

31st SD Dem candidates say online sales taxes should go to boost budget before funding tax cuts

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Jon Schultz, a Democrat running to replace state Sen. Kathleen Vinehout in western Wisconsin's 31st SD, says he wouldn't mind reducing the state income tax given new revenues from online remote sales tax collection.

But he told WisPolitics.com in an interview this week it's more important for areas such as transportation and public education to receive the extra revenue first.

The expansion of the state's coffers stems from a recent U.S. Supreme Court ruling allowing states to begin collecting sales tax for purchases made by a state's residents from a company physically located outside the given state.

Gov. Scott Walker said the state will begin collecting the sales tax in October. And he's announced he wants to offset the revenue the state brings in with tax cuts elsewhere.

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The Legislative Fiscal Bureau previously projected the state could collect an additional \$90 million in the current fiscal year. It would then bring in an estimated \$120 million annually.

Democratic opponents Jeff Smith and Steve Boe agree any additional revenue the state receives should be directed toward obligations before reducing taxes.

"You need to take care of your own house first," Boe told WisPolitics.com.

Boe, who is 34 and works as director of local affairs for the Wisconsin Farm Bureau,

says he would direct the funds toward repairing Wisconsin's roads.

Smith, who is 63 and served previously in the state Assembly, said he'd consider using the revenue to make up for cuts to the UW System and K-12 education, while also keeping in mind infrastructure and broadband.

The three candidates face off in an Aug. 14 primary.

Beyond agreeing on mining the state general fund's additional revenue, the candidates diverge on their approach to tackling Wisconsin's infrastructure dilemma.

As a former county board chair essentially in charge of county transportation decisions, the 41-year-old Schultz said he knows the difficulty of finding dollars for road projects.

Schultz said he wishes he could vote to repeal the Foxconn deal to free up more funding for roads. But if that's not possible, he says he'd likely turn to a gas tax increase with a sunset added in or indexing of the gas tax.

He's open to higher registration fees but is against tolling, which he considers a path of no return.

But he also said the state can do a better job of prioritizing road projects and scaling back the number of roundabouts constructed in the state, which he characterizes as a solution without a problem.

Boe said he wants to put all options for transportation funding on the table. He won't rule out increases in registration fees or the gas tax or tolling.

Still, he said he'd like to look closely at the state budget to see if any funding could be freed up instead of raising new revenues. He also wants to prioritize providing funding to towns and counties to manage roads themselves instead of putting state highways and interstates first.

Smith says he would call for the state to return to automatic indexing of the gas tax, but acknowledges there's no silver bullet. He said he'd also back the creation of regional transit authorities, but is skeptical of tolling.

On other issues:

*Providing funding for new state prisons: All three candidates agree the state should first pursue alternative sentencing options rather than prioritize the building of new state prisons.

Schultz said his native Trempealeau County has had success with alternative sentencing options, and warned against private prisons in Wisconsin. Still, he made an exception for updating the state's oldest prisons if they don't provide adequate conditions for inmates and employees.

Boe emphasized both building new prisons and incarceration in general is expensive for the state, and that alternatives to harsh sentencing can save money and be more effective in the long run.

But he said he'd at least consider upgrading aging facilities that need it.

In his response, Smith slammed the state's incarceration rate - particularly among African-Americans in the state - and so-called "truth-in-sentencing" initiatives.

"We don't need to build more prisons," he said. "We're ruining families over what I would say is nonviolent crimes."

To lower incarceration rates, Smith said he supports legalizing marijuana and restoring voting rights for some severe offenders. He also thinks the state should prioritize funding education and workforce development before prisons.

He said he'd need more details to determine whether to replace two of the state's oldest prisons, and said he'd like to study whether those two prisons could be decommissioned without replacements if the prison population could be lowered.

*Continuing the UW System tuition freeze:

Boe, who said he finishes paying off his student loans in September, is noncommittal on the UW tuition freeze, but does favor offering more state support for the System with the goal of keeping tuition low.

"If they're not getting more money from students by putting the freeze in, then the state needs to help pick up some of the tab," he said.

To help students, Boe said he also supports measures to make it easier for students to refinance their loan debt.

Smith, who researched ways to offer free tuition during his tenure in the Legislature, said he'd continue to support the UW System tuition freeze if it came with adequate state funding, and would even seek to lower tuition to reduce the student debt burden.

He says shifting the state's financial priorities could help find the funding to do so.

"The state budget is a moral document in many ways. Let's look at our tax structure. Let's get rid of all of these loopholes. Everyone should pay their fair amount, and I think we'll be in a lot better shape," he said.

Schultz, who said he just recently finished paying off his student debt, said he thinks the idea of a tuition freeze is "fantastic," but that the state needs to make up for past cuts to the System that have made it more difficult for campuses to deal with increasing costs.

"We have to invest in education," he said.

Hear Schultz's interview:

<https://soundcloud.com/wispolitics/180710schultz/s-CStEK>

Hear Smith's:

<https://soundcloud.com/wispolitics/180709smith/s-3BDOg>

Hear Boe's:

<https://soundcloud.com/wispolitics/180709boe/s-dNniz>