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# ◆ The TAX TIMES ◆

*Volume 22, Issue 2*

*Newsletter of the Brown County Taxpayers Association*

*December, 2006*

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not available.

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

## High Taxes Weren't Always a Problem

Today, many of us agree that high taxes are a problem in Wisconsin. Our taxes are chasing many of our best and brightest out. It also is making it difficult to get the best and brightest from elsewhere to come here, making it difficult for businesses to create jobs and to stay here. A recent study from the Tax Foundation ranked Wisconsin the 12th worst state for business taxes.

Many state employers are competing with businesses in other states and nations that have lower taxes and more favorable regulations which enable them to produce their goods and services at a lower price. According to the Wisconsin Taxpayers Alliance, we have already lost nearly \$5 billion in net worth from businesses and wealthy individuals moving out of state.

Wisconsin has NOT always been a high taxing state. In fact, in 1961 (45 years ago) Wisconsin's taxes ranked 18th highest in the nation. And for many decades prior, our taxing rates were in the middle of the pack.

Following record increases in the sales and income tax in order to provide property tax relief -- the Badger state's low taxing trend ended abruptly in 1964 when we became the highest taxed state in the nation. Wisconsin has ranked among the top ten taxing states nearly every year since. In fact, we have been among the top five most taxed states 25 out of the last 40 years.

Why have our taxes continued to climb? Our high tax rates can be directly attributed to decades of overspending, over taxing, and over borrowing by state and local governments. The problem is that unlike most states which choose to spend more on one government program and less on another (more on higher education and less on prisons or more on Medicare and less on roads) **in Wisconsin we spend more on nearly everything government related.** If a state does it, then Wisconsin does it, and it is likely we spend more on it than most other states.

Instead of prioritizing our spending, we spend more on nearly every government service offered. And we offer more government services than most other states. For instance, we are one of the top three states for rails and trails. I like them. But, do we have to lead the nation?

What causes this? Government officials cause this. Many of them support the big government approach and that is why they serve in government. They love to do evermore with their government. And the more government we have, the more services offered, the more useful and necessary many of them feel.

That is why many people in government oppose the Taxpayer Bill of Rights. They know that if they had to ASK the voters permission before they increased spending beyond a reasonable level, built the next great public project or start the next program, the answer might be no. That is a word they do NOT want to hear. Then to top it off they can't just go ahead and do it anyway.

What can we do? There is hope. A recent poll from CNN found that a majority of Americans believe that our government is doing too much. When asked about the role of government, 54% of respondents said that our government is "doing too many things that should be left to individuals and businesses."

That is the problem we face in Wisconsin. Our government is doing more than we can afford. Elected officials haven't been able to change this. Perhaps it is time that our constitution does.

What do you think about this issue? Send me an email with your thoughts.

2d Assembly District Rep. **Frank G. Lasee**  
email to — [LaseesNotes@yahoo.com](mailto:LaseesNotes@yahoo.com)

## "It's Not A Tax Increase."

These were the words of State Sen. Jon Erpenbach (D-Middleton), who is proposing to introduce legislation which would tax a number of items presently exempt from the Wisconsin Sales Tax.

During his re-election campaign Gov. Doyle pledged no new taxes or sales tax increases. So far he has been very creative in balancing the state budget and funding schools. Through the years most conventional sources of tax revenue used for state government have been maximized which is one reason Wisconsin's tax burden is so high.

Preliminary estimates project that projected spending will be about \$1.6 Billion more than revenues for the next two-year state budget. This includes \$2.13 Billion in new spending requested by various state agencies. In addition there could be a reduction of \$600 Million of revenues from cutting the tax on Social Security on retirees and various corporate tax breaks.

The sales tax was first used in Wisconsin in 1962. It was called a "temporary" tax because the state was a little short of funds at the time, and a "selective" sales tax because only specified "luxury" items were subject. The rate was 3%.

It did not take the Legislature long to find they could buy a lot of things with sales tax revenues, and the rate soon went to 4% and then the 5% we have today. More items were added as taxable to the point that we have a general sales tax meaning an item is taxed unless specifically exempt. These items include groceries, medical services, rent, legal services, advertising, accounting, etc. In some states even groceries are subject to tax. The sales tax provides about \$4.2 Billion for Wisconsin each year.

However it is estimated that another \$3 Billion could be realized if everything sold were taxed. Sen. Erpenbach claims the list he proposes adding would bring in over \$700 Million. These would include: computer services \$136M, legal services \$113M, Barbers & beauty shops \$79.4M, engineering/surveying services \$69.2M, advertising \$103M, consulting services \$64.1M and accounting \$59.5M. A more unpopular option is raising the tax to 6.0% .

As expected, the Wisconsin Counties and other municipality organizations are all for the idea. It would enhance their .5% county sales tax revenues.

If it not a tax increase as Sen. Erpenbach claims, just what would you call it? Taking \$700 Million more out of the economy, taking it from you and me and business interests who would quickly pass the cost on to their customers and giving it to the state to spend sounds like a major tax increase to me. History has proved that the state will never have enough money to spend, and additional revenue only encourages government to spend more. The answer is to spend less.

**Jim Frink - BCTA**

## A Primer For Candidates:

After observing the recent races for Congress and the Governorship from the information provided by my TV set, it is obvious that the criteria for selling your qualifications for office have changed a bit in recent years.

Prospective voters are no longer impressed by qualifications such as legislative experience, character, intelligence or what you propose to do in the job if elected or re-elected.

Following are some observations of the standards used to qualify candidates to make our laws and spend our money in Madison and Washington. These are not listed in particular, or contributed to any single candidate. Is reform in order?

- **If you are an incumbent of seeking a new office, expect your opponent to publicly fault your voting regards on issues regardless of circumstances.**
- **Be the first to accuse your opponent of distorting the facts.**
- **If raising money to finance campaign expenses, do not under any circumstances propose to support legislation construed to be in the interest of your contributors, past or present. Your opponent will accuse you anyway.**
- **Be sure to promise lower taxes and then blame the cost of government on your opponent and his party.**
- **Take advantage of services offered by the state election board. They can provide much information as to where your opponent raises funds.**
- **Perhaps no tangible employment or work experience will be asset as you not have any special interests.**
- **Hire the best firm possible to do your commercials. Background music with an announcer who sounds like he is telling people a secret is helpful.**
- **Prepare your family for the worst. They will share your pain.**

These are just a few things that came to mind last month. I am sure there are plenty more. Hopefully election campaigns in the future will be more straight forward and civil. Getting elected to office is one thing but the respect of your constituents is important also. **JF**

## The TAX TIMES - December, 2006

Recall that the October "TAX TIMES" included an article by Terry Fondow questioning the need for an additional high school in Green Bay, and an open letter I wrote to Supt. Dan Nerad questioning some of the concerns the BCTA had regarding the proposed project. Below is Mr. Nerad's response and an outline of the reasons for the need for an additional High School and for supporting their proposal. We acknowledge that since this letter from Mr. Nerad was written, the School Board has made reductions to the High School plan and size of the referendum. Per his request, we are including their information on the following two pages.

*Richard Parins, President, BCTA*

November 6, 2006

Brown County Taxpayers Association  
Richard Parins, President  
Green Bay, WI 54305-0684

Dear Richard,

I want to thank you for meeting with me to discuss the concerns of the Brown County Taxpayers Association relative to our planned referendum on February 20, 2007. After our discussion, I have followed up on the additional questions you asked of me. The following information is provided in response to those questions.

**1. Warranty on the New Building**

There would be a two-year warranty on the entire building with specific components having additional warranties.

**2. Number of Architect Firms Interviewed**

The District sent out a "Request for Statement of Qualifications" to 11 Wisconsin architect firms several of which were local. The District received a "Statement of Qualifications" response from eight firms. A paper screening procedure was done for all eight applicants and four firms were chosen for interviews. The selected firm had the lowest charge for services along with one other firm.

**3. Method for Choosing the General Contractor**

The District used a method for selecting the general contractor that is widely used by school districts. Area districts using this method are Marinette, Howard-Suamico, Wrightstown, Appleton, Kaukauna, Kimberly, Plymouth, Sheboygan, Kohler, Chilton, New Holstein, Brillion, Valders and Fond du Lac.

This method is called the negotiated construction contract method which allows a district to select a general contractor before the final design is completed thus allowing for contractor input and potential savings. For our project four firms were interviewed. The selected was chosen for the following reasons:

- Lowest contractor fee including administrative cost.
- Degree of successful construction experience of all personnel committed to work on this project.
- Length and scope of unconditional warranty (wall to wall).
- Agreement to competitively bid out any and all work which is normally self-performed.
- Guarantee of no change orders.
- Commitment to use local contractors, sub-contractors, and suppliers understanding that quality, experience and cost will need to be considered
- No charge for pre-construction services

It is also important to point out that there are no general contractors in Brown County that could have solely bonded for this size of project. Also the firm that was selected has over 200 employees living in Brown County.

**4. Plan Design for Building**

Attached to this letter is a copy of the two-story design for the proposed new building.

**5. Increasing Cost of Construction**

*We have indicated that should this project not be done now that the cost of the project would be up to \$35 million more if completed ten years later.* Attached to this letter is documentation we have used to support this statement.

I have also included with this letter information that I asked be included in one of your next newsletters. I very much appreciate the opportunity to have discussed these issues with you and look forward to continued dialogue on this issue and many others.

Sincerely,

**Daniel A. Nerad, Ed.D. Superintendent of Schools and Learning.**

DAN:sh  
Attachments