

Wisconsin Budget Update

Written by Wisconsin Democrats

Saturday, 09 September 2017 11:03 - Last Updated Monday, 11 September 2017 11:17

<http://newiproggressive.com/images/stories/S5/wisc-capitol-dome-s5.jpg>



Here is what happened in the Capitol last week as the Legislature finalized the state budget.

MADISON - The [Joint Finance Committee](#) met Tuesday to vote on the 3 billion dollar tax credit package for Foxconn, a Taiwanese based electronics manufacturing company. On Wednesday, the committee wrapped up voting on the governor's proposed budget taking up the Department of Transportation, state taxes and a budget 999 wrap up motion. You can view summaries of each JFC vote on our website:

[ms-JFC votes](#)

[Wisde](#)

Foxconn

JFC Republicans adopted multiple amendments to Special Session Assembly Bill 1, the Foxconn bill. A summary of the amendments can be viewed [here](#).

Among the Foxconn amendments was a provision that will allow parties involved in court cases related to the information technology manufacturing zone (EITM) to file appeals directly with the Wisconsin Supreme Court, rather than going through the normal court appeals process. The committee passed the Foxconn bill on a party-line vote, with all four Democratic members voting against passage of the bill.

Department of Transportation (DOT)

JFC Republicans passed a transportation package that includes \$150 million in new bonding. Combined with the \$252.4 million in GPR-supported bonding in the Foxconn bill, the total new bonding for transportation projects will be \$402.4 million.

A copy of the full Republican motion can be viewed [here](#). Included in the 19-page motion are provisions that:

- Eliminate 200 DOT staff positions over the next two years
- Create a new \$75 fee for hybrid vehicles and a \$100 fee for electric vehicles
- Fund a DOT study on the impacts of tolling

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- Restrict the City of Milwaukee's ability to spend money on the downtown streetcar project
- Reduce new funding for the Local Roads Improvement Program (LRIP) by \$4 million
- Reduce new funding for the State Highway Rehabilitation Program by 4.8%
- Reduce new funding for the Major Highway Development Program by 15.8%
- Prohibit DOT from funding the north leg of the Zoo Interchange project
- Repeal the prevailing wage
- Change the composition and duties of the Transportation Projects Commission (TPC)
- Authorize DOT to share personal information, including social security numbers, for the purpose of maintaining interstate voting records
- Prohibit local governments from enforcing any ordinance that "defeats the purpose" or "violates the spirit" of a state law
- Limit local authority to regulate blasting, water quality and quantity, and air quality relating to quarry operations

JFC Democrats introduced an amendment to remove the prevailing wage repeal from the Republican motion and restore the prevailing wage for local projects, but Republicans rejected the amendment on a party-line vote.

Special Needs Voucher Program

Although the Committee wrapped up the Department of Public Instruction (DPI) budget last week, Republicans passed a motion on the final day of the budget to take an additional \$3.1 million from public schools to fund the special needs voucher program.

The Republican motion eliminates the requirement that, to qualify for the special needs voucher program, a student must have attended a public school or been denied admission to a non-resident district school in the previous year. LFB estimates that this enrollment expansion will lead to an additional 250 pupils participating in the program.

New provisions will also allow parents and private schools to modify the terms of a child's individualized education plan (IEP) to determine what services will be provided by the school. Costs incurred per student will be reported to DPI and refunded the second year the voucher is in use. Costs will be refunded to the school with an up to 150% per pupil aid reduction (\$18,000) and then 90% of the remaining balance will be reimbursed through GPR. There is no limit to how much a school can be reimbursed, although a school must pay the full amount of costs incurred during a student's first year. Additionally, the Republican motion includes no new audit requirements for the program.

Shared Revenue and Local Government

A copy of the Republican motion on shared revenue and local government can be viewed [here](#).

Personal Property Tax Exemptions

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JFC Republicans created new exemptions to the personal property tax for non-manufacturing machinery, tools, and patterns. Since the personal property tax is collected by local governments, the motion also creates a new state aid program to reimburse municipalities for those losses. However, the calculation for state aid will be frozen at 2017-18 levels. This means that local governments will receive the same amount of money in perpetuity without adjustments for inflation. The new personal property tax exemptions will cost the state \$74.4 million annually.

Miscellaneous Provisions

Additionally, the Republican motion:

- Requires municipalities to include in any levy limit referendum language the specific purpose for which the funds will be used. Current law does not require referendum language to state a purpose.
- Expands the local room tax to short-term rentals (like Airbnb and VRBO)
- Authorizes county human services departments to enter into contracts with each other to perform certain child protective services
- Prevents business improvement district (BID) assessments on residential properties in the City of Milwaukee
- Reinstates Milwaukee County Board oversight of the sale or lease of property owned by the county

Taxes and Revenue (DOR)

JFC Republicans passed a tax package that consistently favors wealthy individuals and special interests over working and low-income families. A copy of the full motion can be viewed [here](#).

Elimination of the Working Families Tax Credit

Republicans voted to eliminate the Working Families Tax Credit beginning in 2017. The Working Families Tax Credit is specifically targeted toward low-income individuals and families – only individuals earning less than \$10,000 annually and married couples earning less than \$19,000 annually even qualify for the credit. About 725 people claim the tax credit and the average tax benefit is about \$276 per person.

Elimination of the Alternative Minimum Tax (AMT)

Republicans also eliminated the AMT, a tax that was specifically created to ensure that individuals pay at least a minimum amount of income tax if they otherwise qualify for large tax

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deductions and exemptions. According to a [memo](#) from the LFB, over half of AMT claimants earn over \$300,000 per year. Eliminating the AMT will cost the state \$7 million annually after 2019.

Deletion of Earned Income Tax Credit (EITC) Changes

Republicans rejected Gov. Walker's proposed EITC increase of \$27 million, which would have raised the EITC for families with one child and couples who become married, and would have created a new EITC for non-custodial parents. The EITC is a refundable tax credit that benefits working families with children.

Miscellaneous Provisions

Additionally, the Republican tax package:

- Deletes Gov. Walker's proposed income tax cuts
- Allows the state deduction for adoption expenses to be claimed for adoptions in other states and countries
- Provides a generous tax break to broadcasters by creating new exemptions for income received from advertisers based outside the state
- Eliminates Gov. Walker's proposed Sales Tax Holiday
- Creates new sales tax exemptions for: arcade games, tournament entrance fees, beekeeping, broadcast equipment, and internet access services

Wrap-Up Motion (Formerly Known As #999)

Despite assurances that this budget would not have a lengthy final motion, Republicans offered a motion that contains 26 new items. You can view the motion [here](#). Noteworthy changes include:

- Additional pork for communities across the state (most notably \$2.9 million over 5 years for Janesville for no stated reason)
- Advancing the dates of the state employee wage adjustments to July 1, 2018 and January 1, 2019
- Requiring the DHS Office of the Inspector General to conduct audits of all family planning service MA reimbursements, which will equate to an audit of Planned Parenthood and a continuation of Republican attacks on women's healthcare

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- Micromanaging the UW System by adopting the Governor's faculty teaching and workload requirements and prohibiting UW institutions from requiring Chancellor candidates to be tenured faculty or hold doctorate degrees
- Specifying that charter school authorizers must consider (rather than adhere to) certain principles and standards for quality charter schools

You can view all of the previous motions and votes on the state budget by visiting the Legislative Democrats website here: <http://legis.wisconsin.gov/democrats/jfc-votes>