

Evers says he plans to veto GOP-proposed \$3 billion tax cut

Posted on Thursday, Sep 7, 2023

Gov. Tony Evers says he plans to veto a GOP-proposed \$3 billion tax cut, arguing it would send the state on a “path to bankruptcy.”

“I’ll veto it. Plain and simple,” the Dem gov wrote yesterday on Twitter. “I’m not going to sign an irresponsible Republican tax cut that jeopardizes our state’s financial stability well into the future and the investments we need to be making today to address the real, pressing challenges facing our state.”

Evers said the tax cut he proposed in the state budget, which Republicans rejected, would have provided \$1.2 billion in tax relief. He said the measure would have kept taxes low without driving the state into debt or leading to cuts.

The gov’s announcement came ahead of the Assembly Ways and Means Committee approving the GOP tax cut bill 7-3. Rep. Tod Ohnstad, D-Kenosha, joined Republicans in support, despite his qualms about the proposal. The full Assembly plans to take it up on Tuesday.

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AB 386 would reduce the third-highest tax bracket to 4.4 percent from 5.3 percent. The reduction in that bracket, which covers income between \$36,840 to \$405,550 for married couples filing jointly, would account for about \$2 billion of the price tag.

The measure would also expand an existing break on retirement income. It would allow married couples to subtract up to \$150,000 in payments from qualified retirement plans from their taxable income if they’re 67 and older.

Ohnstad said while he has concerns about the sustainability of the proposal, there are many retirees in his district and people who make less than the median income

in the state.

“But I reserve my right to vote differently on Tuesday,” Ohnstad said.

I delivered on my promise of proposing a 10% middle-class tax cut that provided \$1.2 billion in targeted tax relief to working families, seniors, caregivers, parents, and veteran families because I believe that when we deliver tax relief, we should do it responsibly.

— Governor Tony Evers (@GovEvers) [September 6, 2023](#)

Dems on the committee raised concerns about a Legislative Fiscal Bureau memo showing the cut could create a structural deficit, while Committee Chair John Macco argued the concern amounted to a “red herring.”

Dems noted the memo, which shows an estimated imbalance of \$651 million in 2025-26 and \$1.6 billion in 2026-27. Rep. Sue Conley said she still had questions about the proposal, including whether the state will have the money to fund it. The state is projected to have a \$4 billion surplus at the end of the 2023-25 budget.

“We have the money today, but I don’t have the confidence that we’re going to have the money in three years. And I just think this needs more time to be vetted more deeply,” the Janesville Dem said.

Macco, R-Ledgeview, argued discussions about the LFB memo are “completely non-germane to the conversation,” noting the analysis did not take future revenues into account.

“That’s assuming the country and everything would be stagnant going forward. So that’s a misnomer and a misunderstanding of how the budgetary process works,” Macco said.

The committee also signed off 6-4 along party lines on AB 66, which would amend the state constitution to require approval from a two-thirds majority of each chamber of the Legislature in order to raise taxes. Constitutional amendments must pass over two consecutive legislative sessions before going to voters for referendum.

Ohnstad said the constitutional amendment could jeopardize his support of the GOP tax cut proposal. He argued if the cut did result in a structural deficit, the constitutional amendment would make it “very much harder or impossible” to rectify the issue.

The amendment is also on Tuesday’s proposed calendar.

See the LFB memo [here](#).