
◆ The TAX TIMES ◆

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THE YEAR IN REVIEW *What Has the BCTA Accomplished?*

This marks the start of a new year for your Taxpayer organization. As we begin this twelfth year we can be proud of the past achievements in helping government use our tax dollars wisely. The education program of how other counties used the 1/2% sales tax was a major factor in Brown County **NOT** having one. This is probably our largest single achievement to date.

What have we done lately? The education of our membership on current needs proceeded results this year. Mark Quam updated us of the new W2 plan and the anticipated reduction of people on our welfare roles. Keith Kolb filled us in on the financial plan for the arena and convention center. We are still awaiting for the final plans to be released. Sheriff Tom Hinz made a presentation of the existing jail and shared statistics on the jail population. Nancy Nusbaum along with Greg Kiel and Pat Webb shared the County budget with us. Ron Delain covered the Vision 20/20 report for us and even if we didn't agree with all the points, we were appreciative of the efforts and the clarity of the planning group on the directions they suggest. All in all a major year in information sharing.

What have we done with this information and have we shaved a few dollars off the shoulders of the county taxpayer? Our review of the arena and convention center master plan at the main library led us to draft a letter with our concerns and in the reply were told these concerns would be addressed in the final plan. The jail situation may require additional action on our part as the lack of a site will result in several million dollars being wasted by transporting prisoners when we should be housing them in our own jail. The yet to be released County Budget will indicate a substantial increase in housing and transportation dollars for prisoners and also indicate an overtime figure which would put business to shame. Our discussion with the County Administration Committee resulted in updates to the Sophie Beaumont building that didn't include an additional floor to be used as rental space. This saved over one million dollars of construction that would have been financed. Yes, we have had an impact during the past year.

In addition we co-sponsored an event to give people more information about Social Security, and some options for the system. It is obvious that without major changes many people will not receive the expected benefits as the money just won't be available. One suggestion is to take the system private as done in Chile with great success.

What about next year? The amount of money to be bonded will be of major concern. The new jail, additional libraries, a new or modified Mental Health Center all could add dramatically to our tax bill. We will stay on top of these issues. Our member survey conducted this past summer tells us we need to a better job in the area of school spending. We will devote additional effort in this area.

Frank S. Bennett, Jr., President

The BROWN COUNTY TAXPAYERS ASSOCIATION
Promoting Fiscal Responsibility in Government

Does Brown County Need a Sales Tax?

From time to time, (particularly when budgets are being prepared or a new capital spending expenditure is being promoted), there is likely to be some group or individual claiming that imposing the .5% county sales tax would be the ideal way to fund their project. An example is the recent suggestion in a local paper that this would be a good way to convince one of our rural communities to accept placement of a solid waste disposal site for the rest of the county.

We acknowledge that the revenues from a county sales tax would be an attractive enhancement to any spending program or project but the fact still remains that so far we have survived very well without it. Arguments that the sales tax provides property tax relief, would be paid for by other than residents, or would not be noticed due to the small amount are simply not true. **It is simply another burdensome tax.**

Property tax relief? The **Wisconsin Taxpayers Alliance** reported in their April, 1996 "**Wisconsin TAXPAYER**" that of the 39 Counties imposing the tax (Excluding Milwaukee), and having it for more than 4 years prior to 1994, a **24.6%** increase in property taxes in the years 1991-1994 was experienced. The 24 remaining counties which had never imposed the tax had only a **22.4%** increase during this period. Milwaukee county was excluded due to the size of its budget and unique relationship with the state. These numbers do not take into consideration that the counties with sales tax pay this tax **in addition** to property taxes.

The average per capita amount of county sales tax collected for 46 counties with the tax in 1995 was \$42.73, which varied largely due to the economic demographics of each county. Nonetheless, this is still a considerable burden to place on a family who lives here the year round and supports local business. The argument that much of the tax would be paid by tourists may be valid in Door county, but it would still add \$100 to the cost of a \$20,000 motor vehicle purchased by a Brown County resident.

In March of 1994, in response to the proposal of financing a new arena with sales tax proceeds, the **Brown County Taxpayers Association** prepared a rather extensive study comparing the status of those Wisconsin counties which had already imposed the .5% sales tax with those that had not. Following are the conclusions of our study. Even though three years have passed, we would believe the results or our conclusions have not changed to an appreciable extent.

Conclusion #1 - The County Sales Tax does not reduce property taxes. From 1985 through 1992 total property tax collections increased 67% for counties with

the sales tax, but only 64% for all counties in the state. These numbers **do not** include sales tax collections.

Conclusion #2 - The County Sales Tax Fuels Additional Spending. Counties with the sales tax collected 27% more per capita tax dollars than those without the tax. The sales tax was \$42.69 per capita compared with \$42.73 in 1995. (Note the small per capita increase which could indicate a lack of growth in the sales tax counties.)

Conclusion #3 - The County Sales Tax Increases the Appetite for Debt. Although the sales tax was intended to reduce debt, bonded indebtedness of counties with sales tax increased 121% from 1984-1991 while it increased only 90% in counties without the tax. It indicates a greater willingness to assume spending projects and debt payments to burden their budgets.

Conclusion #4 - County "effective" Tax Rates are Higher When the Sales Tax is Imposed. In 1992, for the first 28 counties with sales tax, the effective tax rate (property and sales tax combined) per \$1,000 full assessed valuation for county purposes was \$6.312, while counties with property taxes only, the rate was \$5.039. A difference of 25%. The Brown County rate at that time was 4.682%.

We concluded that this was strictly an additional tax and not a substitute for an existing tax. One must also remember that the sales tax applies only to the county portion of your property tax bill, and does nothing to relieve school, municipal, or other assessments. A few copies of this study are still available if anyone has questions.

Currently, the PES lists Brown Counties 1996 property tax rate at \$5.11, or a little over the statewide average of \$4.78. There was a .3% decrease from the previous year, which indicates good financial management. *It is interesting to note that 21 of the counties with sales tax have higher property tax rates than Brown County, (plus paying the sales tax.)* One other observation is that tax increases are often driven by spending habits more than necessity.

There are several large capital projects being debated at this time in Brown County. We are not questioning the importance or priority of any of them. However, whatever is approved must also be paid for. Is it prudent to use the sales tax as a crutch for a higher level of spending? Our studies indicate **NO!**

Other compelling reasons to oppose a county sales tax are that it places merchants at a competitive disadvantage with neighboring counties. We already hear a lot of complaining about losing retail trade to Outagamie and Winnebago counties. Any

Sales Tax - Continued

business operating in multiple counties has a greatly increased bookkeeping burden to comply with the Dept. of Revenue.

Unfortunately all it takes to have the tax imposed is for a county board to enact an ordinance and advise the Dept. of Revenue. In many cases, it appears that this action was taken rather clandestinely, with little opportunity for public input. There is no record of a public referendum favoring a sales tax regardless of how important the purpose intended or how high property taxes had become. Recall the 1994 referendum proposing a sales tax to finance a new arena in Brown County.

We realize that dependence on the property tax has many inequities and limitations. It still seems to provide adequate funding when prudently managed, and makes our elected officials responsible for their spending decisions. A majority of members now on the Brown County Board and other county officials had indicated to the BCTA they would not support a county sales tax prior to the last election.

It is difficult to imagine anyone running on a platform of supporting this tax. However, a new county board will be elected in the coming spring elections and we feel it is extremely important that you ask the candidates in your district where they stand on this issue. There is too much at stake. The Brown County Taxpayers Association will continue to vigorously oppose imposition of a county sales tax. What do you think?

Jim Frink

SAFETY NEGLECTED BECAUSE OF INFLEXIBILITY IN HIGHWAY LAW - The Findings of a New Report on Highway Enhancements". *Cemeteries, Sailing Schooners, and Hay Barns paid for with highway dollars.*

By Gary Delveaux.

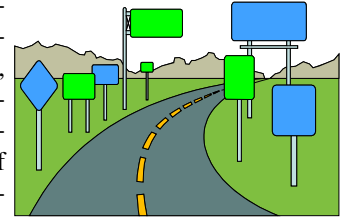
\$52 Million in safety improvements to dangerous roads and highways like highway 57 could have been made all across Wisconsin except for a federal law that has frozen the funds in inflexible accounts that can only be used for "transportation enhancements."

Federal taxes collected from motorists have spruced up a cemetery in Texas, restored a civic center mural in Montana, produced a video in North Dakota, made a sculpture about the history of flight in Ohio and funded over 5,300 similar enhancements projects across the United States. (Source: **American Highway Users Alliance**).

Under the six-year old Intermodal Surface Transportation Efficiency Act (ISTEA) states and localities are actually



forced to divert highway funds for these so-called enhancements. This law sets aside highway funds exclusively for enhancements and stipulates that they cannot be used for road and bridge improvement. Basically, the law mandates that 10% of Federal Surface Transportation Funds (STP), plus 5% of other highway funds be used for 10 categories of highway enhancements including pedestrian/bicycle facilities, acquisition of scenic sites, landscaping and other beautification projects, historic preservation, control and removal of outdoor advertising, and archaeological research. These funds come from the 18.3 cent per gallon federal gasoline tax which we all pay.



It is obvious there is a lot of room for mischief in the use of these funds. We do not argue the reasoning for providing for these enhancements. The problem is that large amounts of money are involved, and funds for these projects should perhaps come from other sources.

Meanwhile, Wisconsin has lost 3,584 lives in the same period because needed safety projects did not receive the funding they needed. Shouldn't states at least have the option of using these funds to correct dangerous highway situations?

I was recently part of a delegation to Washington D. C. representing the Wisconsin Economic Development Assoc. (WEDA). There were a dozen highway/transportation organizations included in the delegation, and we visited with our congressional representatives to stress the importance of Wisconsin receiving its fair share of the Federal Highway Dollar.

The objectives of the meeting was to make sure that in the future Wisconsin wasn't just a "donor" state and would receive a fair share of the Federal Transportation Budget, without raising taxes.

We questioned why the money needed to be sent to Washington in the first place, and to make sure monies collected for transportation were indeed used for transportation.

The reception went well and we heard a lot of rhetoric. We now await results as the House and Senate develop their versions of the new ISTEA Bill. I am cautiously optimistic that Wisconsin will fair much better this time around. Stay tuned.

Gary Delveaux
For Brown County Taxpayers Association

Property Tax Offers Best Value?

The Wisconsin Taxpayers Alliance reports that a nationwide survey found that, in states with an income tax, the highest percentage of respondents (60%) felt they got more of their money's worth from the local property tax than from the federal (42%) or state (56%) individual income tax. While the percentages, by respondents' income level tended to be evenly divided between the state income and local property taxes, those in the salary ranges of \$15,000-\$25,000, \$45,000-\$55,000 and above \$65,000 felt more positive about the local property tax.

State and Local Taxes as a Percentage of Personal Income.

State	%	Rank
New York	15.5	1
Alaska	14.2	2
WISCONSIN	13.7	3
Hawaii	13.7	4
New Mexico	13.2	5
Minnesota	13.1	6
Wyoming	12.9	7
Vermont	12.9	8
Iowa	12.6	9
Maine	12.5	10
Michigan	12.4	11
Arizona	12.4	12
Connecticut	12.3	13
Utah	12.2	14
Washington	12.1	15
Missouri	9.6	49
Alabama	9.4	50
U. S. AVERAGE	11.7	

Source - Wisconsin Taxpayers Alliance. Aug. 1997 "Wisconsin TAXPAYER".

Editors Note: Most comparisons place Wisconsin's tax burden at or near the top, largely due to higher than average property and income tax rates. The above table compares local taxes as a percentage of per capita income. This varies considerably from state to state, with Wisconsin about in the middle.

SUPPORT THE BCTA !

**Annual Meeting
Monday - October 20, 1997**

State Representative **Mark Green** will discuss the 1997-98 Wisconsin State Budget.
Details on Page 5

What Else is in the New Tax Bill?

Although most of the publicity regarding the recently approved Federal "Tax Reduction" bill has been directed towards making individual taxpayers think they will be better off, there possibly are a lot of provisions in its 1,200 pages that we are going to wonder about in the years to come.

Example, *Forbes* Magazine questions section #4507 of the bill as promoting socialized medicine, without notice and without public debate. Apparently, and quite simply, effective Jan. 1, 1998, American Doctors who treat a patient who is eligible for Medicare without billing Medicare must sign an affidavit to the Secretary of Health and Human Services that he or she will not treat a single Medicare patient for the next two years. Apparently, in certain cases, a patient would not be able to go to the doctor of his choice even if he was willing to accept private pay for his services.

Whether this was something that the medical profession lobbied for is questionable, but it seems that mandates such as this should be covered by other legislation.

There are supposedly 824 changes and other provisions in this tax bill to benefit or restrict all sorts of interest groups. The average individual tax cut is supposed to be about \$70, and *Forbes* suggests that due to a dozen new tax forms, schedules and worksheets, more people than ever will be going to commercial tax preparers with an average charge of \$72.00.

Tribal Gaming Profits Continue to Grow.

The state's share of gaming profits has dropped since 1993 largely because of declining interest in greyhound racing. The state received over \$7 million from greyhound racing taxes in 1993, but less than \$4 million in 1996. Bingo gaming taxes in 1993 were \$480,868. They rose modestly to \$542,336 in 1996.

The largest growth has occurred in Indian gaming. However, state revenues from such activities are limited to \$350,000 annually. State compensation is determined by separate compacts signed with 11 tribes. The compacts were signed between August 1991 and June 1992. Each expires after seven years, meaning the first will expire in August of 1998.

As other gaming revenues fall and Indian gaming profits continue to rise, (see below), the state is looking to increase its share. One option is exclusive gaming rights. Two states—Michigan and Connecticut—give tribes exclusive casino rights. Michigan receives 8% (\$35.0 million in 1996) of the winnings and local governments get an additional 2%. (\$8.7 million in 1996). Connecticut receives 25% (\$208 million in 1996) of net casino revenues, plus regulatory costs (\$5.2 million in 1996).

Total Gaming Profits in Wisconsin 1992-1996 (In millions)

1992	\$59.3
1993	\$157.8
1994	\$203.1
1995	\$246.4
1996	\$280.1

Source: Wisconsin Taxpayers Alliance. Sept. 1997 "Wisconsin TAXPAYER."

"A fair tax in one that's equally painful to everyone."

. **Cullen Hightower**

"No one's more ethical than someone who's just become so."

. **Robert Half**

Did You Ever Wonder?

Why, if recycling is such a great idea, it is not more self-supporting cost wise?

Why, if the "TAX REDUCTION and SIMPLIFICATION ACT of 1997" is what the title claims, it takes 1,200 pages of Bureaucratic gobbledegook to explain it?

Why, with all the local fuss from time to time questioning the ethics of our elected representatives over possible conflict of interest issues, nothing much is ever said of the high percentage of attorneys in our legislature and congress. Which group ultimately profits the most as a result of all the laws they enact?

How much did it cost the taxpayers for President Clinton to fly his daughter in his 747 Air Force One across the country to go to college? Anyone who has access to a company car knows that any personal use whatsoever becomes taxable income.

We do not take issue with the environmental activists and the various issues such as the Crandon mine, Renard Island and the Fox River cleanup in which they are so actively involved. Did you ever wonder, however, what our economy and mode of living would be today if these same concerns were expressed when this area was settled in the last century. Would we even have paper mills, foundries, power plants, dams, highways, railroads or even jails for that matter. Just wondering.

Why, does it take the Dept. of Transportation a month or better to send you a new set of license plates when the Dept. of Revenue allows a business exactly 15 days to prepare their monthly sales tax return including breakdowns of sales by counties and exemption categories and submit the report with payment in full to Madison?

Why, it is taking so long for the City of Green Bay to make public their property reassessment figures? We realize there is a lot of paperwork involved, but it just seems like somebody is not doing their job. Property taxes are a serious matter.

September Meeting

Notes:

Mike Riley presented a report from the Legislative Fiscal Bureau showing that appropriations for the 1997-99 biennium are budgeted to increase more than 11.5 percent over the 1995-97 biennium. Two major causes of this budget increase are funding two-thirds of local school costs and paying the \$215 million state employees retirement fund lawsuit judgement at the beginning of the 1997-99 biennium. Unfortunately, even without these two major items, state spending is budgeted to increase at one percent over the rate of inflation.

Mike also shared an article from The National Taxpayers Union Foundation contrasting Hong Kong's flat tax system to the United States tax policy that taxes success and subsidizes failure. Hong Kong taxes only salary and profits earned their at a maximum rate of 15 percent. All capital gains, dividends, and interest are tax-exempt. Without confiscatory tax policies, wealth has accumulated at a phenomenal rate. Adjusted for inflation, their per-capita Gross Domestic Product increased ten-fold from \$2,279 in 1965 to \$22,527 in 1995. This astounding eco-

nomie success has taken place in an atmosphere of limited political freedom.

The Hong Kong example of prosperity and escalating living standards in a free-market economy with minimal natural resources and limited political freedom raises the question of where the United States economy could go with an enlightened tax code. However, Hong Kong does face an uncertain future under a totalitarian government's promise to maintain their tax system for another 50 years. Under the United States tax code, the thriving Hong Kong economy would certainly sputter to a halt. We can learn from their example that economic freedom is fundamental to the principal of a free nation.

In other business, the BCTA Schools Committee will be looking into the Ashwaubenon School District's Potential land purchase in the face of declining enrollments.

The next scheduled BCTA activity will be the Annual Meeting on Monday morning, October 20, 7:30 A. M. at the DAYS INN - Downtown.

David Nelson - Secretary

Consider Running for Public Office.

Next spring, the county board, city council, school board seats, and various town and village offices will be up for election. In return for long hours, poor pay, and a lot of grief you will be given an opportunity to determine public policy and how your tax dollars are spent. Now is the time to make your intentions known. Don't complain about how things are done if you are not willing to be heard.

"These numbers are not my own.
They are from someone who
knows what he is talking about."
. Wisconsin Legislator

Would a Sales Tax Ever End?

Several of the 49 Counties in Wisconsin which impose the .5% sales tax did so (at least they told the voters so) that it was to finance a specific project and would be removed when the project was paid for. Such was the case when Jefferson County enacted the tax in 1991 to pay for a new jail.

The jail has now been paid for in full, but reminders by citizens to the county board that the sales tax should be discontinued accordingly fall on deaf ears.

Other counties had also established sunset dates when they imposed the tax, but found it easy to later repeal the sunset dates and keep spending the money.

BCTA Meeting & Events Schedule

- Monday - October 20, 1997, DAYS INN - Downtown**
BCTA ANNUAL MEETING
 7:30 A. M. Breakfast
 8:00 A. M. Program - Discussion on
 State Budget
 Complete details on page 5 of this *TAX TIMES*
- Thursday - Nov. 20, 1997, DAYS INN - Downtown**
 12:00 Noon - Monthly Business Meeting
- Thursday - Dec. 18, 1997, DAYS INN - Downtown**
 12:00 Noon - Monthly Business Meeting

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

Call 469-7373 for information or reservations.

October						
1997						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Mark your calendar.
 BCTA Annual
 Meeting.

"The longer you wait in line, the greater the likelihood that you are standing in the wrong line."
 Murphy's Laws

"I'm in favor of letting the status quo stay as it is."
 Wisconsin Legisla-

The TAX TIMES

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