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# ◆ The TAX TIMES ◆

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## February Meeting to Discuss Arena Financing Plan.

Our next meeting (Feb. 20) will focus on the arena issue. Mr. Keith Kolb, the bonding individual for the MECCA group will make a presentation and respond to questions. I hope many of you will be able to attend.

I need to update some numbers presented in the last *TAX TIMES*. First, the actual growth in room tax was much higher than previously indicated. My recalculation shows an average increase of 13.24% since 1971. The average annual increase from 1989 through 1995 is 8.5%. These numbers are substantially higher than I last reported. My mistake, I added the wrong columns. New information also would put naming rights at \$5 million rather than \$15 million. The annual anticipated paid ticket attendance would remain at about 500,000.

To keep the cost of the arena on the room tax and not the taxpayer means we would need to increase the 6% tax to 7%, so not to add to the Green Bay and Ashwaubenon taxpayer bill. They would keep the 1% they now receive.

If we assume that the naming rights and individual ticket tax are applied to the debt, about \$4 million a year would be needed from the room tax. This figure could be reached by 2003 with an average increase in room tax revenues of 8.5%, or in 2004 with an increase of 6%. (Note box below).

Assuming the naming rights money goes into a fund for covering losses and the \$4.5 million needed each year is reached by 2003 at an 8.5% growth rate or even at 2006 at a 6% growth rate would mean that the room tax is indeed a viable method of funding for a new arena.

How about operating losses and capital? If the room tax would continue to increase, both of these issues could be handled easily in an additional two years. Why then are we in such a hurry to go into this debt? Why don't we increase the room tax now and start a reserve fund to pay for these structures in a normal payment strategy. What happens to the room tax if gaming pacts aren't extended. This is a big unknown and will be resolved in 1998.

The taxpayers association of Brown County needs your input.

**Frank Bennett, Jr. - President**

### **Room Tax Numbers**

Increase in Room Tax since 1971 has averaged 13.24%. Since 1989, 8.5%. 1971 actual room tax collections were \$54,859. 1995 collections at a uniform 6% would be \$2,064,171, and would have been \$2,408,199 at 7%. 1971 Room "Sales" for the Green Bay metropolitan area were \$1,828,633. 1995 Room sales were \$35,893,813.

If a net 7% room tax would be available to apply against an arena and convention center debt, the following estimates are the room tax which *could be collected* assuming increases of 3%, 6% or 8.5% in room sales.

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

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# Is This The Way to Run a Business?

A recent news article reports that the IRS has spent **\$4 Billion** in developing computer systems that “Do not work in the real world,” and are considering hiring outside contractors to process tax returns. They somehow or other found that their customer service representatives use as many as nine different computer terminals, each of which is connected to a different data base. In fact, the assistant commissioner of the IRS admitted that he doubts they even have the capability of developing a workable computer system, and may survey private companies about how to improve their system which processes 200 million tax returns each year and is responsible for \$1.4 trillion in revenues.

Predictably, IRS lawyers and civil service supervisors are protesting under the pretext that any privatization would effect “privacy”, or is it that they fear it would jeopardize the status quo of their 106,000 employees?

In the meantime, you and I and the people we do business with are encumbered with extremely burdensome reporting procedures which are supposedly designed to prevent tax fraud and make it easier to “pay our fair share of taxes.”

Rest assured that whenever a large corporation encounters losses due to poor management practices the IRS will thoroughly audit every transaction to assure that the government has not been cheated. The shareholders of the corporation may have something to say about

their management also.

From the day we are born we must provide our social security number for every penny of interest or other income we receive to the IRS database. A database that doesn't seem to have the capacity of ferreting out illegal aliens with false identifications or otherwise using another persons identity. In the meantime, untold billions of dollars of potential tax revenue are not collected simply because the system is poorly managed. It seems ironic that the agency responsible for establishing and administering the accounting procedures which we must all follow to determine taxable income doesn't seem to be able to keep its own house in order.



Remember that if one group of citizens does not pay their share of taxes, it places additional burden on those who do. The government can design and implement new systems and procedures until they are blue in the face with no improvement. What to do?

Just like any successful business; until management sits down and figures what they are trying to do and accomplish and how to go about doing it in a cost effective and efficient manner, the politicians and bureaucrats they protect will continue to milk the system for all it's worth.

Jim Frink

# Could Sewage Disposal Facilities be Privatized?

A recent report from Milwaukee suggests the Metropolitan Sewerage Commission hire a private company to operate its sewage treatment plants and market their dried-sludge fertilizer, *Milorganite*. This was the result of a survey by a consulting firm which compared sewage plant management contracts in over 30 other communities.

The claim was that competition for operating contracts could reduce costs, as well as reducing the number of employees and managers, cutting administration costs, reducing absenteeism, etc.

Although such a proposal would likely encounter many obstacles, including whether the plant facilities themselves should be privately owned, who would be responsible for payment of existing bonds, and who would have the ultimate responsibility for final decisions, a lot of interesting possibilities exist, (not the least of which is that they would have a tremendous amount of *Milorganite* to sell.)

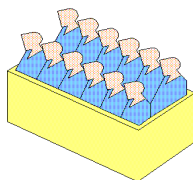
Possibly out of fear that some privatization could take place, the sewerage district has already announced it will eliminate 10% of its Workforce this year and hopes to keep reducing their operating costs accordingly. In any event, as the cost of government facilities and services keeps growing we assume that more efforts at privatization will be made at all levels.

The Brown County Taxpayers Association has endorsed privatizing taxpayer supported services providing that better and more cost efficient operations would be the result.

Material submitted by Rob Miller.

**“A jury consists of 12 persons chosen to decide who has the better lawyer.”**

. . . Robert Frost



**Status Quo, you know, that is Latin for, the mess we're in.”**

## JAIL SITE SELECTION COMMITTEE STILL LOOKING.

At last reports, an acceptable site for a proposed new Brown County jail had not been selected due in part to previous locations being rejected and new suggestions being offered. We realize this is a complex matter, and trust the committee will keep in mind the criteria of keeping the ultimate cost to the taxpayers in mind as they make their decisions.

**“ A public debt is a kind of anchor in the storm. But if the anchor be too heavy for the vessel, she will be sunk by the very weight which was intended for her preservation.”**

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# Taxpayer Protection Measures to be Reintroduced

By State Representative Mark Green, Majority Caucus Chairman

*"If Patrick Henry thought taxation without representation was bad, he should see how it is with representation."*

Farmer's Almanac

As the media has reminded people at every opportunity, the November elections weren't especially kind to Republicans in many states. For example, Democrats gained control of seven additional legislative chambers on November 5. The number of states where the GOP controls both houses fell from 18 to 17, while states with complete Democratic control increased from 17 to 20.

Assembly GOP leaders believe the reason our house bucked this trend (we not only held the majority, but we actually gained one seat) was that our entire legislative agenda was built on delivering Wisconsin's first real property tax relief in a generation. We gave taxpayers the largest single tax cut in state history, and accomplished this feat by cutting spending and streamlining government bureaucracy,

Of course, true tax relief is not a single event or accomplishment, but a long-term commitment to limited government and fiscal responsibility. That's why we're reintroducing this Spring several measures that will ensure that Wisconsin's hard fought tax relief cannot be stolen away with shifting political fortunes. These measures include:

1. A Supermajority Requirement for Tax Increases - Under this proposal from Rep. Bonnie Ladwig, the state could not raise sales or income tax rates unless the Legislature approved the increase by a 2/3 majority vote. This concept has the support of such leading taxpayer groups as Grover Norquist's Americans for Tax Reform.

2. Mandate Consultation Act - I will soon reintroduce my joint resolution on unfunded federal mandates. Often referred to as the "Mandate Consultation Act," this plan would publicly ask the members of our Congressional delegation to annually meet with the State Legislature to discuss our concerns over the growing problem of unfunded federal mandates placed upon state and local governments. According to Budget Office rough estimates, unfunded federal mandates cost the state of Wisconsin at least \$100 million each and every year. Beyond the obvious fiscal problem, such mandates destroy government accountability (it's called "passing the buck.") Last session, this resolution passed the Assembly on a wide bipartisan basis, only to die without a vote in the State Senate. My proposal has the support of leaders like Toby Roth and Scott Klug, and groups such as the American Legislative Exchange Council and the Heritage Foundation.

In addition to the Mandate Consultation Act, I will also reintroduce my resolution calling for Congress to support a Bal-

anced Budget Amendment. According to leaders I met with in Washington recently, Congress will likely consider some form of Balanced Budget Act early this session. They believe that state resolutions in favor of the concept will put public pressure on "stragglers."

There's a lot of work ahead for all of us if we want to make tax relief a reality in Wisconsin. While the challenges we'll confront in the months and years ahead will certainly be significant, the Legislature's recent accomplishments prove that taxpayers can and will be heard in the halls of the Capitol!

Rep. Mark Green

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## Taxes, taxes and more taxes.

Thomas Jefferson once wrote that a "wise and frugal government" shall not "take out of the mouth of labor the bread that it has earned."

According to the Washington-based Americans for Tax Reform, **the average cost of a loaf of bread @ \$1.14 includes approximately 35 cents in taxes.** In other words, more than 30% of the cost of a loaf of bread goes to cover the cost of taxes imposed on bread production and sales. What kind of taxes? Better sit down because the list isn't short:

Federal corporate income taxes, federal individual income taxes, federal employee payroll taxes, state and local property taxes, state corporate income taxes, state individual income taxes, state corporate license fees, state unemployment compensation, energy taxes, energy environmental surcharges, state telephone taxes, telephone service excise taxes, toll telephone excise taxes, local business taxes, truck excise taxes, diesel fuel excise taxes, user taxes for heavy highway vehicles, state gasoline taxes, motor vehicle and operator licenses, highway user fees and tolls, tire disposal fees, oil disposal fees, environmental impact taxes, state wheat farmer check-off taxes, state and local sales taxes, etc. etc.

Bread is not the only thing which is highly taxed: A 50 cent can of soda hides about 18 cents in tax. A bottle of beer can include 43% in tax while a bottle of 80 proof liquor costs you 72% for taxes.

A hotel room costing \$80 per night includes \$34.40 for taxes imposed on hotels. It doesn't specify if the \$80 was before or after local and state sales and room taxes. 40% of the cost of an airline ticket goes towards taxes, while 25% of your monthly electric bill goes to cover taxes imposed on electric power production and sales.

Two reasons these "hidden" taxes are popular with government "revenue enhancers" is that people don't complain about what they cannot see, and responsibility for collection is left to the private sector - **who also get blamed for high prices.**

From Mike Riley, *Taxpayers Network, Inc.*

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## From Our Readers:

### The Real Story on the Fox River Cleanup

The Fox River Coalition is described as an industry/government/citizen partnership. It might more accurately be described as a partnership of polluters, politicians, and the DNR. There are no private citizens in this coalition, to my knowledge.

Of the \$900,000 spent so far on data collection and analysis of the Fox River sediments, industry has provided not more than \$150,000. The rest has come from government grants (read, taxpayer dollars).

The terrible harm that P. C. B.'s and dioxins do to humans and other life forms has been known for thirty-five years, but the paper mills chose to ignore this and continue to dump their poisons into the river. Now they want the taxpayers to foot the bill for the cleanup.

The idea that the seven major polluters could not absorb the cost of cleanup, over a period of years, is ridiculous.

The U. S. Fish and Wildlife Service is following its mandates under federal law and should be commended for conducting its damage assessments. Instead, it's bad-mouthed by the governor and the Thompson-dominated DNR.

The DNR and the Fox River Coalition have had more than ten years to come up with a cleanup plan and they still haven't come up with one. Recently, several government agencies met with the seven paper mills in a closed meeting to discuss a possible "Memorandum of Understanding", which would pave the way for an out-of-court settlement. The meeting did not result in an agreement, but they intend to hold further meetings. In the meantime, the clock is running and the "statute of limitations" could soon run out, possibly as early as March.

What happens then? Industry could be off the hook, and you and I, the taxpayers, could be left with the billion-dollar cleanup bill.

A letter to the president and your Washington representatives supporting the U. S. Fish and Wildlife damage assessment, might help. While you are writing, why not send a copy to the governor and your state legislator?

**Bob Schmitz, Green Bay**

**Editors Note:** Although the Brown County Taxpayers Association has not taken a stand on this current issue of importance, we are all concerned with the environment and the potential cost to taxpayers of keeping it clean. Since this article was submitted, we understand that a total of \$10 million has been pledged by seven area manufacturers as a down payment towards further study and pollution cleanup of the Fox River. We thank Mr. Schmitz for his interest.

**"A 'NO' uttered from deepest conviction is better than a 'YES' merely uttered to please, or what is worse, to avoid trouble."**  
..... Mahatma Gandhi

**"A fanatic is one who can't change his mind, and won't change the subject."**  
..... Winston Churchill

**"A candidate is a person who gets money from the rich, and votes from the poor, to protect them from each other."**  
..... Anonymous

## The Red Sea, Chapter 6: The Federal Pension System

The federal government sponsors 51 different pension plans, consisting of 34 defined benefit plans and 17 defined contribution plans. The pension plans have more than 12 million participants, including active workers, retirees, and their survivors. The largest single plan by far is the Civil Service Retirement and Disability Fund (CSRDF). **The CSRDF provides benefits to nearly 90% of federal employees, including elected officials (members of Congress and their staffs).** At the end of 1995, there were 2.31 million individuals collecting benefits from this plan.

The Military Retirement System (MRS) is the second largest federal defined benefit plan, with 1.84 million benefit recipients.

Like Social Security, the major federal pension programs are financed through government trust funds. The operation of the Social Security trust fund, however, is simple by comparison. With Social Security, the Treasury collects payroll tax revenue from employers and employees, while paying benefits to current retirees. Since Social Security payroll taxes currently exceed benefit payments, the Treasury borrows the surplus to finance other government spending and issues. **The federal budget deficit appears to be less than otherwise as a consequence.**

Financing the trust funds of federal pension programs involves a complicated series of intra-governmental transactions that are not readily observable in the budget. Federal employees are generally required to contribute 7% of their basic pay toward their pension coverage. Military employees are not required to make contributions to their pension plan.

It is when benefits are paid that the activity of the federal retirement programs really show up in the budget. Each month the trust funds redeem unmarketable securities and use the cash - which comes from general tax revenues to pay benefits, which show up in the budget as outlays. In 1995 CSRDF benefits totaled \$39.8 billion, while MRS benefits were \$28.8 billion. The bottom line is that those benefits are projected to grow and contribute to an overall rise in mandatory spending and the budget deficit. Unlike Social Security, contributions by employees/employers to the federal pension funds are not adequate to finance current benefits. **In 1995, for example, contributions to the Civil Service Retirement System were \$8.4 billion with benefit payments of \$37.4 billion.**

According to a recent General Accounting Office report, the 34 federal defined benefit plans had accrued liabilities (in excess of expected contributions) of \$1.52 trillion as of Sep. 30, 1993. Policymakers have proposed some reforms to federal pension programs, but few changes have been implemented. Included were provisions to make larger contributions, delay cost-of-living adjustments, raising the retirement age, etc. Currently employees with 30 years of service generally can begin collecting full benefits at age 55.

In any event, **the \$1.5 trillion plus in unfunded federal pension liabilities only adds to the stresses associated with Social Security and Medicare.**

\* \* \* \* \*

Material from Merrill Lynch & Co. "*Corporate Strategy & Research*," submitted by **Ray Krusic**.

## New State Legislature Faces Leftover Problems.

Three problems will probably dominate Wisconsin government during the next two years, and all of them are rooted in money.

First, school property relief will continue to drive state finances. Of more than \$1.2 billion in relief paid during 1995-97, almost \$400 million will not be permanently funded until next year. More than \$600 million in new money will also be needed during the 1997-99 biennium to keep the state's pledge to provide two-thirds of school revenues.

Next, the Department of Corrections is asking for an additional \$211 million to care for a soaring inmate population. Thus, between schools and prisons, \$1.25 billion in increased spending is requested for 1997-99.

On the other side of the ledger, the Dept. of Revenue *estimates* that general purpose revenues will grow \$1.28 billion during the same period. This suggests there will be little money available for other new programs, and that spending cuts or tax and fee hikes lie ahead.

Transportation is another problem to be addressed. Proposed gas tax hikes have been opposed by anti-tax Republicans and anti-highway Democrats. The DOT claims that highway rehabilitation, construction of Milwaukee area freeways, and other improved construction could cost as much as \$4.8 billion by 2008-09. They claim that since 1987-88 transportation related spending has grown 21.7% while offsetting revenues have increased only 16.3%.

Borrowing has made up the difference in the past, but if current trends continue, state auditors project that by 2001-02 proceeds from new bond sales will not even cover the existing bond debt that must be repaid.

From "The WISCONSIN TAXPAYER", Jan., 1997, published by the Wisconsin Taxpayers Alliance, 335 W. Wilson, Madison, WI 53703-3694.

## Comments on the Social Security System.

When I look at our working people in their 20s, 30, and 40s, I think to myself: ***Our present Social Security system is simply not acceptable!*** These people (our working citizens) deserve better. They deserve to have their own personal retirement account. An account that is owned by them, not by the government.

According to Cal Thomas of the Los Angeles times, when Chile transitioned from the old system to their new system of Pension Savings Accounts, it used three basic rules:

- The government guaranteed those already receiving a pension that they would be unaffected by reform unless they chose to enter the new system.
- Every worker already contributing to the pay-as-you go system could choose between staying in that old system or moving to the new one. Those who left the old system were given a "recognition bond" that was deposited in their new *pension savings account*.
- All entrants to the Chilean labor force are required to enter the new system.

We now have our new 105th Congress. Be sure to contact your Congressman and express your feelings on our broken Social Security system. **Phone 1-800-962-3524 and ask for your Congressman's office.**

Mike Riley, Taxpayers Network, Inc.

### FWTO Meeting Sat., Feb. 17.

The Federation of Wisconsin Taxpayers Organizations is holding a special meeting at the UW Center, 1500 University Dr., Waukesha, at 10:00 A.M. Sat. Feb. 17. Speaker will be Mary A. Lazich, Rep. 84th Assembly Distr. Cost is \$8.00, payable at the door. The FWTO is very supportive of the BCTA, and we would like to be represented if possible. Call Jim Frink or Dave Nelson for complete details.

**"Like mothers, taxes are often misunderstood but seldom forgotten."** . . . Lord Bramwell

## January Meeting Notes

BCTA President Frank Bennett presented a set of estimates of future room tax revenues for contributing to debt service of the proposed arena and convention center project. Liability for debt service if revenues fall short of estimates was a concern of the BCTA directors. It appears that shortfall contributions will be assessed amount the participating municipalities based upon their property valuations. Other concerns were discussed, including the integrity of the financing plan, the effects of potential changes in gaming action, and the lack of a capital contribution by UWGB, the largest benefactor of the arena project.

Frank Bennett reported that a \$1.2 million bonding for remodeling the Sophie Beaumont Office Building to provide space for 58 Social Services employees has been delayed for further study. This project has a 15-year payback. The Housing Allowance Office has extra space that is being leased to them.

Frank also reported that Brown County will spend about \$2 million for prisoner boarding this year if present trends continue. Lower cost alternatives to boarding prisoners in other counties' jails are being investigated.

Dave Nelson, Secretary

## E-Mail Your State Representative.

The E-Mail address for representative Mark Green is: **REP.GREEN@LEGIS.STATE.WI.US**

Representative Frank Lasee would be: **REP.LASEE@LEGIS.STATE.WI.US**

It appears the only change from one representative to another is placing their last name in the appropriate place.

### Membership.

It is appreciated that most of our membership has responded promptly when they receive their annual dues notices for the BCTA. Just a reminder if you have received a statement and perhaps misplaced it. Call **Jim Frink at 336-6410** if there is any question regarding your membership status.

Thank you.

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## BCTA Meeting & Events Schedule

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- Monday** - **February 17, 1997, President's Day**  
(No Mail Delivery)
- Tuesday** - **February 18, 1997, Primary Elections.**  
Important races for the Green Bay School Board and State Superintendent of Schools.
- Thursday** - **February 20, 1997, DAYS INN - Downtown**  
**12:00 Noon - Monthly Business Meeting**  
Speaker, Keith Kolb, MECCA Bonding.  
Discussion on proposed Arena financing plan.
- Thursday** - **March 20, 1997, DAYS INN - Downtown**  
**12:00 Noon - Monthly Business Meeting**  
Program to be announced.

**Cost - \$6.25 per meeting - Payable at Door**  
**NEW - Meeting now conducted in the "WEST" Room.**  
Call **499-0768** for reservations - (Leave Message)

**All members of the BCTA, their guests,, and other interested parties are cordially invited to attend and participate in our open meetings.**

**February, 1997**



### **A Special THANK YOU!**

It is gratifying that many members of the Brown County Taxpayers Association have supported us since we were organized over 10 years ago. We try to practice what we preach and have not increased or intend to increase our dues. We do want to give a big thank you, however, to those who have made extra contributions with their renewal payments. **It is greatly appreciated.**

**Next BCTA Business Meeting**  
**Thursday, February 20**  
*Mark your Calander.*

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## The TAX TIMES

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**AND MORE !**