



DONNA SEIDEL
STATE REPRESENTATIVE
85TH ASSEMBLY DISTRICT

May 27, 2009

Senator Mark Miller, Chair
Joint Committee on Finance
State Capitol Room 317 East
HAND- DELIVERED

Representative Mark Pocan, Chair
Joint Committee on Finance
State Capitol Room 309 East
HAND- DELIVERED

Dear Senator Miller and Representative Pocan,

I would like to begin by personally thanking the two of you and the Joint Committee on Finance for your continued work on the biennial budget. I understand the historic challenge that the Committee faces in addressing the needs of Wisconsin's residents in the face of an extremely difficult national economic climate. While I appreciate the fact that tough choices must be made if we are to be responsible stewards of taxpayer dollars, I write to request that you do everything in your power to protect our local economies by exempting cooperatives from Governor Doyle's proposed tax on oil company profits.

As you are both well aware, a number of cooperatives across the state have expressed concern regarding Governor Doyle's gross receipts tax on motor fuel sales as proposed. As "big oil" continues to line its pockets with record profits, hardworking small businesses and middle class families across the state look for ways to make ends meet. While I understand and appreciate the Governor's desire to require big oil to pay its fair share, I am concerned that this proposal could have a potentially harmful unintended consequence on the unique business model used by cooperatives.

Cooperatives return their profits to their member-owners in the form of payments called patronage capital. These patronage payments are allocated to cooperative members on the basis of the use they made of the cooperative during the year. Most of this money is reinvested in the local economy, which is more important now than ever. Unfortunately, in its current form, the oil company profits tax would apply to profits and patronage payments alike. I am hopeful that by simply exempting cooperatives from this proposal, the State can fulfill its true goal of holding the largest oil companies reaping the most exorbitant profits accountable without having any of the unintended consequences on our local economies.

Thank you both for your time and attention to this important matter. Please feel free to contact me if either of you have any questions.

Sincerely,

Donna Seidel
State Representative
85th Assembly District



WISCONSIN LEGISLATURE

P.O. BOX 8952 • MADISON, WI 53708

May 27, 2009

Senator Mark Miller, Co-Chairman
Joint Committee on Finance
State Capitol, 317 East
Madison, WI 53702

Representative Mark Pocan, Co-Chairman
Joint Committee on Finance
State Capitol, 309 East
Madison, WI 53702

Dear Senator Miller and Representative Pocan:

As rural members of the Assembly Democratic caucus, we have heard countless expressions of concern from our constituents concerning the negative impacts that will result if the oil gross receipts tax is approved as proposed in Governor Doyle's 2009-11 biennial budget.

We are certainly aware of the need to maintain and rebuild our transportation infrastructure and the \$500 million-plus provided through the actions of President Obama and Congress should significantly assist in the near term. Beyond that, we know restoring the integrity of the transportation fund is an important goal if we are to restore public confidence in user fees being spent for their intended purposes.

The oil gross receipts tax as proposed in Assembly Bill 75 stands to harm our rural communities because of the way the tiered percentage tax will be applied to fuel suppliers. While the Governor had intended to tax "big oil," the reality is that the tax as proposed will hit hardest the cooperatives and other local fuel suppliers headquartered in our districts. Our constituents have made it clear that patronage paid through regional and local farm supply cooperatives will dramatically decrease or disappear and wages and profits shared with employees and local owners in other fuel supplier businesses will also diminish. Overall, the outcome will be less money to circulate among our constituents in their local communities, as the state initiates an unreliable new tax.

Furthermore, despite the "Gross Oil Profits Tax" heading on the bill, the gross receipts tax has no connection to profitability as it will take a set percent of gross sales regardless of whether a company makes any profit. Revenue will fluctuate as the "rack" price of fuel rises and falls throughout any year. The anti-pass through provision would likely be litigated and costly to the state, with the specter of an unfavorable court decision.

For these reasons, we believe the correct course of action is to avoid imposing a new tax that has as many faults as the oil gross receipts tax proposal does. Thank you for your consideration regarding this issue of importance to us and our constituents.

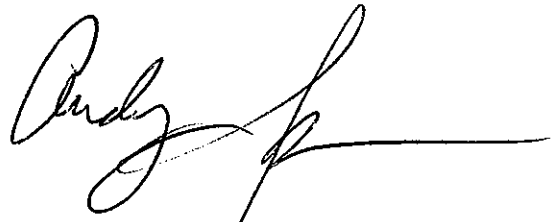
Sincerely,

Chris Danou
State Representative
91st Assembly District

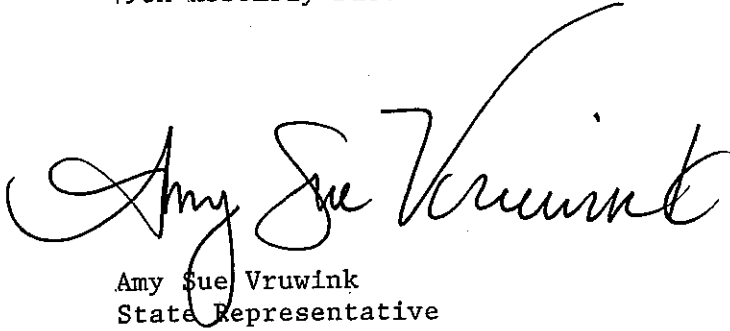
Fred Clark
State Representative
42nd Assembly District



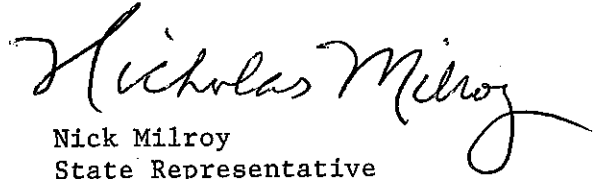
Phil Garthwaite
State Representative
49th Assembly District



Andy Jorgensen
State Representative
37th Assembly District



Amy Sue Vruwink
State Representative
70th Assembly District



Nick Milroy
State Representative
73rd Assembly District



Mary Hubler
State Representative
75th Assembly District