



Stephen L. Nass
Wisconsin State Representative
PRESS RELEASE

FOR IMMEDIATE RELEASE
FOR FURTHER INFORMATION CONTACT:
Rep. Steve Nass (608) 266-5715

January 27, 2006

**WISCONSIN'S STRUCTURAL DEFICIT SKY ROCKETS NEARLY 44% SINCE
JUNE 2005**

Nass: Structural deficit grows from \$876 million to \$1.27 billion.

State Representative Steve Nass (R-Whitewater) released a memorandum from the Legislative Fiscal Bureau that shows the State of Wisconsin facing a \$1.27 billion structural deficit in the next budget period (2007-2009). An identical memo, prepared in June 2005, set that deficit at \$876 million. Even worse, is that the higher deficit of \$1.27 billion takes into account increased state revenue projections announced last week.

“Governor Doyle and some in the legislature continue to mislead the public about the real status of state finances. The situation is a mess, a mess that will eventually be laid in the laps of taxpayers one way or another,” Nass said.

Last week, the Legislative Fiscal Bureau increased its projection of state revenue growth from about 4.5% in each year of the 2005-2007 biennium to about 5% in each year. In the current biennial budget (ending June 30, 2007), the increased revenue projections would provide a net balance of \$42 million in the state checkbook out of nearly \$26 billion in expenditures from the general fund.

“Governor Doyle and the legislators that passed the current state budget created a razor thin margin of error. The State of Wisconsin would have a difficult time financially responding to any crisis that might require large state expenditures. I have no misgivings for voting against a budget that puts Wisconsin’s bright future at great risk,” Nass said.

Nass noted that the continuing structural deficit and increasing pork-barrel spending in many state programs has directly prevented passage of real tax cuts and serious reforms to how government spends your money. Recent headlines make clear that state government spending is no longer based solely on good government principles.

“In the private sector, people are going to jail for Enron-style accounting gimmicks, but in state government these distortions are business as usual,” Nass said.

###



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

January 27, 2006

TO: . Representative Stephen Nass
Room 12 West, State Capitol

FROM: Bob Lang, Director

SUBJECT: General Fund Budget Under Alternative Tax Revenue Assumptions

At your request, I have prepared the following table, which shows the estimated general fund net ending balances in the 2005-07 biennium under the biennial budget act and other enacted legislation to date, with a number of alternative assumptions regarding annual tax revenue growth in state fiscal years 2005-06 and 2006-07. These figures are shown in the first two columns of the table, and are comparable to the estimates shown at the bottom of Table 1 of the January 25, 2006, memorandum regarding the general fund budget prepared by this office (attached).

The second two columns of the table show the amount of additional revenues or spending reductions that would be necessary in each year of the 2007-09 biennium in order to meet all of the enacted future GPR commitments and have a balanced budget, using the alternative 2005-07 growth rates specified. These figures are comparable to the estimates shown in Table 5 of the January 25 memorandum.

TABLE 1

**Estimated 2005-07 Net General Fund Balances and Amounts Needed
to Fulfill Future Commitments in 2007-09 Using Alternative Assumptions
Regarding General Fund Tax Growth Rates
(\$ in Millions)**

<u>2005-07 Estimated Tax Revenue Growth</u>	<u>2005-07 Biennium Net Ending balance</u>		<u>2007-09 Biennium Amount Needed</u>	
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
2.0%	-\$389	-\$986	\$2,250	\$1,450
2.5%	-332	-813	1,960	1,333
3.0%	-276	-639	1,669	1,216
3.5%	-219	-464	1,377	1,099
4.0%	-162	-289	1,083	980
4.5%	-105	-113	789	862
5.0%	-48	63	493	742
5.5%	9	240	196	622
5.7%	32	311	77	574
Current Estimates (4.9% and 5.1%)	-64	42	519	747

I hope this information is helpful.

BL/sas
Attachment