



For immediate release

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Increased Tax Revenue Creates Opportunities to Close Budget Gaps and Invest in Wisconsin's Future

Wisconsin lawmakers received very welcome news today. The state budget balance is projected to improve by almost \$912 million, thanks primarily to an increase of nearly \$893 million in tax revenue above the previous estimate for the 2013-15 budget. However, the new Fiscal Bureau figures on the budget balance do not take into account a Medicaid shortfall currently estimated at \$92.6 million.

The unexpected revenue gives lawmakers an excellent opportunity to invest in Wisconsin's economic future and put the state on a sounder footing by filling budget holes. Elected officials should resist the temptation to make yet another round of tax cuts, which would do little or nothing to boost the state economy, and would miss the chance to create the foundation for widespread prosperity.

"This is the best fiscal news we've had in a long time," said Wisconsin Budget Project Director Jon Peacock. "We can now afford to cover more of our existing costs and make a down payment on building a better Wisconsin for the next generation. Let's fulfill those obligations before considering yet another round of damaging tax cuts."

The improved revenue picture also gives lawmakers an opportunity to make responsible investments that would make Wisconsin more competitive economically. In particular, we should invest in K-12 and higher education, two key drivers of future economic growth. We should also boost our commitment to early education, which has been shown to yield the greatest returns of any public investment by equipping youngsters for a lifetime of success as students and, later in their lives, as workers.

Another high priority should be to reverse the recent tax increases on low-income families. The 2011-13 budget cut the state Earned Income Tax Credit for those struggling to get by in low-wage jobs and ended the annual inflation adjustments for property tax relief under the Homestead Tax Credit.

"We should seize this opportunity to develop a bipartisan, fiscally responsible approach that helps all Wisconsinites," Peacock said. "That approach should close budget holes, undo recent tax increases on some of our state's most vulnerable households, and invest wisely in Wisconsin's infrastructure and its students, working men and women, and people struggling to get ahead."

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