



WISCONSIN COUNCIL ON

**children
& families**

Raising Voices to Make Every Kid Count

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Supermajority Plan Likely to Put Local Governments in a Bind

The Wisconsin Council on Children and Families looks forward to working with Governor Walker and the new legislature to come up with sensible solutions to the state's budget challenges. However, we are concerned about the Governor's tax proposals, particularly the supermajority requirement. We do not believe this approach will promote responsible budgeting or avoid future state deficits. The special session tax proposals, if enacted, would dig Wisconsin's budget hole even deeper, while limiting the state's options for climbing out of that hole.

Requiring a two-thirds vote in each house of the legislature for tax rate increases is likely to result in damaging budget cuts, including cuts in state expenditures for property tax relief. Although the supermajority requirement would hold down taxes on income, sales and corporate profits, it will put upward pressure on fees and local property taxes. As a result, many taxpayers may not benefit much financially, while the services they rely on would almost certainly suffer.

The supermajority requirement would allow a small minority of lawmakers to block any proposal to increase sales or income tax rates, even a revenue-neutral proposal to reform the tax system. If the legislature approves the Governor's supermajority proposal, Wisconsin would begin to follow in the footsteps of California, which is well known for a dysfunctional budget process and huge deficits.

We do appreciate that the Governor's proposal does not put the proposed restrictions into the state constitution, which is a much too rigid way to write state fiscal policy. We also appreciate the fact that the restrictions on the legislature's budget options focus on state tax rates and would not apply to bills that close tax loopholes. But, adoption of the supermajority bill is the wrong way to reform the budget process.

During the political campaigns and in the subsequent months, we have heard many ideas that would add to the state deficit. What we haven't heard is any explanation of where the state will make spending cuts or find revenue to fill the existing deficit or to pay for new tax breaks that have been proposed. There hasn't been any effort to inform and involve the public in a debate about how upcoming spending cuts might affect local services and/or property taxes. State residents should understand that balancing the budget without raising additional revenue will likely mean major cuts to important state aid programs such as school aids for K-12 education, Community Aids that help finance mandates for county human services, and Shared Revenue for critical municipal and county services.

We agree that Wisconsin's budget process needs to be reformed and difficult choices need to be made. But the single most important reform is to stop digging the budget hole deeper and stop

using a blank check approach for future spending promises or future tax breaks. Rather than deferring the consideration of those costs to a future day, we should have a thorough and open discussion of what spending commitments or tax breaks will mean for key parts of the state budget, such as education, health care and property tax relief.

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