

Legislative leaders float competing proposals for expected boost in state revenue

Posted on Friday, Jan 24, 2020

The latest revenue estimates give the gov and lawmakers an additional \$451.9 million — and maybe more — to play with ahead of the fall election with competing proposals to spend the money or create new tax cuts.

The estimates come as Gov. Tony Evers formally released an \$8.5 million package to help farmers and rural economies, while Senate Majority Leader Scott Fitzgerald, R-Juneau, again called for a new property tax cut.

Still, Republicans were quick to push back on any rush to spend the money.

“With this new revenue, Republicans will continue to look for ways to protect taxpayers instead of growing government,” vowed Joint Finance Co-chairs Alberta Darling, R-River Hills, and John Nygren, R-Marinette.

>> WisPolitics is now on the State Affairs network. Get custom keyword notifications, bill tracking and all WisPolitics content. [Get the app or access via desktop.](#)

The gov’s office didn’t immediately respond to requests for comment.

The Legislative Fiscal Bureau Thursday projected the state will take in an additional \$818.2 million through mid-2021, largely thanks to strong corporate tax collections.

That additional revenue will mean a deposit of \$409.1 million in the state’s rainy day fund, which is now expected to have a balance of more than \$1 billion by mid-2021.

Adding the leftover tax collections with a slight bump in departmental revenues and a small decrease in net appropriations means an additional \$451.9 million in the

general fund, according to LFB.

And the state's projected bottom line could grow even more depending on what happens with the Foxconn project in southeastern Wisconsin. The memo notes the state budgeted \$212 million in tax credits for the Taiwanese manufacturer in 2020-21. But LFB Director Bob Lang wrote the agency expects the payment to be in the range of \$50 million to \$75 million based on progress at the facility to date.

The boost in tax revenue had been expected as monthly collection reports from the Evers administration showed corporate numbers running well ahead of projections. Late last year, Fitzgerald, who's running for the 5th CD, said he wanted to see additional revenue go to a property tax cut.

Fitzgerald didn't offer any specifics of what he will propose now that the new projections are in, saying he expects to work on the scope of the proposal in the coming weeks so the Senate can address it before adjourning in March.

"With another surplus this year, we should return some of that money to the working people in our state," Fitzgerald said.

Assembly Speaker Robin Vos, R-Rochester, said he'll work with his colleagues to pay down debt or reduce taxes and "return surplus dollars to the people who earn them."

Assembly Minority Leader Gordon Hintz, D-Oshkosh, urged using the money to address "areas of urgent need," saying Republicans have underfunded the UW System during their control of the Capitol and then rejected Evers' proposal to boost university aid. He also suggested using the money for school-based mental health care.

"With this news comes opportunity," he said.

Three-fourths of the additional \$818.2 million in tax collections comes from corporations, according to the LFB memo.

In May, the agency projected corporate tax collections to drop 14 percent in the first year of the budget before rebounding with growth of 3.4 percent in 2020-21. Now, the agency is projecting growth of 11.7 percent in 2019-20 and then an additional 0.7 percent in 2020-21.

That projection comes on the heels of corporate taxes going up 49.7 percent in 2018-19. LFB called the growth “unprecedented.”

LFB also noted an additional factor that could impact the state’s bottom line for the 2019-21 budget. The Department of Health Services in its last quarterly report projected Medical Assistance general purpose revenue costs to be \$39.8 million higher than what was budgeted in July. LFB called the estimate preliminary and noted steps can be taken to address the anticipated shortfall, which is 0.6 percent of budgeted costs for the fund over the biennium.

See the memo [here](#).