

# UNDER THE DOME

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## Assembly GOP, Walker Spar as Budget Committee Reviews Proposed Property Tax Changes

Governor Walker is vowing to veto any budget the legislature sends him that results in higher property tax bills for homeowners in 2018 compared to what they were in 2014. In order to meet that standard, lawmakers now need to commit significant general purpose revenue, due to lower than anticipated lottery revenue, something that has put them at odds with the governor. The Joint Finance Committee was set to vote on the governor's proposed elimination of the state property tax, however, pulled it from the agenda as legislative leaders disagreed with the governor over how to make up for the lottery shortfall and other changes. Although the JFC Co-Chairs committed to eliminating the state property tax, it is expected to be voted on at a later date as part of a larger tax package. Speaker Vos and Co-Chair Nygren argue Walker is moving the goal post on property taxes and should not be using 2014 as the benchmark. Instead, the speaker said tax bills in 2010, the year before Walker was elected and Republicans took control, compared to today, should be the comparison and that his pledge is fully upheld without requiring the added dollars under that scenario. Walker has long made property tax relief his number one priority and is not expected to compromise on the matter, adding to the problems between lawmakers and the governor as they continue to exchange barbs on transportation funding. A spokesperson for the governor said they will work with the Legislature to identify savings that will continue to deliver relief to Wisconsin families. According to Legislative Fiscal Bureau estimates, the lottery and gaming credit money that is dedicated to property tax relief, has dropped from \$125 on the average home to \$113. Director Lang said the drop is due to decreased ticket sales.

## Walker Open to Tolling with Tax Offset

Governor Walker said he is open to the idea of tolling as long as there are corresponding reductions in the gas tax. The statement was made at yet another press conference Walker called nearby a major interstate reconstruction project as he continues to put pressure on lawmakers to agree with his proposed transportation budget. Assembly Republicans are balking, with tolling being one of the options they are looking at for increased revenue to shore up the transportation fund. Walker did not specify how much the offset would need to be for him to support tolling. Although it is being discussed as an option, tolling would do little in the short-term as it takes years and hundreds of millions in upfront costs to implement and federal approval is uncertain. A spokesperson for Senate Majority Leader Fitzgerald said they want tolling to be part of the conversation. While Assembly Majority Leader Steineke is in agreement, he pointed out tolling would do nothing in the next budget, while arguing its adoption must yield a significant net increase in road funding versus an offset by a gas tax decrease.

## Upcoming Session Days

The Senate and Assembly will be in session Wednesday, June 14th.

## Joint Finance Committee Recap

The Joint Finance Committee was in executive session to take up workforce training funding, proposed changes to the state parole commission, pay increases for judges, prosecutors and public defenders, along with the bulk of the Department of Natural Resources budget. One of the more contentious items in the governor's proposal, elimination of the state's natural resources magazine, was pulled from the budget by the JFC, however, they did opt to pare it back to four issues annually. Walker argues the magazine takes up valuable staff time that could be better spent on core agency functions and that it's better suited for the private sector. Another proposal eliminating the Parole Commission was also rejected by the committee, who opted to create a new Independent Pardon Council. Under the Department of Workforce Development, the Committee approved continued funding for the state Fast Forward grant program, mobile classroom and teacher development programs, career and technical education incentives, an occupational skills program, and a teacher training recruitment program. Finally, the governor's Tourism Department budget was adopted after the committee added funding for Vernon County for the purpose of making improvements to a ski jump hosting international competitions. Co-Chair Darling said the committee plans to meet this week, while Senate Majority Leader Fitzgerald predicted the JFC would conclude its work by June 15th and the legislature would pass a budget by the end of the month.

## Assembly Panel Clears Constitutional Convention Measure

The Assembly Committee on Federalism and Interstate Relations approved a measure calling for a national convention on adding an amendment to the U.S. Constitution requiring a balanced federal budget. The proposals are part of a national Article V movement, referring to the portion of the U.S. Constitution that authorizes states' legislatures to convene and propose amendments to the constitution. The Senate version was recently approved in committee and is awaiting action on the floor. At the hearing, proponents of the measure acknowledged it may never be realized, however, argued the conversation is necessary given the nation's rising debt levels. Democrats on the committee said it could lead to a loss of citizens' rights, something the authors disputed, arguing the focus is solely on fiscal responsibility. 34 states must pass the resolution in order to trigger the convention. If approved, Wisconsin would become the 28th state.

## Revised Revenue Estimate Frees Up Transportation Funds

The Legislative Fiscal Bureau announced the state's transportation fund is expected to have \$93.4 million more in it through June of 2019 than what is included in the governor's proposed budget. According to the LFB, the bump is due to higher fuel tax collections, lower debt service, an improving picture on vehicle registrations, debt service and other agency appropriations. The funding comes amid a near stalemate between the governor and legislature over transportation funding and could help provide them with flexibility to either increase spending on road projects, or decrease the level of borrowing, set at \$500 million in the governor's budget. The Walker administration last month announced they had freed up \$100 million within the transportation budget, while committing a good portion of it to road work in the current fiscal year, ending June 30th. Under the governor's budget, the transportation fund would finish with \$8.4 million on June 30, 2019. It is now expected to finish with \$101.8 million. Walker responded to the news by again expressing opposition to gas tax or registration fee increases being floated by a number of Republican lawmakers. He said the projected increase in gas tax collections and lower borrowing costs outlined in the memo only reinforce the budget we've proposed.

## Report Finds 12,000 Jobs Added in 2016

Recently released data from the Bureau of Labor Statistics and the Quarterly Census of Employment & Wages shows Wisconsin added 11,590 private-sector jobs in 2016. Job growth slowed considerably compared to 2015 when the number was three times that. It also found wages for manufacturing jobs dropped by 5.3% in 2016, while professional and business services wages increased 3.6%. Democrats knocked the governor on the numbers, arguing the state's economy is being held back by Republican policies. They also criticized Walker for failing to live up to a promise he made when running in 2010 that 250,000 jobs would be created during his first term in office. That mark has yet to be hit, standing at 70,000 jobs short through December of 2016. Department of Workforce Development Secretary Ray Allen in a press release touted other recent positive economic indicators, including a 17-year low in unemployment. The data is viewed to be some of the most accurate because it is created based on records collected from nearly all Wisconsin businesses.