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Adding sales taxes to services sends wrong message

Taxes were on the minds of many readers last week.

April 15, of course, was the income tax filing deadline. Tens of thousands of “Tea Party” protesters rallied nationwide against taxes.

That same day, the Wisconsin Manufacturers & Commerce fired off a news release stating that Thomas Industries’ plan to move nearly 300 factory jobs to Louisiana is more evidence that Wisconsin’s manufacturing economy is in crisis. Wisconsin has lost more than 140,000 factory jobs since 2000, WMC says.

Yet what are Democrats in Madison up to?

A coalition of trade associations sees indications that Democrats led by Middleton Sen. Jon Erpenbach contemplate a plan to “fast track” expansions of the sales tax to services previously exempted. The coalition represents a broad swath of businesses—from the National Federation of Independent Business to the Outdoor Advertising Association of Wisconsin, State Bar of Wisconsin, Wisconsin Grocers Association and Wisconsin Newspaper Association.

A “Catalog of Tax Reform Options for Wisconsin” produced by the Institute for Wisconsin’s Future and the Wisconsin Council on Children and Families includes boosting the sales tax from 5 percent to 6 percent. Exemptions that might be erased include several that directly affect newspapers, such as advertising and sales of newspapers, periodicals and shoppers guides. Services that could be targeted include beauty, barber, veterinary, health club, funeral, janitorial, pest control, computer, management, public relations, legal, architectural, engineering, accounting and tax preparation.

Requiring residents to pay taxes for income tax help makes no sense. Neither would taxing natural gas and electricity during winter—also on the options list.

Who is seeking these expansions? In addition to the IWF and WCCF, a group called “The Wisconsin Way” is preparing a “blueprint for change” that likely will seek some sales tax expansions.

One organization involved is the Wisconsin Education Association Council, the state’s largest teachers union. Others include the Wisconsin Counties Association, the League of Wisconsin Municipalities and the Wisconsin Transportation Builders Association. Not surprising, all have vested interests in spending our tax dollars.

Wisconsin businesses have been fighting for survival for a year or more. Too many have closed their doors. Others have laid off workers, slashed benefits and frozen wages. These steps still don’t assure solvency.

An increase in sales taxes ultimately will come from the pockets of Wisconsin residents, no matter the number of businesses and middlemen along the way.

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What message would Democrats send to the public and business community with such tax expansions? How can the Badger State grow its economy if lawmakers look to grab more taxes from every corner of commerce?

A bill to expand sales taxes could appear suddenly with little public notice or opportunity for public comment. Don't think it can't happen. Democrats demonstrated that in February. No public hearing was held as they introduced another \$1.11 billion in taxes, and Gov. Jim Doyle signed the measure eight days later. That's unconscionable. Yet here they come again.

Every time lawmakers raise taxes, it's their way of dealing with the tough spending issues they would rather not address. It's the easy way out.