

Senate passes GOP budget that cuts taxes, reduces UW aid

Posted on Wednesday, Jun 28, 2023

The state would reduce income taxes by \$3.5 billion, fund a boost in shared revenue and cut \$32 million in state aid for the UW System under a \$98.7 billion state budget that cleared the state Senate 20-13 today.

GOP state Sens. Rob Hutton, of Brookfield, and Steve Nass, of Whitewater, were the only members to cross party lines on the vote, opposing the budget. Nass ripped the document his caucus produced as spending too much while putting the state in a hole to start the next budget in two years.

But Senate Majority Leader Devin LeMahieu, R-Oostburg, called the GOP budget historic, saying it continued a decade of Republicans delivering tax cuts that now total more than \$34 billion. He said it does that while investing in K-12 education and creating the largest expansion of the school choice program since it was created nearly 30 years ago.

LeMahieu also defended the income tax cut that would reduce the state's four income tax brackets to three, lowering the rate for all of them. That includes dropping the top tax rate of 7.65 percent to 6.5 percent. That bracket kicks in for income above \$405,550 for married joint filers, and it would account for \$746.9 million of the \$3.5 billion income tax cut over the next two years, according to the Legislative Fiscal Bureau.

>> 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.](#)

While Dems derided the reduction in the top bracket as a sop to the rich, LeMahieu said it would bring the state more in line with its neighbors and make Wisconsin more competitive for attracting businesses and residents.

“Why are we punishing successful people in the state of Wisconsin and incentivizing

them to leave the state rather than investing here in the state of Wisconsin?" LeMahieu said.

While Senate Dems, all of whom voted against the bill, knocked the income tax cut and other things Republicans included in the bill, they also focused much of their ire on what Republicans left out of the budget.

Dem Gov. Tony Evers proposed \$341 million to subsidize child care facilities in Wisconsin, \$243 million to create a paid family leave program and measures to cut down on gun violence.

Dems argued Republicans were ignoring the issues that state residents consider most pressing just to deliver a tax cut for the wealthy. State Sen. LaTonya Johnson, D-Milwaukee, bemoaned gun violence she sees in her hometown, recounting what it was like to attend the memorial service for a 1-year-old who was shot and killed.

At the end of her speech, she decried concerns that crime in Milwaukee is spreading to the suburbs.

"F*** the suburbs because they don't know a goddamn thing about how life is in the city," she said.

The Dem amendments Republicans shot down sought to: restore the tax cut the gov proposed, as well as the money he wanted to subsidize child care and a proposal to boost the minimum age; require universal background checks on firearms sales and allow illegal immigrants to obtain driver licenses; fund K-12 education and the UW System at levels Evers proposed; expanding Medicaid under the Affordable Care Act; establish the offices of Sustainability and Clean Energy and Environmental Justice; and add building projects the GOP-controlled Joint Finance Committee pulled from the capital budget.

Dems also offered amendments that focused on a single issue. One would legalize marijuana for adults, while another sought to repeal the state's 1849 abortion ban.

Minority Leader Melissa Agard, one of the Legislature's biggest advocates for legalizing marijuana, urged her colleagues to join her in supporting the amendment. The Madison Dem argued the state is losing millions in tax revenue by failing to legalize cannabis and taxing it, pointing to the states around Wisconsin that allow legal sales.

“It didn’t work with alcohol. It didn’t work with margarine. It’s not working with cannabis,” Agard said, referring to the 1920s national prohibition movement and the 1895 state ban on yellow oleomargarine.

The GOP budget also includes:

- *a \$1 billion increase in K-12 funding through state aid and property taxes;

- *an additional \$1.55 billion for transportation projects;

- *more than \$700 million to fund pay increases for state employees, along with a separate package to boost the salaries of prosecutors and public defenders;

- *\$125 million to fund a plan to address PFAS now working its way through the Legislature in a separate bill;

- *banning — to the extent allowed under federal law — payments through Medical Assistance for puberty-blocking drugs used for gender dysphoria or transition, as well as gender reassignment surgery.

The document also works in conjunction with standalone bills that have already cleared the Legislature to put one penny of the state’s 5-cent sales tax into a boost for state aid to municipalities and counties, as well as one increasing the size of the state-funded vouchers for students in the choice, charter and special needs scholarship programs.

Overall, the two-year budget would spend \$98.7 billion in all funds, an increase of \$10.3 billion over base year doubled, or 11.7 percent.

That’s \$6.8 billion less than what Evers had proposed. It’s also a significant increase from the 3.1 increase in terms of all funds in the 2017-19 budget, the last one signed by former GOP Gov. Scott Walker.

In terms of general purpose revenue, the GOP budget seeks to spend \$44.4 billion, which would be an increase of \$4 billion over base year doubled. Evers had proposed spending \$49.1 billion in GPR.

The Republican budget also would authorize 71,122.71 full-time equivalent positions overall for state government, including the UW System. That would be 793.75 less than allowed under current law. Of that proposed reduction, 330.8

positions would be pulled from the UW System, where Republicans targeted positions related to diversity, equity and inclusion as well as vacant jobs.

Evers previously threatened to veto the entire budget over Republicans' vow to cut \$32 million in state aid to the UW System as part of an effort to target DEI positions and programming. The Joint Finance Committee decided to put the money aside in its supplemental appropriation, which would allow the university to ask for the money to be returned after detailing how it would use the funds to boost the state's workforce.

The document next heads to the Assembly, which plans to debate the bill tomorrow. If the Assembly signs off on what the Senate approved, it would then go to Evers for review.

Republicans approved one amendment that largely included language meant to guard against Evers being able to use his partial veto authority on the bill.

Wisconsin guvs have one of the most powerful veto powers in the nation, allowing them to strike or reduce appropriations in spending bills by writing in a smaller amount, though they can't increase spending that the Legislature proposed.

They also may strike words, numbers and punctuation, though they can't strike out individual letters to create new words — once dubbed the "Vanna White veto" — and aren't allowed to create new sentences by combining parts of two or more sentences in the text — which critics called the "Frankenstein veto."

Some of the changes the amendment made include, for example, substituting the word "half" for "50 percent" in the budget language.

Ahead of today's Senate vote, the Legislative Fiscal Bureau released a projection that the state would need to see revenue growth of \$2.5 billion in 2025-27 to meet the ongoing spending commitments in the budget that cleared the Joint Finance Committee last week and was sent to the full Legislature.

The calculation is a regular exercise the LFB conducts to provide a look at how the proposed two-year spending plan would impact the starting point for the next one. The agency noted in its report that the nearly \$2.5 billion structural deficit doesn't take into account revenue growth — which would lower the number — or things like changes in enrollment for government programs and inflation — which could drive it

higher.

The needed revenue growth to meet the spending commitments is significantly higher than the \$1.6 billion in additional tax collections the LFB has projected for the 2023-25 budget.

Sen. Steve Nass, R-Whitewater, didn't speak during the floor debate. But ahead of the vote, he issued a statement citing the structural deficit the budget would create after starting the process with a nearly \$7 billion surplus. He also knocked the process, saying senators only received the full language of the budget late Tuesday afternoon, leaving inadequate time to fully review the document.

"Today, the Senate is missing an opportunity to maintain sound fiscal practices in developing the 2023-25 biennial budget," Nass said. He added, "I doubt very many senators actually know the broader details of what they are voting on today since we have had slightly more than 24 hours to consider the detailed summary."

Shortly after passing the budget, LeMahieu introduced a resolution seeking to declare Elections Administrator Meagan Wolfe has been renominated for another four-year term.

The commission failed to reach a consensus on Wolfe's nomination yesterday, and a move to renominate her failed to garner the majority vote needed to send the issue to the Senate.

The resolution seeks to move the nomination to the Senate, where many expect Republicans would reject Wolfe as the state's top elections official.

See the resolution: <https://docs.legis.wisconsin.gov/raw/proposal/2023/-3807>