

# **Senate Republicans: Kitchen Table Priorities**

## *2006 Spring Agenda*

During the legislature's fall session period, Senate Republicans completed an agenda that sought to reform the way government operates, stabilize a potentially volatile litigation atmosphere, and protect our vulnerable citizens.

With the remaining months of the 2005-06 legislative session we plan to build on those successes by focusing on issues that working families gather around their kitchen tables to discuss. Today we would like to highlight a few of these issues of the Senate Republican spring agenda.

*Health Care, Energy, Taxes, and Jobs & Economy* are consistently mentioned by our constituents as the areas that most concern them as they look with their families toward the future. The agenda before you today is part of the Senate Republican plan to address those concerns.

## **Health Care Reform**

Senate Republicans have worked to improve how health care is acquired and delivered in the state of Wisconsin. Already this session, Senate Republicans have passed a number of important health care measures that restore medical malpractice caps, make cancer clinical trials more accessible, provide tax deductibility of health insurance premiums, and improve the state Health Insurance Risk Sharing Plan. Further, Senate Republicans demonstrated a commitment to health care during the 2005-07 Biennial Budget by fully funding state medical assistance programs, including a much needed rate increase for nursing homes.

Despite significant progress, rising health care and insurance premiums remain a top concern for many Wisconsin families. With the understanding that meaningful reform is accomplished in conjunction with fiscal accountability, Senate Republicans will continue our effort this spring by implementing reforms that encourage a consumer-driven health care system, reduce government health care costs, and promote public health and injury prevention.

The legislature acted earlier this session by passing legislation to restore medical malpractice caps that were struck down by the Wisconsin Supreme Court. Legislative republicans worked on that legislation in good faith to stabilize our malpractice environment. The Governor vetoed the compromise package, jeopardizing quality health care for Wisconsin residents. Senate Republicans stand ready to act, but need some signal from the Governor that he acknowledges the situation as problematic and indicates what he considers to be an acceptable compromise.

In addition to several other measures, Senate Republicans will advance a spring agenda that includes the following:

*Price Transparency Initiative – Assembly Bill 907*

- Price and quality transparency gives health care consumers information to make wise health care decisions.
- Currently these consumers do not have full access to provider cost and quality information.
- This bill would permit DHFS and ETF to contract jointly with a data organization to collect, analyze and publicly report health care claims information with respect to cost, quality and effectiveness of health care.
- Providing consumers this information will allow market forces to work and result in higher quality services at lower prices.

*Health Savings Accounts – Senate Bill 7 & Assembly Bill 4*

- This bill allows contributions to health savings accounts to be tax deductible, as is currently the case in over 40 other states.
- Control of health care decision-making makes consumers more judicious and price-conscious.
- More informed consumers discourage overutilization of health care services and increases the efficiency of the entire health care industry.

## **Energy**

Affordable and reliable energy is essential to moving Wisconsin's economy forward. Wisconsin residents are reminded of rising energy costs each time they fill up their car with gas and pay their home heating bill. While skyrocketing costs stem from a variety of global circumstances, state government sponsored energy efficiency and conservation programs can be enhanced in a way that provides relief to all energy consumers.

This spring, Senate Republicans will advance an energy agenda that includes numerous measures aimed at increasing energy supplies, protecting ratepayers, creating more jobs, boosting property tax relief and promoting rural development. The highlight of the package will be the Energy Efficiency & Renewables Act, authored by Senator Rob Cowles and the Senate Energy Committee.

*Energy Efficiency & Renewables Act – Senate Bill 459*

- This bill is designed to enhance state energy policy to save energy costs and create jobs.
- The four major components include:
  1. Energy Independence Initiative
    - Sets the goal of 10% renewable energy by 2010, which makes us less dependent on foreign or out-of state energy.
  2. Overhaul of the Public Benefits program
    - Blocks ratepayer funds from ever again being diverted in future budget raids.

3. Government Leading By Example
  - Upgrade and improve the state's commercial energy codes.
4. Local Government Aid & Agricultural Development
  - Helps local units of government and schools upgrade facilities to save energy costs.

## **Taxes & Spending**

Wisconsin is widely considered one of the highest taxed states in the nation. According to a CNN/Money report, Wisconsin ranks among the top 5 highest taxed states as a percentage of per capita income. Last June's issue of Bloomberg Wealth Manager Magazine ranked Wisconsin as the worst place in the country to retire based on tax burdens. Additionally, the Wisconsin Taxpayers Alliance has dissected census figures between 1995 and 2000 to track the number of people migrating to and from Wisconsin. Serious analysis indicates that Wisconsin's less than friendly tax climate has more to do with senior citizens leaving Wisconsin than does our winter climate.

Senate Republicans recognize the negative impact of taxes on economic growth, and seek to build on recent accomplishments. This session Senate Republicans have made considerable progress to reduce our tax burden by passing a budget that reduced the gas tax, provided a tax exemption for social security benefits, eliminated the Governor's proposed HMO and nursing home bed taxes, and increased the income tax deduction for college tuition. We've also passed individual legislation to reduce the tax burden on Wisconsin citizens, including a property tax freeze and elimination of the annual automatic gas tax increase.

### *Taxpayer Protection Amendment*

- Senate Republicans will fully consider a Constitutional amendment to limit spending.
- Led by Senator Glenn Grothman, the amendment seeks to provide stability to our current tax climate by limiting spending at state and local levels of government.

### *Pension Income Tax Exemption – Senate Bill 30*

- Under this bill, a significant portion of an individual's pension or retirement income will be tax-free within five years.
- In the first year, \$2,500 of pension income would be exempt from paying income taxes. That amount would increase annually to a maximum of \$20,000.
- Included in the exemption will be all qualified pension, profit-sharing, and stock bonus plans under the Internal Revenue Code, deferred compensation plans offered by state and local governments and tax-exempt organizations under the IRC, self-employed plans, tax-sheltered annuities, plans that are not qualified under the IRC, and individual retirement accounts.
- Wisconsin is one of seven states that do not exempt this income. Among the 41 states with a broad-based income tax, 34 offer exclusions for some amount

of specifically identified type of pension income, broad income exclusion, or a tax credit targeted at the elderly.

#### *Taxation by Elected Boards*

- Technical colleges, sewage districts, and other types of unelected boards have the authority to impose taxes on Wisconsin taxpayers although they are not elected and they do not answer to Wisconsin taxpayers.
- The bill will require all current unelected boards with taxation authority to be elected and responsive to taxpayers.
- If boards are going to increase taxes, they must be accountable to the people paying taxes. Right now, taxpayers do not have recourse.

## **Jobs & Economy**

Earlier this session Senate Republicans announced our roadmap for transforming Wisconsin's economy – *Invest Wisconsin*. Developed by Senator Ted Kanavas, this package of legislative initiatives seeks to provide a stable environment so businesses can compete in a global economy for years to come.

Individually, the pieces of legislation will provide tax incentives, regulatory reform, judicial reform, workforce training, infrastructure enhancement, and capital investment. Collectively, they create a pro-growth environment that will promote job creation and strengthen our overall economy, making Wisconsin a great place to live and raise a family.

While our current fiscal environment may dictate when and to what extent some of these bills can be enacted, Senate Republicans will continue our work to bolster Wisconsin's economy by focusing our attention on the following proposals.

#### *Broadband Deployment Act – Senate Bill 483*

- Broadband technology assists business in becoming more efficient and innovative in their products and services.
- This technology will also assist rural areas of the state by connecting them faster to 21<sup>st</sup> century communications
- This legislation will provide tax incentives for broadband companies to ensure that an investment will be made in underserved areas of the state.

#### *Research & Development Tax Credit – Senate Bill 103*

- Wisconsin has a strong base of engine manufacturers that employ many people statewide.
- These manufacturers face regional, national and global factors that influence most business decisions, including whether Wisconsin is the best place to expand and create jobs.
- This bill will increase the current research and development tax credit from 5% of overall investment to 10%.

- In order to qualify for the tax credit, a Wisconsin company will have to invest in research and development for internal combustion engines, used for products such as tractors, trucks, lawn mowers, motorcycles, snowmobiles and generators.

*Job Opportunity Business Zones (JOBZ) – Assembly Bill 208*

- The Rural JOBZ bill will ensure a state funded investment in Wisconsin's rural economies that are resource rich and financially poor making them a perfect fit for new business and industry development.
- Provides refundable income, franchise, capital gains, and sales tax credits to businesses for relocating to rural Wisconsin and establishing family-supporting jobs for residents of these communities.
- Similar programs have proven successful in Pennsylvania, Michigan, and Minnesota.

*Airport Development Zones- Senate Bill 136*

- Creates Airport Development Zones that enable tax credits ONLY after qualified development and job growth take place.
- Wisconsin airports continue to lose business to airports outside of the state in terms of export dollars and passenger services. Expansion and growth of Wisconsin airports reinvests these dollars in the state.
- This bill would allow public-use airports that have the potential to attract further business to apply to receive tax credits after development occurs as an incentive to invest in airports.
- This bill will strengthen airports' reinvestment and growth with manufacturers, airport-related businesses, and other businesses that require a relationship with airports to grow their business.