



REP. KARL VAN ROY • 90<sup>TH</sup> ASSEMBLY DISTRICT

# VAN ROY'S VIEWS

## LEGISLATIVE E-UPDATE

Friday, April 17, 2009

### **TEA Stands For "Taxed Enough Already"**

Wednesday, April 15 was the deadline for filling your income taxes. On this day, "Taxed Enough Already" TEA rallies were held across the nation to voice public concern and opposition to increased government spending, government bailouts, and higher taxes. Participants gave tea bags to their legislators as a reminder of the American colonists who dumped tea into Boston Harbor in opposition to excessive taxes being imposed by King George III. The Boston Tea Party was a key event in the growth of the American Revolution which began a year and a half later.

I happened to be in Madison for committee meetings, and I saw first hand the 4,000 to 5,000 people that filled the state Capitol lawn to listen to speeches then came inside to meet with their state legislators. The message they gave was loud and clear and the same one I've been getting from folks for a long time. With more businesses closing their doors everyday and rising unemployment up along with home foreclosures, bankruptcies, energy prices, health care costs, and food prices, they cannot afford to open up their wallets to pay even more in higher taxes and fees to support increased government spending. I agree with those sentiments and I'm working hard to see that state government lives within its means as well as yours so that you can afford to live, work, and retire here.

### **Gov. Doyle's Budget Raises Property Taxes By \$1.48 Billion**

In past issues of my e-newsletter I've explained that the budget repair bill that was approved by Democrats and Governor Doyle in February raised taxes in Wisconsin by [\\$1.2 billion](#), and that Doyle has proposed raising taxes and fees by an additional [\\$1.7 billion](#) in his 2009-2011 budget despite receiving more than \$3 billion in federal stimulus money. Making matters worse, the non-partisan Legislative Fiscal Bureau (LFB) recently released a memo estimating that key changes in Doyle's budget will cost individual homeowners an additional \$1.48 billion in higher property taxes despite the fact that home values are falling.

Added up, this comes to a staggering **\$4.38 billion** in tax and fee increases over the next two years alone. Let's not forget that Wisconsin was ranked as 8th highest in the nation for state and local tax burden, and that ranking does not factor in all these new tax and fee increases.

According to the LFB, factors contributing to the higher property taxes include Doyle's proposal to weaken property tax limits and local revenue controls that help to keep property taxes in check and to reduce several key aid payments to counties and municipalities. As a result, property taxes will go up \$316 on a median-value home. That's a 3.2% tax increase in the first year of the budget cycle and a 4.5% increase in the second. LFB also estimates that during this same time period, property values will drop about 4%. In other words, you will be paying higher property taxes on a home that is losing value.

I've said it before and I'll say it again, we cannot tax our way out of a recession. Taking more money out of the pockets of already cash-strapped citizens and struggling small businesses in order to increase government largesse will do nothing to stimulate the economy, help you pay your bills, or enable businesses to create the good-paying jobs we need during these hard economic times.

Folks are having a hard enough time as it is paying their bills and making ends meet. But, Doyle's budget will increase housing costs and make it that much harder for individuals to afford to stay in their own homes, especially seniors living on fixed incomes. Sadly, as we continue studying Governor Doyle's budget we keep finding more provisions like this one that that will only burden families even more and push them further into financial hardship.

## **New Slaughter Tax Is Bad For Wisconsin**

In his 2009-2011 state budget, Governor Doyle has proposed assessing a new fee on slaughterhouses of 14¢ per swine, 14¢ per cattle, 10¢ per calf, and 1¢ per poultry that is slaughtered in the state of Wisconsin. This new fee is expected to raise \$1.5 million over the biennium to go toward the Animal Health Services program and the Food Safety Program. This is an issue especially worth our attention since JBS Packerland and American Foods Group together employ over 2,900 employees in the Green Bay area.

While I agree that the safety of our food supply is an important public health issue, I believe this new industry tax is the wrong funding approach to addressing a perceived state need. According to DATCP, the fee is needed to address emerging animal diseases. However, the burden of this fee will fall exclusively on 130 slaughter facilities but not on over 60,000 livestock establishments located throughout the state. It is unfair to tax one small group of businesses and give a free pass to all the others when clearly the issue of animal disease management is an issue for all of them.

Public health and safety issues impact the public as a whole and should be funded by general purpose revenue not by industry user fees. That is the direction that has been taken by the federal government for well over 100 years in order to avoid any real or perceived conflict of interest that would exist if the businesses being regulated paid for

the people and programs needed to regulate them. Our neighboring states also have taken this same public approach to funding. Public confidence in the safety of our food supply is just as important as the safety of our food supply itself.

Collectively, JBS Packerland and American Foods Group pay \$7.5 million dollars every year on food safety as they are both heavily regulated, federal-inspected processing facilities. However, Governor Doyle's budget would require them to pay a new slaughter tax to fund state animal health and inspection programs that they are prohibited from using by federal law. It is unfair to tax a business to support programs it can not use or benefit from and with which it will have absolutely no interaction.

Since the slaughter tax will primarily be paid for by these larger federal-inspected processing facilities, they will be put at a competitive disadvantage against other Wisconsin slaughterhouses that are state-inspected facilities. JBS Packerland and American Foods Group would have to pay both state and federal inspection costs while some other facilities would only have to pay state costs. Furthermore, Wisconsin processing plants that ship meat to other states would be put at another competitive disadvantage against out-of-state slaughter facilities since we have yet to find another state that assesses a similar slaughter tax as the one being proposed in Wisconsin.

Wisconsin has many slaughter facilities that employ a large number of workers, but some of these businesses also have plants located in other states. Jobs in Wisconsin could be jeopardized if the higher cost of production here encourages these facilities to expand their operations or transfer some of their business to those out-of-state locations. With statewide unemployment continuing its rise to 9.4% in March and Green Bay unemployment at 11.9% in February (March data for municipalities to be released next week), we cannot afford to adopt new taxes that could result in continued job losses for Wisconsin workers.

The meat industry has always operated on small margins so this slaughter tax is an added cost of doing business that will have to be recouped in some fashion. It could come in the form of decreases in prices they pay to cattle and poultry producers, thus effectively passing this tax burden onto another business that will now have to recoup its losses somehow too.

Gold'n Plump ended 2008 with a loss due to a 30% increase in feed costs and over a 30% increase in utility costs. They had hoped to expand in the next two years adding both jobs and growers in Wisconsin. They are now reconsidering those expansion efforts due to the proposed slaughter tax, a fee they say they can't pass on because the margins to compete are too slim. If they can't recoup their costs, I wonder what will happen to this plant. This week, Land O'Lakes Dairy announced it will close its butter manufacturing plant in Madison because it is no longer economically feasible to operate. 120 Wisconsin workers will lose their jobs and out-of-state plants make up for their lost production.

Given our current economic climate and the difficulty competing at both a national and international level, it is clear we must enact policies that help our local businesses remain competitive and strong, not create barriers to growth and job creation. At the end of the day, I can see that this tax will either result in fewer jobs for Wisconsin workers or higher

State Representative Karl Van Roy - 90th Wisconsin State Assembly District

food prices for Wisconsin consumers. No matter which way you slice it, Wisconsin residents will come out the losers with yet another of Doyle's misguided tax increases.

**State Representative Karl Van Roy**  
**State Capitol - P.O. Box 8953 - Madison, Wisconsin 53708**  
**Toll Free: (888) 534-0090 - Fax (608) 282-3690**  
**Email: [Rep.VanRoy@legis.wisconsin.gov](mailto:Rep.VanRoy@legis.wisconsin.gov)**  
**On the Internet: [www.legis.state.wi.us/assembly/asm90/news/](http://www.legis.state.wi.us/assembly/asm90/news/)**

To remove your email address from the Van Roy's View's E-Update distribution list, please [click here](#) and your address will be taken off. Thank you.