



# Wisconsin's Path to Shared Prosperity

## Building Revenue for Shared Priorities

For Wisconsin's economy to work for everyone, our state needs to invest in healthy and well-educated workers and communities, public infrastructure, and working families. Our state must also invest in its communities of color and help eradicate systemic barriers to shared prosperity. Our economy, our communities, our schools, and our families will fare better when every person in the state has full access to opportunity.

Public resources should be invested in a way that broadly benefits everyone in Wisconsin. But in recent years, state lawmakers have passed a collection of tax breaks that funnel money into the pockets of a few wealthy, well-connected individuals and big corporations who rig the system for their own benefit. The result is that a politically powerful group of well-off individuals and companies are getting away with not paying their fair share, depriving Wisconsin of the revenue needed to make investments in families, schools, and the workforce.

Cleaning up our tax code would restore millions to invest in crucial priorities our communities need, while providing a level playing field for Wisconsin families and businesses. In addition, state tax policies are a powerful tool for expanding opportunity and enhancing racial equity. Here are five solutions lawmakers can implement to increase the amount of revenue available and reduce barriers to opportunity.

### Repeal or Replace the Manufacturing and Agriculture Credit

**Revenue gain: \$295 million a year**

This slanted tax credit allows manufactures and agricultural producers to pay nothing or next to nothing in income taxes. The credit is so weighted in favor of the highest earners that most of the value of the credit goes to multi-millionaires.

The credit does little to encourage job creation, as businesses do not have to create any jobs to receive the credit and can claim the credit even if they are laying off workers or shipping jobs overseas.

The cost of this tax cut has ballooned to the point to which it now costs more than twice the amount originally anticipated. That means lawmakers could cut the credit by half and still give a larger tax cut than originally intended.

### Expand BadgerCare to Capture Additional Federal Funding

**Revenue gain: \$185 million annually, potentially starting in January 2020**

Taking advantage of the Affordable Care Act to expand BadgerCare would provide health care coverage to roughly 76,000 additional people, and would save Wisconsin taxpayers roughly \$15 million per month.

Expanding BadgerCare would ease a significant economic burden on adults who have incomes just above the poverty level.

## **Tax Income Earned from Wealth the Same as income Earned from Work**

**Revenue gain: \$176 million a year**

Wisconsin is one of only nine states that provide a tax break for income derived from wealth held outside of retirement accounts, also called capital gains. This loophole tilts our tax code to give additional special tax breaks to the wealthy, who hold most of the capital gains.

## **Restore the Alternative Minimum Tax**

**Revenue gain: \$33 million a year**

Before it was repealed, this tax was intended to ensure that all Wisconsin residents with high incomes have to pay at least some amount of income tax. Restoring the alternative minimum tax would help make our state's tax system a little fairer while generating resources for critical state priorities.

## **Limit Foxconn Subsidies to the Amount we are Contractually Obligated to Pay**

**Revenue gain: Undetermined**

Foxconn has missed initial hiring targets, and downgraded the type of facility it is building. Due to these changes, the state's contract with Foxconn will likely prevent Foxconn from claiming all the tax credits originally anticipated. State policymakers should resist overtures to renegotiate the contract in a way that allows Foxconn to claim additional credits. There are far more effective ways to use Wisconsin's finite resources to help workers and boost the state's economy.