
◆ The TAX TIMES ◆

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GRANTS ARE TAXES

While giving testimony to a commission to review the Wisconsin Income Tax Code, I commented on the high rate of Income Tax paid by Wisconsin residents. To make my point I only had to point out the headlines from the *News-Chronicle* of that day. On Thursday, the 13th of November, the lead story on page one was a potential grant to the city of Green Bay for \$500,000. My first thought was how can the State have so much money lying around that it could offer Green Bay a half-million Dollars to buy land at Baird Creek. Obvious to me is that we pay way too much in taxes and this must certainly be true at the State level. My only hope is that others, be they interested in the Baird Creek property or not ask the question, "How can we have so much money in the State coffers that it can provide Green Bay with all that money?". Will the State be in a position to offer similar proposals to other cities if they have a similar problem?

Less than two weeks later I noticed another give away in the *Press-Gazette* (*why do so many papers have two names with a hyphen?*). On Monday, November 24th, on page B-3, I read where the State of Wisconsin was to receive \$800,000 for teaching abstinence (sexual). The Abstinence Only Education Project is taking application for the distribution of federal grant money. The \$795,859 provided next year will be repeated four more times in the following four years. *And I thought the State had lots of money.* This will bring the total to almost \$4,000,000 for the state of Wisconsin to be spent for sexual abstinence training. How much do other states receive? Is this part of the increase in the education budget? Should the federal government tell us what to teach our children? Don't local schools have a budget and plans that prioritize how our education dollars are to be spent? The distribution of these funds will be that two programs will receive \$75,000 and other participants will receive at least \$25,000. \$50,000 will be spent for evaluation and \$200,000 on a statewide media campaign. *Well, some of the money will be spent on education.* How can we ever get a balanced budget with these programs still going on? We need to take a more active role in who gets elected and maintain a strong voice with those individuals.

Are you willing to help? Contact the Brown County Taxpayers Association at 499-0768 or at PO Box 684, Green Bay, WI 54305-0684.

The recently approved State budget contains an addition to the sick leave policy of three days. This brings the total sick days that a state employee may accumulate to 16 days per year. We will talk about this change at our next meeting and formulate a policy on sick leave by our public employees. If you would like to provide input for that policy, please attend the meeting, call or write as indicated above. You may also e-mail us at taxpayer@netnet.net with any thoughts. This service is provided at no cost to our Association by NetNet of Green Bay.

At our last monthly meeting, Richard Parins was appointed director and will head up our schools committee. We welcome Richard and are confident that his background, interest and energy will improve our understanding of what is happening in the schools in our area.

Frank S. Bennett, Jr. - President

The BROWN COUNTY TAXPAYERS ASSOCIATION

Did You Ever Wonder?

How often does it seem that “official” government policy from Washington is going in opposite directions at the same time? For example, on October 20, the lead news item all day long on radio and TV was that the Justice Dept. was threatening to penalize Microsoft Corp. one million dollars per day. Apparently it was determined that Microsoft, through their technological ability and business success had created a monopoly that was a threat to the rest of the economy. We certainly don’t defend Bill Gates whose net worth is in excess of the annual budget for the State of Wisconsin, and realize that this is a complex issue with probably some justification.

However, on the very same day, the lead headline in the local paper was, “Cyberspace Security Threat Seen.” This profound observation was supposedly determined by a presidential commission composed of leading security experts. We don’t argue the fact that there are many dangers lurking in the computerized and technological world of today, and it is good that our government is concerned.

The irony seems to be that although these two items are somewhat related in that they involve modern technology, our government seems to be choosing a course of running around in circles by making us fearful of a “Cyberspace Security Threat”, while at the same time engaging in an expensive, antagonistic, and ultimately futile battle with a company that has the smarts and expertise to solve the other problem if given a little cooperation. Even some of Microsoft’s competitors who are behind this affair would likely profit. Oddly enough they haven’t blamed Microsoft for the Cyberspace problem yet. Another question, who takes responsibility for the tremendous amount of local, state and national income and other taxes which would be lost when Microsoft (and other) large companies are no longer profitable due to government involvement? **JF**

Why The Sales Tax is a Headache.

Legislation before Congress will make it much more difficult to order merchandise through the mail without being charged sales tax on your purchase. The various state Dept. of Revenues have been after for years, as they consider this a loophole which was depriving them of tax dollars, and so far they had not been able to do much about. Provision for this income windfall is included in the new Wisconsin budget.

Not that it is legal for you to order taxable merchandise from an out of state mail order house without paying sales tax. Ever since Wisconsin imposed the sales tax in 1961 there has been a provision for consumers of taxable merchandise to pay a “*USE TAX*”, which is another term for voluntary payment of sales taxes which were not paid at the time of purchase. It is even possible to include this payment with your state income tax return but I suspect compliance is somewhat less than 100%. Other states use similar systems.

So far it has been up to each state to figure out a way to get the mail order houses to collect and submit sales taxes for them. In most cases, sales to the home state of the seller, or if retail outlets are in the state of the purchaser, there is no question about payment of tax. It’s mandatory without exception.

The problem is with the large operations like Lands End or L. L. Bean who sell by mail nationwide but have few actual retail outlets. Some of the states with more aggressive Depts. of Revenue have forced some of the larger mail order operators to collect taxes for them, but this often involves expensive auditing and compliance enforcement.

Again, a consumer in Wisconsin is liable for sales or use tax on items purchased for their use irregardless of where it was purchased. Even though it was attractive to weigh sales tax savings against the cost of postage and handling when ordering through the mail, you still are

responsible for the tax. The proposed legislation would require all mail order companies to charge and report the sales tax to the various states. Although proponents are publicized as being the states, a lot of retailers who lose money to the mail order houses have a big stake in this also. The mail order business already has problems with the high costs of shipping charges, and my guess is that right or wrong, this could make them an endangered species.

For example, if your local business in Wisconsin has occasion to make shipments to other counties, you are compelled to add and report to the state the county sales tax if it is to one of the 48 or so counties imposing it. Don’t forget to add the .1% tax if it goes to Milwaukee and surrounding counties for their fancy new stadium. Acknowledged that most of the paperwork is handled by computer with minimum problems.

Nationwide is a different animal. Each state has its own unique laws, and many cities and their suburbs have layered taxes which they leave it up to the retailer (in this case the mail order house) to interpret and collect for them. I would venture that many people do not even know how much sales tax they are liable for on a purchase. (*That is why politicians love it.*)

In addition, there are all sorts of exemptions available and the seller is always the one responsible for compliance. Example - In Wisconsin purchases for farm use or manufacturing purposes are exempt but proper exemptions forms are required to the seller.

Wisconsin law requires that sales tax be added to shipping and handling costs, but again, this is not true with all states.

All in all, there are valid reasons for closing this loophole, but whether the cost of compliance and frustration is worth it is another question. In any event, the consumer will likely be the big loser. **JF**

My property? How much is it really worth ?

By Richard Parins

“Taxes are what we pay for a civilized society,” read the words of Oliver Wendell Holmes, inscribed over the entrance to the Internal Revenue Service building in Washington, D.C.. For that matter these same words could have been inscribed over the portals of your local town or city hall. Taxation throughout history has been as defining an issue as war, indeed a proverb of modern life, “nothing is as sure as death and taxes.” I want you to think about property taxes and the impact they have on your life. While most of us usually have the means to pay property taxes without great hardship, I wonder how many of us are forced to leave the comfort and security of the home they own, or do without many basic necessities just to pay taxes on *their* home. Property taxes need to serve a very specific purpose; to pay for those public services deemed necessary to maintain a safe orderly community. We commonly see these services as police and fire protection, road construction and maintenance, as well as provision for water and sanitation requirements: Period. Anything more could probably be considered unnecessary or unwarranted.

Think about it: property taxes often have absolutely no relation to the owner’s ability to pay, unlike other forms of taxation such as income or sales taxes. Our efforts must be directed toward keeping all taxes, especially property taxes, at a level where most people could pay them without undue hardship. Property taxes should be fair and should be applied to all the property that should be taxed. We’re not talking about church buildings, private schools and health facilities furnishing services that would otherwise have to be paid for by the state. Nor do we think public buildings and schools should be on the tax rolls.

Property owners built all the schools. In fact, they have built the entire educational system. They have to pay off all the bonds because a bond is a first mortgage on their homes. People are getting first mortgages on their homes they didn’t know they were getting because politicians passed bond issue, after bond issue, after bond issue, far beyond any degree of common sense in operating government. We wouldn’t have and probably don’t need many of the “services” government provides if they were taken away or merely stopped. After a short absence, what would we deem as necessary?

We the people have let those who will spend our tax revenues too long in the business of determining how and how much will be collected. The current system of property taxation as we know it in our area is based on a three-fold method of determination: **1)** The value of the property parcel. **2)** The mill rate, a rate per thousand of assessed value. **3)** An adjustment by percentage of said valuation. Now stop and ask yourself three questions as they relate to this determination. **#1-**Who and what determines what my property is worth? **#2-**What basis is used to come up with a mill rate?, and **#3 -** What purpose does the percentage of valuation serve this equation. Well, the first answer is the assessor determines the value of your home, through inspection of the building components present in your home coupled with lot size and neighborhood characteristics. Did the assessor inspect your home? Did that inspector spend time carefully adjusting for attributes present or not present as they compare to similar houses? Probably not is a common answer. Next, after a community is valued as a whole the combined budgets of all locally funded governmental bodies, the school system and other areas of public works are divided by the total value to determine at what rate per thousand is required to fill those budget requirements. Now, you try that one at your place of business and see how long it survives. Public works is not constrained or accountable to their ability to produce. If projects or programs deemed necessary require more funds, increase the mill rate or change the percentage of valuation or simply revalue property until one or a combination of these manipulations are sufficient to confuse and placate the payee and satisfy those who seek the money of others for **their needs**. This smacks of robbery under the guise of public service. Worse still, it appears at times to benefit the service provider more than the service recipient. Just try that one in daily commerce and see how long the hoodwink lasts.

The reality is that our current form of property taxation serves only one useful purposes - to fill the public bank accounts with sufficient capital to fulfill current requirements. In this lies an inherently pernicious mechanism. You really shouldn’t entrust those who spend our public monies, wisely or not, with the keys to the treasury. *The temptation is to always ask for more to spend is too tempting, especially in the “public interests.”* * * *

How much paid sick leave do you receive?

Cleverly concealed in the 2,472 page, \$37 Billion state budget recently signed by the governor was a provision for 40,000 state employees to receive a 25% increase in their annual paid sick leave days, from 13 to 16.25 days per year. Full time elected officials are also included in this plan.

Although the purpose of this benefit is supposedly to allow state employees to accumulate unused sick leave for their retirement at which time the state matches the accumulated amount under various formulas for continued health insurance coverage, it will very likely present a major cost item in future state budgets. We sincerely question whether the legislature put a pencil to the ultimate cost now, or in the years to come.

Representative Glenn Grothman of West Bend declared, "This is ridiculous! Once again, this shows that the State of Wisconsin operates for the benefit of its employees, and not the taxpayer in general. Nobody in the real world gets 16 sick days per year." An informal survey of private employers showed that most employees

"Once again, this shows that the State of Wisconsin operates for the benefit of its employees, not the taxpayer in general."

get no sick leave, while others allow an average of 3 to 6 days per year.

There are possibly some valid reasons for this generous benefit, and two sides to every question. However, it would also seem that the state could take a closer look at private employers of similar size to determine how they provide health coverage for their active and retired employees, and perhaps do a better job of explaining it to the taxpayers.

Obviously politics are involved here, but the fact remains that Wisconsin is already one of the highest taxed states in the nation without making things worse. The **BCTA** will keep you informed on this issue as developments occur.

Tax Changes Come With New State Budget.

Few taxpayers realize that the primary business of state government is local government. More than 61% of next year's budget is for local assistance, or what elected officials call "property tax relief." 39.1% of general purpose spending is for state aid to schools.

Total 1997-99 general fund tax revenues are projected to increase 9.5% over the 1995-97 budget, with a net ending balance of \$26.7 million. (\$20 million of this is already "spent" on unfunded state employee pay increases.) According to the budget plan, expenditures will outstrip revenue by \$365 million during the biennium but be balanced by reducing the gross surplus from \$529 million in mid-1997 to \$126 million by mid-1999.

Even though the new budget provides for a \$110 million reduction in income tax rates, this is more than offset by \$237 million increases in other taxes including a projected \$108 million from the 15 cent per pack cigarette tax and another \$127 million due largely to the economy.

This does not include \$68 million more from the penny gas tax increase which goes to a "segregated fund for transportation purposes."

There are obviously a lot of conditions and circumstances to be met along the way with these projections, and it still seems there is room to cut out a little fat.

Send in your BCTA Dues.

Dues renewal notices for the **BCTA** are sent on a cyclical basis, (According to the month when you originally became a member). **Our dues have not been increased since we were organized.**

The first renewal notices were mailed in November, and it is gratifying that the majority of you have already returned your remittance. Please call me at **336-6410** if you have any question regarding your dues or membership.

Thank you. **Jim Frink - Treasurer**

Watch Talk of Tax Rates.

At this time of year, talk of property tax rates and levies is often confusing to taxpayers. What does it really mean when public officials discuss tax rates?

The tax rate is calculated by dividing the total amount of property taxes to be collected by a community (*the levy*) by the value of all property in community (*total assessed value*). Tax rates are typically given in dollars per \$1,000 of assessed value (*mill rate*). To understand "tax rate talk," it is important to know how these factors interact:

The *levy* is the total amount of property taxes to be collected to fund government programs. It is determined by local officials who budget each year for public services. Spending not funded by state and federal aids, fees, fines or county sales taxes is covered by the levy.

Total assessed value is the total value of all property in an area as determined by the town, village or city. The assessed value of a property determines what share of the total tax levy a taxpayer will pay through property taxes. Thus, if a property represents 1% of a community's assessed value, it would bear 1% of the property tax burden.

It is important to note this distinction: Budgets determine how much tax will be levied; assessments determine how that overall tax burden will be shared among property owners in the community.

If the local tax rate falls, does it mean that your property tax bill will too? Not necessarily. If property values rise faster than the local tax levy, the tax rate will drop, even if the tax levy increase is substantial. Conversely, a drop in the local tax levy could still mean a tax rate increase if assessments drop.

From : *Wisconsin Taxpayers Alliance*

"We might come closer to balancing the budget if all of us lived closer to the Ten Commandments and the Golden Rule."

. . . . **Ronald Reagan**

An Answer For Our Land-fill Problems.

It is reported that someone from the Cato Institute calculated that a hole in the ground 30 miles square and 100 yards deep could hold all of the solid waste produced in this country during the next **thousand** years. If the rate of waste produced increases to any extent, we would just need a new hole a little sooner.

Sounds like a good idea if we only figure out who's back yard to put it in.

Tobacco "Sin" Taxes Popular Revenue Source.

Wisconsin was just one of the many states raising their cigarette taxes during this past year. The 1997-99 budget increased the tax from 44 to 59 cents per pack effective Nov. 1, 1997. One obvious reason was supposedly to decrease cigarette use. However, this is also a popular way to increase tax revenues from a source that is considered politically "safe."

For example, cigarette taxes collected in Wisconsin have increased from \$123 million in 1986 to \$198 million in 1996. Per capita consumption of cigarettes dropped from 106 packs in 1986 to 92.1 packs in 1996. A further drop in consumption is anticipated with the new tax increase, but this will still be a major source of state revenue.



In keeping with our reputation of being a high taxed state, the new state tax rate of \$.59 per pack is the 8th highest in the nation. Tobacco producing states such as Kentucky, Virginia and North Carolina have the lowest taxes per pack at 3 to 5 cents each.

On the other hand, Wisconsin has about the lowest taxes on beer, liquor and wine of any state. **SOURCE: Wisconsin Taxpayers Alliance "Wisconsin Taxpayer",**

NOVEMBER MEETING NOTES.

Meeting held Thursday, November 20, 1997 at the Days Inn-Downtown.

Brown County Treasurer Kerry Blaney addressed the meeting, giving an overview of the Treasurer's office. He explained that his office has three major functions: **#1** - Brown County's Depository - - operating as a small savings bank for Brown County government departments. It handles about \$400 million annually. **#2** - Brown County's Investment Manager - - investing funds deposited by county government departments. The average daily balance invested is about \$75 million. Investments are made only in government securities and high quality commercial paper. Investment earnings of \$4.5 million are anticipated for 1997.

#3 - Brown County's Tax Collector - - maintaining the tax rolls of 85,000 parcels. collecting tax payments for levies totaling \$200 million annually, and keeping the tax records. Mr. Blaney noted that Brown County has a 99.3 percent collection rate, one of the best in the state.

Future improvements for the Brown County Treasurer's office include improved mailing of tax bills, laser printing and bar coding of tax records.

Mike Riley of Taxpayers Network, Inc., distributed copies of **SCHOOL REFORM NEWS**, a publication of the *Heartland Institute*. This issue reported that parents in Cleveland, Ohio are highly satisfied with their school choice system, which is similar to that proposed for Wisconsin.

Mike also reported that many Wisconsin municipal government units have significant unfunded pension liabilities. For example, the Green Bay School District paid \$9 million toward pension costs in 1994, but had unfunded pension liabilities of \$20 million at that time.

The BCTA directors also discussed the long-term effects of the three days of additional sick leave granted to state employees by the Legislature, and will pursue this issue as cost projections and impact on taxpayers cost become available.

The next meeting is scheduled for Thursday, December 18, 1997 at the DAYS INN.

David Nelson - Secretary

Is Wisconsin Training Too Many Teachers?

The Wisconsin Taxpayers Alliance reports that of 4,237 persons who completed Wisconsin teacher-education programs in 1996-97, only 974, or 23% secured a public school position in their licensed field. The success rate was only 28% when teachers with multiple licenses are included.

These figures led the Wisconsin Educator Supply and Demand Project to state: "There exists the perception that there are good employment opportunities in education. The data in this report and past studies have shown this not to be true in Wisconsin, and recommended that state colleges and universities "make a more concerted effort" to assist prospective teachers in making "more appropriate career decisions."

Although education graduates have options other than in-state public schools, these alternatives do not appreciably impact their job prospects. The Dept. of Public Instruction estimates that Wisconsin teachers going elsewhere and those from other states coming here "about the same", and only about 5% land in private schools. Also, the source of oversupply is at all levels, elementary, secondary, and special education. Roughly 75% of education graduates come from the UW system, with the rest coming from private colleges throughout the state. **Source: Wis. Taxpayers Alliance Nov. 19, 1997 Focus.**

"To educate a man in mind, and not in morals is to educate a menace to society." **Theodore Roosevelt**

"Our progress as a nation can be no swifter than our progress in education." **John F. Kennedy**

BCTA Meeting & Events Schedule

**Thursday - December 18, 1997, DAYS INN - Downtown
12:00 Noon - Monthly Business Meeting ***
Open discussion of meeting plans for 1998. Priority projects, and results of Membership Survey.
Cost, \$6.25 - Payable at door.
Call 499-0768 or 499-7373 for reservations.

Wednesday - December 31, 1997. Property tax payments due for 1997 expense credit. Happy New Year !

Thursday - January 15, 1998, 12:00 Noon *
Monthly Business Meeting - Details to be Announced in January "TAX TIMES"

Thursday - January 15, 1998. 4th Qtr. estimated 1997 Federal and State income taxes due.

** Regular Business Meetings Scheduled the 3rd Thursday of each month.
All members of the BCTA, their guests, and other interested persons are invited to attend and participate in these open meetings.*

December						
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

Dec. 18
BCTA Meeting.

"Status Quo, you know, that is latin for, the mess we're in."
 Ronald Reagan

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



Seasons Greet-

The TAX TIMES
 Brown County Taxpayers Association
 P. O. Box 684
 Green Bay, WI 54305-0684

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