

**FOR IMMEDIATE RELEASE
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MADISON — Wisconsin could erase a good share of a \$652.3 million budget deficit and preserve essential state and local services by restoring a tax that expired January 1 as a result of state and federal actions dating to 2001, the Wisconsin Alliance of Cities said today.

The Alliance asked Gov. Jim Doyle to recoup some of the \$100-plus million a year the state treasury would lose if the sunset on Wisconsin estate tax collections is allowed to stand.

Under current state and federal law, estate tax revenue disappears until 2011 "through no action by you or any conscious decision by the Legislature, Edward J. Huck, executive director of the 40-member Alliance, said in a letter to the governor.

"Maybe Wisconsin should look to recover some of that lost revenue before the state is forced to make cuts that would reduce essential state and local services," Huck said.

Since 1992, Wisconsin's estate tax has been pegged at an amount identical to a federal tax credit on estates for state taxes paid. For the last five years, only estates of more than \$675,000 have paid any tax. This was a way of ensuring that the tax did not hit the middle class. Still, the estate tax brought in \$342.1 million in the last three fiscal years.

But the federal government repealed its estate tax, and thus the credit, until 2011.

At congressional hearings on the tax, one of the world's richest men, Warren Buffett, argued that the tax should be preserved to "prevent our democracy from becoming a dynastic plutocracy."

Tax attorneys estimate that an estate worth \$2 million would save \$99,000 without the Wisconsin's estate tax.

"You could put a new cop on the beat and buy that officer a new squad car with that \$99,000," Huck said. "You could put two new teachers in the classroom for that \$99,000. "

"Without state action, Wisconsin is giving \$100-plus million a year to the wealthiest people in the state at a time when essential services are at risk," he added. "It's an irony that is worth addressing.

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