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To: All Senators
From: Ken Taylor, WCCF Executive Director
Subject: Special Session AB 5 – supermajority requirement for increasing tax rates

We urge you to oppose Special Session AB 5, which would begin to make Wisconsin's fiscal policies and processes look like those of California. Whereas that state was once the envy of much of the nation, it is now known for a dysfunctional budget process, huge deficits, and extremely damaging cuts to education, health care and other public structures that were once key parts of California's economic competitiveness.

Requiring a two-thirds vote in each house of the legislature for tax rate increases could result in damaging budget cuts, including cuts in state expenditures for property tax relief. Although the supermajority requirement would hold down taxes on income, sales and corporate profits, it will put upward pressure on fees and local property taxes. Local governments and local property taxpayers may be the losers if the legislature ties its own hands on revenue options.

We appreciate that the restrictions on the legislature's budget options focus on state tax rates and would not apply to bills that close tax loopholes. But, adoption of the supermajority bill is the wrong way to reform the budget process. A supermajority requirement would allow a small minority of lawmakers to block any proposal to increase sales or income tax rates, even a revenue-neutral proposal to reform the tax system.

Revenue limits and supermajority requirements for new taxes also tend to increase borrowing costs because they hamper a state's perceived ability to pay its long-term debt. We hope you don't set Wisconsin down the path of California's dysfunctional budget process.