary to fund all the ideas proposed by the National Education Association. This would amount to an additional tax burden of \$10,554 for a family of four. Mike also reported that Kenosha and Cedarburg have September election referenda to authorize overruns of the state spending caps for schools.

Pat Collins, Brown County Supervisor and candidate for sheriff presented his thoughts about the proposal to build a new \$22.6 million Brown County jail. He noted that a 1992 study, which cost Brown County \$100,000, has been shelved and ignored. The 1992 study recommended building dormitories to house non-violent prisoners, including those with work-release (Huber Law) privileges. Dormitories would cost a fraction of the \$22.6 million jail being proposed. Supervisor Collins questioned the need for air conditioning and for single-occupant cells. He also questioned the validity of the jail population projections used to justify the proposed 288 secure bed facility.

Brown County Supervisor and Green Bay Alderman Roger Vander Leest stated that he support jail alternatives due to the high cost per bed of the proposed secure facility. He reported that a new, 84-unit motel is being built in Ashwaubenon for only \$1.4 million, in comparison. He noted that the City of Green Bay pays 45 percent of the taxes supporting the Sheriff's Department, but receives virtually no patrolling or investigative services in return. Supervisor Vander Leest also shared his concerns about the amount of property being removed from the tax rolls and becoming Indian Trust property. He estimates that lost property tax revenues will increase to a level of nearly \$800,000 by the end of this year when school, municipal, and county taxes are all considered.

David Nelson - Secretary

"Too many people expect wonders from democracy, when the most wonderful thing of all is just having it."

.....Walter Winchell

"Journalists do not live by words alone, although sometimes they have to eat them."

.....Adlai Stevenson

"A straw vote only shows which way the hot air blows."

BCTA Meeting & Events Schedule

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

September - BCTA Annual meeting. Program, time and place to be announced. Details will appear in the next "TAX TIMES"

Thursday - Oct. 17, 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)

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

Become a More Active Member in The BCTA.

The Brown County Taxpayers Association fiscal year ends September 30, and that is the time we start with a new slate of directors and officers.

If a member of our nominating committee calls to ask you to become one of our 18 directors, we hope you will give them a favorable response. In addition to our directors, we need help on our local, state, schools, publicity and membership committees.

As an organization, we can only be as effective as our membership makes us.

Thank you for your support.

"The wheel that squeaks the loudest is the one that gets the grease."

.....Josh Billings

The TAX TIMES

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