

Revenue Collections Could Indicate More Budget Trouble

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With state revenue growth flat, Gov. Walker is trying to spend his way out of problems he created to distract voters and provide massive giveaways to the wealthy. Real state revenue growth under the Walker/Trump tandem may make this budget proposal unrealistic.

MADISON - Last week, the Department of Revenue (DOR) released the monthly revenue collection report for January 2017. The report shows a sluggish month of revenue collections, with January 2017 revenue growth up just 0.2% over last January.

The same report shows state revenue growth of just 2.1% through the first seven months of the 2017 fiscal year ending June 30. In January, the non-partisan Legislative Fiscal Bureau (LFB) forecasted revenue growth for the current budget year 2017 at 2.7%, a number that was included in Governor Walker's proposed budget. The difference would mean almost \$90 million less in revenue for Governor Walker's 2017-19 budget.

The month-to-month volatility in state revenue collections highlights the uncertainty of revenue forecasts and budget projections for the 2017-19 budget.

The wish list of proposals aimed at restoring cuts to education made over the past six years relies on fantasy budgeting. However, the basic arithmetic contained in the Governor's own budget documents show his chronic budget mismanagement will result in a barely balanced general fund, with just \$6.7 million remaining beyond the statutorily required end balance.

That balance will not be able to survive even the smallest dip in state revenue performance.

The revenue report also continues a recent and dramatic pattern of low corporate tax collections. For his last three budgets, Governor Walker prioritized massive giveaways for the wealthy that were passed with zero job creation requirements. In order to afford these tax giveaways, he slashed funding for public school classrooms, higher education, and local communities.

The most regressive of the Governor's tax giveaways, the so-called Manufacturing and Agriculture tax credit, will cost Wisconsin more than \$1.4 billion dollars by the end of the Governor's 2017-19 budget. There is no job creation requirement for the credit, and data from the LFB shows that three out of four people who claim the credit on their income taxes are millionaires.

The Governor is trying to spend his way out of a problem he created to distract voters. Unfortunately, these numbers indicate this may be too little too late. Wisconsin continues to pay the price for the untargeted tax giveaway for the wealthy passed in 2011. Republicans cut over \$1 billion from public schools, over \$700 million from our university system, and borrowed money on the taxpayer dime for the last two years - just to keep the budget in the black.

With unpredictable state revenue growth under the Walker/Trump tandem, January's revenue collections show how unrealistic Governor Walker's budget proposal is.

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