
◊ The TAX TIMES ◊

Volume 13, Issue 11

Tax News and Views in Plain English

September, 1998

PURCHASING PROPERTY FOR THE PUBLIC.

The State has a plan to purchase property to be used for public use. The plan is for the Department of Natural Resources (DNR) to purchase land each year and set it aside for public use. The land is in the form of railroad beds to be used in the Rails to Trails Program and other acreage for park use. Each local DNR district puts together their desired purchase list and then prioritizes it for their area, then the different districts get together and prioritize a list for the entire state. Money is obtained each year through bonding. For the current two year budget period the total is \$13.277 million. This money is then used to buy property from the priority list. The list may change during the year as additional property becomes available.

This may seem well and good for future generations, however, I believe that current DNR policies are artificially raising the prices and restricting the homework when it comes to the cost of a particular property. My only example is the process used to purchase the Baird Creek Parkway property. Several months ago I expressed a concern about spending too much money for this property and today feel even stronger about the price. New principles need to be established before the taxpayer foots the bill for another DNR purchase.

In a recent meeting with DNR officials, two principles of their purchase policy came to light. The first principle of “paying enough money for a parcel to make the seller feel they received a just price” results in just plain paying more than a parcel is worth. The second principle of “when evaluating two conflicting valuations, selecting one valuation as correct” rather than determining an appropriate price again seems to push up the final price for us taxpayers. Until a review of the process for determining the fair market value of any properties to be purchased is completed, I would ask that no more money be allocated to the DNR for land purchases.

When buying land for public use, it would seem only right that the public pays a fair price. The principle of paying so the seller is satisfied only insures an inflated price is paid. A better method must be used. When asked to determine if one appraisal or another is correct may be the wrong question, a better method must be used when the appraisals are significantly different. In the Baird Creek example, the difference was 238%. That alone should raise some question and begs that a more thorough process be used to determine the proper price to pay.

BROWN COUNTY TAXPAYERS ASSOCIATION

Frank S. Bennett, Jr.
President

The Brown County Taxpayers Association
Promoting Fiscal Responsibility in Government

Two Sides to Every Question.

In the September 1997 "TAX TIMES", under the heading of "Random Thoughts", we commented on the policy of the Wisconsin DNR of subsidizing the purchase of undeveloped land, often along lakes and rivers to prevent future development and to preserve their natural state. Any criticism we intended of this practice certainly was not intended against the preservation of our natural resources, which I am certain we all support, as it was of the DNR often paying exorbitant amounts of taxpayer and DNR fee monies for relatively small or insignificant parcels while perhaps overlooking the real problem of education and that we must all be concerned with conservation of our dwindling resources.

Anyway, we questioned the DNR expenditure of 80% of the purchase price of 500 feet frontage on Loon Lake in Shawano county to a group that possibly would have benefited by not having the property developed in the first place.

We realize that there are many considerations in this and other similar transactions, and the interests of the public and their trust is foremost with the elected and appointed officials making them.

The following letter was sent us by Scott Liddicoat, and offers another perspective to this purchase of land by the DNR. We apologize for not acknowledging this matter sooner, and always welcome comments on any articles or viewpoints in the "TAX TIMES". We realize we're not always right, and believe that all sides of a question should be considered before coming to conclusions. **JF**

"Your Random Thoughts in the September TAX TIMES reminds me that there are often many perspectives on any issue. And your thoughts about the DNR granting money to an association whose purpose is expressly not to develop land, which presumably you disagree with, can be evaluated instead as a wise use of taxpayer money. Probably neither you nor I know enough of the particulars to make a good judgment. But with a little imagination, we can look at the issue in this way:

Generally property that is "along rivers, streams, and lakes" and is "sought after for development as vacation homes" when purchased privately, is developed. This "development" which it appears you believe is good for taxpayers, requires the removal of what we might loosely call green space, and sometimes a lot of it.

Almost always included in that removed green space is a good deal of shoreline marsh.

In its undeveloped or natural state that land holds a great deal of economic and taxpayer value. Sadly, we know pitifully little about the ecological services that this land provides for us, and what we do know, we take very much for granted. But we can say that this land, when conserved, will provide these services to us immeasurably better than it could in a developed state:



water purification; flood, runoff, and erosion control; food, cover, shelter, and reproductive areas for virtually every wild-life species in the state, or for their predators or prey; pollination services; soil formation; climate control; etc. The cost to taxpayers and businesses to try to replicate these services if seriously degraded or lost would be staggering.

The great Wisconsin naturalist, Aldo Leopold, would say that in addition to the economic factors like those above, we should weigh ethical and esthetic qualities when making land use decisions. When land is developed, habitat and wildlife suffer, which diminishes not only the services they provide us, but their beauty and our relationship with nature.

These losses of ecological services and esthetic qualities can both be looked at as an environmental tax that all citizens are required to permanently pay for private land development.



So as for the DNR granting 80% of the funds to the Loon Lake Association in Shawano County to purchase over 500 feet of lake frontage under the condition that the land not be developed, it may be a good deal for taxpayers, maybe even a bargain. And for the loons, it is a godsend."

Scott Liddicoat,
Member, BCTA

Legislative Costs Compared.

An article in the July, "Wisconsin Taxpayer", published by the Wisconsin Taxpayer Alliance, reports the cost of running Wisconsin's legislature was \$9.22 per capita in 1996, based on information from the National Conference of State Legislatures. That ranked Wisconsin 14th highest in the nation. Alaska and Hawaii were highest, while neighboring Minnesota was 9th highest at \$9.73 per capita. Michigan was 15th at \$8.63, Iowa was 26th at \$6.97, Illinois 33d at \$5.51 while Georgia was the cheapest at \$2.96 per capita. We assume this study includes all legislative costs including salaries, support staff, travel and whatever on an equal basis.

"Blessed are the young, for they shall inherit the national debt." . . . **Herbert Hoover**

"Politics has got so expensive, it takes a lot of money even to get beat with." . . . **Will Rogers**

"To be or not to be is not a question of compromise. Either you be or you don't be." . . . **Golda Meier**

Representative Lasee says “State to return more of your money”

In September we will get the latest update on tax revenues for the state of Wisconsin. \$125 million of this will be given back to taxpayers as a one time income tax break. We in the legislature wanted to return all of it to the taxpayers. Citing future fiscal prudence, the Governor, through his veto powers, limited it to \$125 million.

This money will be returned to the taxpayers through the property tax/renters credit. Now the maximum credit available is \$200 per taxpayers. Because of this return of surplus the maximum credit will be increased around \$100.

Wisconsin is the 2nd highest tax state in the nation. When the legislature reconvenes in January of 1999, our top priority should be tax relief. We should return all of the surplus. I am committed to this, are you?
Rep. Frank Lasee, 2nd Assembly Dist.

Mark Down Dates for Future BCTA Meetings.

The attendance at our July and August monthly meetings at the Days Inn has been most gratifying, and as a result we had some good discussions on a number of interesting tax related topics.

Our next meeting is scheduled for Thursday, Sept. 17, and will feature state Representative Carol Kelso who will certainly update us on what is going on in Madison as well as answer your questions.

We have tentatively planned our annual meeting for Thursday, October 15. This will be a breakfast meeting which has worked quite well in the past, and are planning on a debate between Congressman Jay Johnson, and either Chuck Dettman or Mark Green. However, final plans hinge on pending legislation in Washington and we will announce full details in the October “TAX TIMES.”

Remember, all members of the BCTA and guests are always welcome at our meetings. Meeting details are covered on the back cover of this newsletter.

Unfunded Liability In The Wisconsin Retirement System. What will it cost you?

By Representative Frank G. Lasee

The Wisconsin Retirement System (WRS) unfunded accrued liability (UAL), is \$2.138 billion. Nearly every state, county, city, village, town, and school district employee in Wisconsin is a member of the WRS. This \$2.138 billion is *owed by the taxpayers* because the legislature in the 1980s made retirement benefits better for all WRS employees; but didn't pay for it. Instead, they took out a 40 year repayment plan at 8 percent interest.

This 40 year plan doesn't pay the interest for the first 15 years, **not until the year 2011**. This total unfunded liability grew by 47 million dollars last year.

This system is outrageous. Workers in the WRS system deserve to have a full funded retirement system, not IOU's. We shouldn't be wasting tax dollars on expensive interest payments. We should not be losing ground every year.

For example, if the debt were to be retired in one year, an owner of an \$100,000 home in Green Bay would have to pay an additional **\$893** in property tax. This would cover the debt owed by the city, school district, county, and technical college district. Instead, because of the repayment plan, this \$893 debt only grows every year. Below are the unfunded liability accounts for various Brown County units of government as they presently stand. Please note that most taxpayers are responsible for multiple jurisdictions.

The amount of unfunded liability for area government units:

Green Bay Area Public Schools - \$21,055,855, City of Green Bay - \$13,340,629, Brown County Government - \$11,195,976, Northeast WI Technical College District - \$4,773,367, School District of Ashwaubenon - \$3,813,756, School District of Howard-Suamico - \$2,559,396, Community School District of Pulaski - \$2,414,404, Unified School District of DePere - \$2,083,249, School District of West DePere - \$1,966,420, City of DePere - \$1,282,656, Green Bay Metro Sewerage District - \$1,146,050, School District of Denmark - \$907,814, CESA (12) Green Bay #7 - \$717,429, Village of Allouez - \$522,504, Village of Ashwaubenon - \$466,706, Village of Howard - \$40,084.

It is apparent this liability will not disappear by itself, and will become more burdensome as other pressing uses for tax dollars present themselves. I encourage you to talk with your elected officials concerning this matter. If you would like more information please feel free to contact my office at (888) 543-0002.

Rep. Frank Lasee, 2nd Assembly Dist.

“An association of men who will not quarrel with one another is a thing which has never existed, from the greatest confederacy of nations down to a town meeting or a vestry.” . . . **Thomas Jefferson**

“Politics is the gentle art of getting votes from the poor and campaign funds from the rich, by promising to protect each from the other.” . . . **Oscar Ameringer**

National Taxpayers Union (NTUF) Study Exposes \$639 Billion in Hidden Taxes.

There's an old saying that goes, "the bullet you don't see is the one that gets you." A new study by the National Taxpayers Union Foundation has revealed a whole barrage of bullets aimed squarely at unsuspecting taxpayers.

The NTUF examined every federal, state and local tax in order to identify those those that were not "explicitly clear" to the individual paying them. Their conclusion, a total of \$638.8 billion in hidden taxes, or \$2,413 annually for every American.

Bryan Riley, who authored the study, said "if Americans recognized this high level of taxation, there might well be a Second American Revolution. To maintain support for so many programs, it's often in the interest of governments to keep their costs hidden. Judging from the layers of taxation Riley was able to peel away, governments have become experts at keeping these taxes from the public's view. Some examples:

- **Gasoline Taxes.** Out of a \$1.10 gallon of gasoline, 59 percent goes to federal, state, and local taxes. While the pre-tax price of gasoline actually dropped by 31 cents between 1980 and 1995, consumers saw little benefit because gasoline taxes rose an average 27 cents in that time.
- **Telephone taxes.** Levied since the Spanish-American War, telephone taxes now comprise a 3% excise, a "universal Service Fee" to finance internet access, and subsidies for users in high-cost areas. Cellular phone customers fare the worst, with estimated burdens of 20 to 30 percent.
- **Import Taxes.** Since tourists are rarely able to vote in the areas they visit, taxes on rental cars, hotel rooms, and airline tickets are popular with elected officials. A family of four traveling from Chicago to Orlando for a five-night stay at Disney World would face \$146 in travel taxes.
- **Licensing.** Many states require licensing for services like cosmetics and hair cutting, even though there is little evidence that such restrictions enhance consumer safety. Qualified service providers who could charge lower prices are kept out of the market, costing Americans \$12 billion per year.

Riley also found instances of taxes most Americans know about, but fail to appreciate who ultimately bears their burden. The so-called "employer's share" of Social Security and Medicare taxes are widely acknowledged to be paid by the employee - in the form of lost wages the employer could have paid without the tax-induced overhead. Employer contributions to unemployment and workers compensation insurance programs have a similar effect - costing an estimated \$1,600 per employee per year.

Federal income taxes, with complex phase-out rules for many deductions and exemptions most taxpayers take for granted, often leave millions paying much higher rates than the advertised 15%-39.6% scale. Meanwhile, state income tax brackets often allow "bracket creep" to bump taxpayers into higher rates even if their wages are simply keeping pace with inflation.

Aside from the political effects of hidden taxation, the study also noted its negative impact on economic efficiency. Americans might over-consume products that appear to have low explicit taxes, even though they may carry huge hidden burdens. Import taxes and other protectionist measures often allow companies to charge consumers more for their products than they would if they faced real competition.

One form of "hidden-taxation" the study did not include is the burden imposed on Americans by regulations, mandates, and compliance costs of government policies. Experts say the price tag for this "regulation tax" ranges from \$500 billion to over \$1 trillion.

Despite these alarming figures, the report did identify a few encouraging trends. Recent proposals to deregulate utilities and telecommunications services could in turn make previously hidden charges on phone bills. Furthermore, the U. S. has so far resisted implementing the worst hidden tax of all - the European-style "Value Added Tax" which is buried into the price of virtually everything consumers purchase.

Still, Riley concluded that tax policy has a long way to go towards being visible: "Communities are much stronger when they consist of a well-informed citizenry. Working to bring more hidden taxes into the open would give Americans the information they need to make wise choices about the role of government in the United States.

We acknowledge that the advertised purpose of many of these "hidden" taxes originally was regulation or other good intentions. None-the-less, the fees collected all end up in the same pot. Wisconsin has a long list of covert taxes in place and still seems to come up with new ones every year.

If interested, Copies of the 31 page report, "***The Less You See, The More You Pay: The Burden of Hidden Taxes***", are available for \$5.00 from NTUF, 108 N. Alfred St., Alexandria, VA 22314. Also available online at www.ntu.org.

GOVERNMENT WORK?

A report from the National Center for Policy Analysis reports that government workers unions are a rising power in American Politics. Workers for state, local and federal government now account for almost half of all union members. Thirty-seven percent of government workers belong to unions, compared to about 10 percent of private-sector jobs.

The government workers' unions have reaped windfalls for their members because politicians often find it easier to give away tax dollars than to resist the demands of well organized interest groups. At the same time, the unions have often prevented the firing of goldbricks and incompetents, and have opposed changes to improve efficiency or productivity.

- ◆ Harvard researcher Caroline Hoxby found that a reduction in the power of teachers' unions led to less spending per student but higher levels of student achievement.
- ◆ The Michigan Education Association spent 13 years fighting the firing of a gym teacher for molesting female students; and after her murdered his wife and went to prison while the case was pending, the union got him a award of \$200,000 in back pay.
- ◆ An investigation of the New York City Police Dept. four years ago found that the Patrolmen's Benevolent Association, the police union, "often acts as a shelter for and protector of the corrupt cop."

The adverse effects of unionism are not limited to teachers, mailmen and police, but are also pervasive in the federal bureaucracy. One abuse, estimated to cost taxpayers more than \$300 million a year, is a practice known as "official time" that allows employees to spend time on union work while on the job.

- ◆ The Inspector General of the Social Security Administration found that 145 employees of the agency were working full-time for unions and another 1,600 were devoting up to 75 percent of their work time to union activities.
- ◆ A trial lawyer in the Dept. of Housing and Urban Development notified her bosses that she would be spending 100 percent of her time on union "representational" business, then filed an unfair labor practice complaint when asked to move from her window-view office to the office the agency provided the union in the same building.

Government workers' unions spend large amounts of money to maintain and expand their influence. Of more that \$20 million spent earlier this year to defeat California's Proposition 226 which would have required unions to get workers' permission before spending their dues for political purposes more than half came from government workers' unions.

Thank you to Mike Riley, Taxpayers Network Inc.

"I can remember way back when a liberal was one who was generous with his own money." . . . Will Rogers

AUGUST MEETING NOTES

Meeting conducted August 20, 1998 at the *DAYS INN - Downtown*. Mike Riley of Taxpayers Network, Inc. presented a newspaper article detailing the fact that the federal government's alleged \$80 billion surpluses for the next five years are actually \$40 billion deficits when the Social Security Trust Fund contributions are taken into consideration.

Mike also distributed copies of the 1998 Small Business Survival Index, published by the Small Business Survival Foundation in Washington, D.C. Wisconsin ranked **24th** among the states. The Index points out that Wisconsin has a generally favorable business climate, but Wisconsin does suffer from a fairly high personal income tax rate, a high corporate tax rate, high property taxes, and a fairly high electric utilities tax rate.

Peter McCarthy, P.E., from the Green Bay Metropolitan Sewerage District, presented a program about the Fox River Sediment Contamination Conundrum. After discussing the history of the Fox River sediment contamination problem, Mr. McCarthy explained that PCB's are clearly the greatest problem among the various contaminants in the sediment of the Fox River.

PCB's have contaminated 11 million cubic yards of sediments. Several "hot spots" of highly concentrated PCB's have been identified. There are different options for dealing with the PCB sediment contamination problem, ranging from capping the hot spots to total removal. Cost estimates range from \$500 million to \$3 billion.

Mr. McCarthy explained that we are in a new era, where specific levels of acceptability for contaminants are not clear. The U.S. Fish and Wildlife Service has a Natural Resources Damage Assessment process (NRDA) that assesses the dollar value of all damages to natural resources and uses as much value as it can retrieve to repair and/or offset damage. Cleanup and restoration stop when the money runs out. The EPA's Superfund continues cleanup until it reaches a "safe" standard, recovering as much cleanup cost as possible. The Superfund is NOT a "super" fund of money waiting to be tapped. It is a superpower" enforcement arm of the U.S. Environmental Protection Agency. It requires Potentially Responsible Parties (PRP's) to pay the cost of cleanup. Municipalities could be drawn into the Superfund and NRDA processes as PRP's. Many groups represent portions of Fox River valley citizens, but the locally elected officials are the only accountable persons truly representing the citizens of the Fox River valley.

Other matters discussed at the meeting were the BCTA annual meeting which is tentatively scheduled for Thursday, October 15, a report on a recent presentation at the Allouez Kiwanis Club and the concern of their members regarding a current reassessment. The next meeting is scheduled for Thursday, Sept. 17, at the Days Inn.

David Nelson-Secretary

BCTA Meeting & Events Schedule

**Thursday - September 17, 1998 - DAYS INN - Downtown
12:00 Noon - Monthly Business Meeting.
Speaker, State Representative Carol Kelso**

**Tuesday - September 8, 1998. State and Local Primary Elections.
DID YOU VOTE ?**

**Wednesday - September 15, 1998. State and Federal Income
Tax Estimates due.**

**Thursday - October 15, 1998 - DAYS INN - Downtown
BCTA 14th Annual Meeting.
Time and details to be announced.**

***All members of the BCTA, their guests, and other interested
persons are invited to attend and participate in these open meetings.
Phone 499-0768 or 336-6410 for information or to leave message.***

***All regular monthly meetings will be at the DAYS INN - Downtown
East Room at 12:00 Noon. Price, \$6.50, payable at door.***

September, 1998

DO YOU EVER WONDER?

Why, after trying 200 years or so perfecting the system, the Federal Govt. still doesn't seem to have a reliable method for taking the census.

Supposedly every plot of land in the country is on public record, and it would seem that with the resources that are thrown into this project every ten years there should be an easy way to find just how many, if any, people actually live on each parcel. (Without special interest groups trying to misinterpret the results.)

My suggestion: Farm the job out to Publishers Clearing House. They seem to know where everyone lives, and have the staff to get the job done. Probably save us all some money too.

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

The TAX TIMES

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

**BULK RATE
U. S. Postage
PAID
Green Bay, WI**

Inside This Issue

**Purchasing Property For The Public.
Two Sides to Every Question.
Legislative Costs Compared.
"State" To Return More of Your Money.
Costs of Unfunded Liabilities To You.
Study Exposes \$639 Billion in Hidden Taxes.
Government Unions And The Taxpayer.
and much more.**