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STATE REPRESENTATIVE

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Rep. Vukmir's Comments Regarding Budget Repair Bill

(Madison) - State Representative Leah Vukmir (R-Wauwatosa) made the following remarks on the Assembly Floor today regarding the "*Budget Repair Bill*:"

Much has been said about how the national economy brought about our budget woes. In some ways – that statement is true. However, the real problems with the state budget are entirely of our own doing.

Economic downturns happen, often without warning – it is our job to be prepared for them. We were not, never have been and at this rate, we never will be prepared or capable of dealing with economic challenges. This body cannot even control it's spending in the good times – let alone the bad times.

The Senate Joint Finance Co-Chair offered his budget strategy in this morning's paper. He said legislators should "cross our fingers" and "hope there is no new economic downturn."

That's exactly what happened last October when this house passed a budget compromise. We saw the telltale signs that our economy was slowing and we knew our revenue projections were unrealistically optimistic, yet this body passed a budget without any spending adjustments with their fingers crossed, while hoping for the best.

Members proclaimed that we had "passed a budget the taxpayers could afford." That laughable claim hasn't been true for a decade – but this time the claim was proven wrong within two months. I guess the taxpayers just aren't working hard enough to meet the spending priorities the legislature set, because it is quite clear they cannot afford them.

We warned you then. We told you we would not meet our revenue projections and we told you we would be back here with a repair bill. And we may very well be back again very soon because we have repaired precisely – nothing. This compromise leaves us in a precarious fiscal position and it is clear that the only strategy being offered today is – crossed fingers.

What we need to do is exactly what taxpayers are doing right now - adjust our spending priorities. If we cannot find the resolve to actually cut spending during an economic slowdown, we never will.

Wisconsin's families are feeling the burden of higher prices and they are adjusting their household budgets, reprioritizing their spending and cutting back. They expect the same from us as stewards of their tax dollars.

Businesses all over Wisconsin are trimming expenses and working to run more efficiently and more lean. They are in a struggle for survival. In the end, as the economy improves, their business will be more competitive and more effective.

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This is exactly what the State of Wisconsin must do and now is the time to do it. We need to cut spending, trim waste and become more efficient – government needs to become lean. Instead, this budget repair compromise just borrows more, delays payments, raises taxes, and amazingly, manages to spend even more money. This isn't a repair, this is a sham.

We are quickly running out of tricks and one-time funding sources – the day of reckoning is coming soon. But that's okay, we have it under control, and we have our fingers crossed.

This compromise represents the abandonment of fiscal responsibility for the purpose of political expediency. Rather than starting the long process of addressing our real budget problems, we defer, delay and deny – just to get through another election cycle. When we come back for the next budget, we will again defer, delay and deny – fingers crossed and singularly focused on political expediency.

The repair bill also gives us tax increases. Of course, because no one wants to admit that they are tax increases, we claim we are merely closing tax loopholes. Some of you may believe it, but the taxpayers know better. This bill eliminates a tax deduction that's valid for federal tax purposes. Make no mistake, this is a tax increase.

This tax is being pushed by the Senate's myopic hatred of big-box stores, particularly Wal-Mart. Wal-Mart of course is guilty of the crime of being non-union and apparently needs to be punished.

Unfortunately, this new tax on interest and rental income will impact far more than a few big-box retailers. The tax is far more expansive than the talking points or LFB have indicated. These tax policy changes also mark a new era for businesses in Wisconsin. A business will now be required to demonstrate that their "*primary motivation*" for a particular business practice was not simply to reduce their state tax burden. But, what if the businesses primary motivation for reducing their tax burden is to expand their business and create jobs? Well, we don't know, this will be up to the bureaucrats at the Department of Revenue.

This provision is outrageous and sets an awful precedent that is sure to have serious consequences on our economy. These are the kinds of tax policies one would find in Venezuela, not Wisconsin. I would have said the former Soviet Union, however these changes are retroactive to the beginning of this year and the Soviet Constitution prohibited retroactive taxation.

If this tax increase isn't bad enough, the compromise also contains a non-fiscal policy change that will result in the elimination of a 30-year-old property tax exemption for senior living facilities.

I have been fortunate to have bipartisan allies standing with me as we defeated effort after effort to go after our seniors over the past several years. I would also like to thank the many members from the Democratic side of the aisle who joined me to prevent similar legislation from making it to the floor in the final days of this session.

This property tax provision has no place in this budget compromise. It will not have a positive state revenue impact. In reality, putting thousands of seniors on the tax rolls will make them eligible for the Homestead Tax Credit. It will also have the very unfortunate consequence of driving hundreds of seniors onto Title 19 which will increase our MA costs.

The property tax provision will expand the exemption for low-income for-profit corporations, but it will also effectively eliminate the exemption for not-for-profit, benevolent senior housing. How does this even begin to make sense?

These facilities support under-reimbursed nursing homes that offer a continuum of care for our seniors. Many of them will be unable to afford the increased rent. These seniors have chosen to invest their life-savings, typically the proceeds from selling their homes, into their long-term care. They chose to be self-reliant rather than divesting of their assets and becoming dependent on government for their care. And for this, we are going to punish them by removing a thirty year-old property tax exemption. *This is wrong!*

What a great message for this legislature. We protected for-profit corporations at the expense of non-profit religious homes for seniors.

I am ashamed that this provision is in this budget repair and I am ashamed at the tactics that were used. This is little more than a sop for a single lobbyist.

When I look around these chambers and recall the sanctimony of those who were going-on-and on about how we need to protect SeniorCare, I am amazed that any of you could vote for this today.

SeniorCare could have been reformed. In fact, moving most of the enrollees to Medicare Part D would have cost the seniors less money; actually it would cost them no money at all, and it would have saved the state money. But that is an issue for a different day.

The effect that this provision will have on our seniors is far more reaching.

This budget repair is no repair at all. For these reasons, I will be voting no, and I won't have to cross my fingers, but I will rely on hope. I am hopeful that the Governor will veto this tax exemption provision. In fact, I am hopeful that he vetoes the entire bill. We need to start over, we need to get serious and we need to address our fiscal problems right now.

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