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Contact: Rep. Josh Zepnick

Rep. Zepnick Proposes Middle Class Tax Cuts and a Fair and Responsible Transportation Funding

Milwaukee – State Representative Josh Zepnick announced a plan today that would offer middle class tax cuts along with a fair and responsible transportation funding plan. Zepnick’s plan restores the balance of the wealthiest in Wisconsin pay for their fair share of public services by eliminating the tax cut for high income earners passed by Republicans and Walker last Session.

Zepnick’s transportation proposal rejects the Republican tax increase of \$378 million on new vehicle purchases which would hurt local economies and slow down job creation. Zepnick also opposes the Republican tax on energy efficient vehicles of \$5.7 million.

“There is no logical reason to tax hybrid vehicles, which are far and clear more expensive cars to purchase and Wisconsin already collects that revenue through its existing sales tax. Not to mention, reducing dependence on the oil markets and cleaner air are both smart goals for the long-term health of our economy and environment,” Zepnick noted.

Instead of the Republican tax increase of \$358 million which uses a complicated formula to raise taxes at the wholesale level hiding it from the general public, much like indexing used to do, Zepnick proposes simply extending the sales tax to include gas pump purchases. The State portion of the sales tax would bring in roughly \$650 million for the biennium and would go straight to the Segregated Transportation Fund. Another \$150 million per year could be tapped into through the local option sales tax of 1.5%, which would provide revenues to municipalities directly in order to fund local roads and transit.

Zepnick’s plan proposes the following:

- Cut state sales tax to 3%
- Allows for a local sales tax of up to 1.5%, which creates a statewide capacity of over \$1 billion “available and optional” for local municipal spending. These funds would be collected and kept at the local level, with the option of regional partnerships in areas where sales tax collections are weakest.
- Similarly, because of the local option revenue source, shared revenue would be reduced by \$400 million. The program would be redesigned to truly become a safety net vs. today’s system of redistribution. Declining population communities, places with high poverty or unemployment would be first in line to receive shared revenue funds.
- Add the sales tax to fuel purchases, which equals \$650 million each biennium, and up to another \$150 million each year for municipalities to finance roads and transit.



STATE REPRESENTATIVE
JOSH ZEPNICK
WISCONSIN STATE ASSEMBLY

- Realizes approximately \$250 million in savings from health care reforms for government employees and additional federal dollars for Medicaid.
- Restructures EITC to give more robust EITC payments for working adults with 0-2 children, but not above that.
- Gains additional revenue growth via additional retail spending in tourism, border hopping retail, and attracting retirees due to lower relative sales taxes.
- Enacts a more progressive tax code for all wage earners while removing the Republican tax cuts for the extremely wealthy.
- Mandates \$250 million in GPR reductions to the following budget lines:
 - Department of Administration, Building Commission, Educational Communications Board, Government Accountability Board, Historical Society, Employment Relations Commission, Governor's Office, Lieutenant Governor's Office, Legislature, Medical College of Wisconsin, State Fair Park Board, and Miscellaneous Appropriations.

“This plan will give Wisconsin the lowest sales tax in the Midwest by at least 2%. I project that there will be further revenues gained because of a stronger economic growth. Wisconsin should be a leader in bold, economic policy, and this is a strong step to provide a fair, responsible tax code as well as a fair and responsible solution to our transportation funding issues in the state. I look forward to discussing this plan further, and an open and transparent debate about Wisconsin's budget and transportation fund shortfalls.”

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