

Save Our Services Rally !



The state budget passed in July slashes aid to schools, local governments, and state services. There is an alternative: rescinding tax cuts on the wealthy and closing corporate tax loopholes could raise \$3B in revenue per biennium. Featuring: Arlene Silveira, School Board President; John Hendrick, Dane Co. Supervisor; Peter Rickman, Teaching Assistants Assoc.; Jim Cavanaugh, South Central Federation of Labor.

Capitol - State St.
Thursday, October 1
5:00 pm

Initiated by AFSCME 171. Co-sponsored by AFSCME 68, South Central Federation of Labor, Union of Immigrant Workers, International Socialist Organization, Madison Area Peace Coalition, Progressive Dane Labor Donated

Tax Fairness and the Budget Deficit

If you rely on government services, the current budget deficit means longer waits, tougher eligibility standards, larger class sizes, closed offices and cutting whole programs. If you're a public employee, it means wage cuts, layoffs and unpaid furloughs—and the accompanying higher workload that comes from greater need and fewer staff.

We're told that we all—consumers of government services and public employees—need to sacrifice to get out of the deficit crisis. But there's a segment of our society that isn't being asked to join in the sacrifice.

During the Supply Side/Trickle Down Decade, taxes on wealth in this state were cut dramatically. Meanwhile, taxes on wages of working people and the kinds of things we buy increased.

For example, people who make their money by selling stocks, bonds, investment real estate, art or antiques in Wisconsin paid no taxes on 60% of their income. That was changed this past spring so that now they get to dodge taxes on “only” 40%.

The Institute for Wisconsin's Future (IWF) estimates that if we taxed these capital gains like other states do, Wisconsin could take in another \$454 million in tax revenue every biennium. (http://www.wisconsinsfuture.org/publications_pdfs/tax/1108wi_taxreformoptions.pdf)

Wisconsin recently eliminated the last vestige of the estate tax. If we restored even a modest tax on inherited wealth, IWF says we could take in another \$240 million a biennium.

Wisconsinites with very high incomes, over \$300,000 a year, pay only 7.75% in state income taxes (after generous deductions). By increasing that top tax bracket by only 1 percentage point the state would take in another \$156 million a biennium. If we restored the top tax rate to what it was in the recent past, we would raise an additional \$700 million a biennium.

Under the current system, the people of Wisconsin pay a sales tax on some purchases but not others. We pay the tax when we buy the kinds of things that individuals and households need to survive, like shoes for the kids and a family vehicle. But the kinds of things that corporations buy, like the services of tax consultants, advertising and lobbyists, aren't taxed. The IWF estimates that simply by extending the sales tax to purchases of these “professional services”

Wisconsin would take in an additional \$1,366 a biennium. A few hundred million here and a few hundred million there, and pretty soon the state budget deficit is no more.

We hear that Wall Street is recovering from the recession, thanks to trillions of dollars in new public spending. But no one seems to be talking about tax fairness as a way of resolving the state budget deficit. Instead, we hear competing schemes for foisting sacrifice on consumers and providers of public services.

Public employees, and those who rely on the services we provide, need to bring the issue of tax fairness back into the political discussion.