



For Immediate Release

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Governor and Legislature Should Develop a Bipartisan Alternative to the Budget Bill's \$2.3 Billion Income Tax Cut

In a letter to Governor Evers today, Kids Forward urged him to veto part of the budget bill and work with state legislators to develop a bipartisan alternative to the large income tax cut added to the bill by the legislature.

Michele Mackey, Kids Forward's CEO, suggested in the letter that rather than passing a "hastily crafted and poorly targeted tax cut," the governor should meet this summer with key legislators "to negotiate a compromise that contains smaller and better targeted tax cuts and increased spending in areas critical for Wisconsin's future."

The proposed tax cut, which would reduce the rate for the third income tax bracket, is projected to reduce state revenue by \$2.37 billion over the next two years.

A Legislative Fiscal Bureau analysis of the distribution of the proposed income tax changes shows that they disproportionately benefit very wealthy Wisconsinites and provide little or no benefit to about half of tax filers. Although people making less than \$40,000 per year comprise 52% of tax filers in the state, they would get just 1.1% of the benefit of the \$2.3 billion income tax cut.

Mackey said the tax cut "primarily benefits the wealthiest Wisconsinites and squanders an opportunity for state policymakers to make investments in education and other budget priorities that would do far more to boost our economy and give all Wisconsinites an opportunity to succeed."

The letter notes that the Republican budget plan provides schools only about a tenth of the increase proposed in the Governor's budget bill. Mackey called the small increase "inexcusable" at a time when the latest revenue estimate was \$4 billion higher than was anticipated when the governor developed his budget recommendations.

Another concern raised by the letter is that the enactment of such a large income tax cut could make it difficult to balance future budgets. According to documents from the Legislative Fiscal Bureau, in the second year of the budget period, new state revenue is projected to be \$878 million below spending, and advocates are concerned that that shortfall could lead to fiscal problems in future years.

The letter from Kids Forward also asks the governor to explore the possibility of using his veto authority to block a proposed cut of \$41 million from mass transit operating assistance. Although

veto typically cannot be used to increase spending, they can sometimes restore spending to the prior level.

Kids Forward expressed concern that a large cut in transit operating assistance, amounting to about 18% less state funding per year, would “disproportionately hurt people of color and people with disabilities, as well as reverse efforts to reduce greenhouse gas emissions in our state.”