WISCONSIN LEGISLATURE
P.O. BOX 8952 • MADISON, WI 53708

June 25, 2013

Governor Walker
Room 115 East, State Capitol
Madison, WI 53702

Dear Governor Walker:

We write to ask that you veto budget language added by the Joint Finance Committee (JFC) that changes the income tax plan in the state budget, making it even less targeted to the middle class than your original proposal. As you are aware, you announced that you wanted income tax relief targeted to middle class families, yet your plan provided a cut four to five times larger for those making over $300,000 compared to those middle class families making median income. However, the plan passed by the legislature provides a cut over ten times larger for those earning over $300,000. The JFC did this by lowering the top three marginal tax rates and by collapsing the third and fourth highest rates into one. This means that those making $22,000 are taxed at the same rate as those making $315,000.

By making these two changes, the JFC fails to direct income tax relief toward the middle class. Therefore, we ask you veto this plan in favor of one that actually directs tax relief at the middle class. We ask for your support of an alternate proposal that would accomplish this by reducing rates for the bottom two brackets. Under this plan, the bottom rate changes from 4.6% to 4.00%, the second bottom rate changes from 6.15% to 5.34%, and changes to the Earned Income Tax Credit (EITC) and Homestead Credit made in the previous session would be reversed.

The current budget cuts income taxes by $647,900,000. While we believe that cutting taxes can be an important way to spur economic growth, we have concerns about the disparate distributional impacts of the current budget's income tax changes both from an economic stimulus standpoint as well as from one of basic fairness. According to analysis by the Legislative Fiscal Bureau, more than 50% of the total $647 million tax cut goes to less than 20% of the highest income earners. All Wisconsin tax filers earning more than $300,000 receive an average tax decrease of $1,440. By contrast, more modest Wisconsin tax filers receive much smaller tax cuts. Wisconsin tax filers earning between $40,000 and $50,000 receive only an $85 tax cut; those earning between $30,000 and $40,000 receive a $58 tax cut. Wisconsinites in these two income ranges equal more than 23% of all tax filers, but receive less than 11% of the total cut. This distribution is uneven and unfair.

By maintaining the current tax brackets, or by maintaining the tax structure that provides tax cuts to only the bottom two rates, which of course benefit all taxpayers, you could also reverse the changes that raised taxes last session on the EITC and Homestead Credit filers. This would provide a more even and fair tax decrease for all Wisconsin tax filers. This plan would still cut taxes by the same aggregate amount, but would ensure that this tax cut would go to the more than 50% of Wisconsin taxpayers who earn between

$30,000 and $90,000. All Wisconsin tax filers earning less than $80,000 a year would receive a greater tax decrease than under the JFC plan. Reducing tax rates for the bottom two brackets will not only affect the taxes paid by Wisconsin tax filers earning income in those brackets, it will affect the taxes paid by all Wisconsin tax filers. By contrast, the rate reductions and collapsing of rates currently in the budget disproportionally benefit the wealthiest among us.

This alternative plan would provide a more even and fair tax cut for all Wisconsin tax filers, both those who are struggling and those who are successful. Most importantly, it cuts taxes the most for Wisconsin's middle class, which economists believe will have the strongest impact on stimulating the economy and creating jobs, which our state desperately needs. We should ensure as we cut income tax rates in Wisconsin, we do so in a way that actually benefits the middle class, puts back significant dollars in the pockets of middle class Wisconsin taxpayers, and affirms our belief in fair and evenhanded government.

Sincerely,

Rep. Daniel Riemer
7th Assembly District

Senator Dave Hansen
30th State Senate District

Rep. Peter Barca
64th Assembly District

Senator Lena Taylor
4th State Senate District

Rep. Sandy Pasch
10th Assembly District

Senator Mark Miller
16th State Senate District

Rep. Cory Mason
66th Assembly District

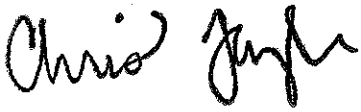
Senator Tim Cullen
15th State Senate District

Rep. Andy Jorgensen
43rd Assembly District

Senator Nikiya Harris
6th State Senate District

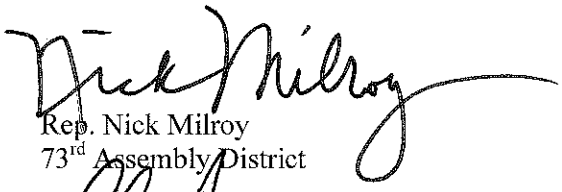
Rep. JoCasta Zamarripa
8th Assembly District

Senator Jon Erpenbach
27th State Senate District

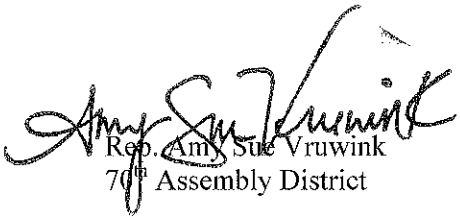


Rep. Chris Taylor
76th Assembly District

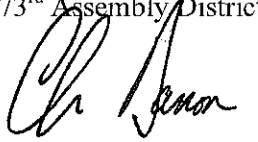
Rep. LaTonya Johnson
17th Assembly District



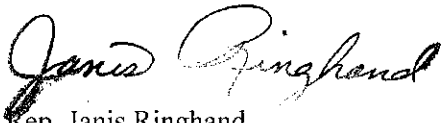
Rep. Nick Milroy
73rd Assembly District



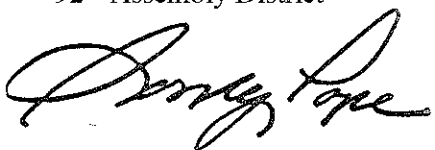
Rep. Amy Sue Vruwink
70th Assembly District



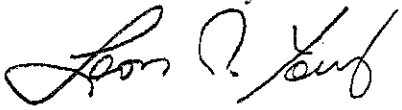
Rep. Chris Danou
92nd Assembly District



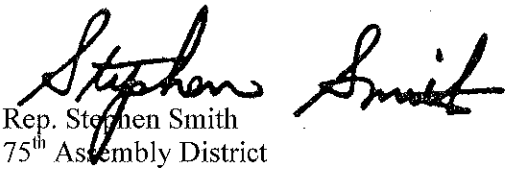
Rep. Janis Ringhand
45th Assembly District



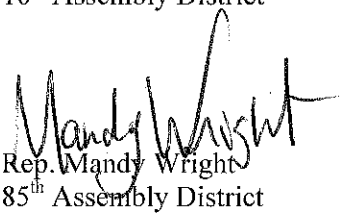
Rep. Sondy Pope
80th Assembly District



Rep. Leon Young
16th Assembly District



Rep. Stephen Smith
75th Assembly District

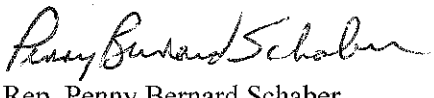


Rep. Mandy Wright
85th Assembly District

Rep. Christine Sinicki
20th Assembly District

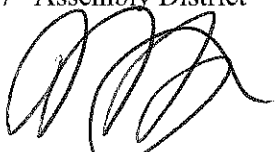
Rep. Steve Doyle
94th Assembly District

Rep. Terese Berceau
77th Assembly District



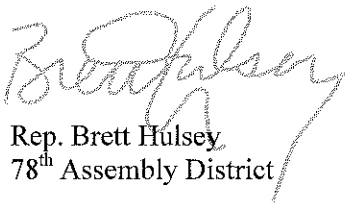
Rep. Penny Bernard Schaber
57th Assembly District

Rep. Robb Kahl
47th Assembly District



Rep. Mandela Barnes
11th Assembly District

Rep. Tod Ohnstad
65th Assembly District

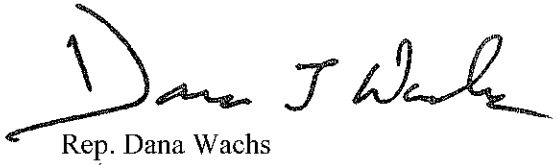


Rep. Brett Hulsey
78th Assembly District

Rep. Melissa Sargent
48th Assembly District

Rep. Katrina Shankland
71st Assembly District

Rep. Evan Goyke
18th Assembly District



Rep. Dana Wachs
91st Assembly District

Rep. Dianne Hesselbein
79th Assembly District