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Assembly Budget Truly Sad

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I promised to offer some suggestions this week on what to do about the state budget deficit, and want indeed to start at least on that. But first a word on the latest looniness in our State Capitol: the Assembly Republican budget bill.

How this idling monstrosity was birthed is a story in itself, beginning with the decision of Sen. Kevin Shibilski, D-Stevens Point, to surprise his party colleagues at the Joint Finance Committee by voting with the Republicans there on a package he had helped devise with them. Shibilski later defended this action on policy grounds, saying that in a bad situation he cut a reasonably good deal. Though of secondary importance, even this may be doubted. What Shibilski had added to the original Republican package -- most notably, restoration of the wage lien rule on bankruptcies (workers get paid before other creditors) -- was immediately ditched by Assembly Republicans. But the more important political effect was this: By hurrying a bill to the Assembly, Shibilski halted the bombing that Gov. Scott McCallum was taking within his own party on his proposal to end shared revenue. And he handed Republicans a chance to claim that they had "saved" that program.

Had Shibilski played by team rules, the Assembly would have eventually been limited to working with a bipartisan recommendation by the Joint Finance Committee, perhaps even on a motion first offered by Democrats there.

On shared revenue, the headlines would later have been "Legislature rejects governor" or "Democrats beat back governor," rather than "Scott Jensen saves our cities." Same basic result as what was reached, but very different spin. Its non-achievement is another object lesson in how very weak our Democratic Party is. It's hard to imagine, on the Republican side, the same sort of surprise defection on such a crucial vote.

Of course, the Assembly added its own mischief to the Joint Finance package. Along with discarding the wage lien rule, it made shared revenue less progressive by paring back on its spending on major cities. It also passed a Wisconsin Manufacturers & Commerce proposal that Wisconsin adopt a "single sales factor" formula for corporate income taxes (a scandalous scam, bad for the state, that we will deal with in a later column). And it passed a de facto constitutional amendment restraining any future tax increases (with "increases" understood also to include any loophole closings), with any such increase henceforth requiring a two-thirds majority in both houses of the Legislature.

This last move, a straitjacketing of activist government that has been a favored "reform" of the right for years, shows contempt for most popular majorities, since it disempowers any with less than such wall-to-wall super-majority status. But it also worsens the already one-sided balance of power in Wisconsin between the Legislature and our chief executive. By further restricting legislative action, it effectively expands the governor's power to set the state's agenda -- even if, as we've seen recently, it's at odds with the popular will. Whatever your views on the appropriate size and direction of government spending, this is just plain old bad public policy, at least if you want to live in a democracy.

Finally, the budget fix offered by the Assembly, while more palatable than that offered by the governor, is almost as shortsighted and irresponsible. Again we see an invasion of the tobacco money. Again we see no long-term plan to relieve our growing structural deficit, which as we observed last time will soon be getting worse, and by 2005 will rise in cumulative terms \$2.5 billion, or better than a fifth of general fund revenues.

* Our real topic here: How do we deal with that? No way, I think, without considering options more inventive than those currently on the table.

One radical strategy might be to repeal the \$1 billion-plus in business-favoring, and labor- or environment-hurting, tax loopholes and economic development subsidies in the present budget. Along with helping our pocketbooks, this would improve our economic development strategy in the state.

Of course, in today's political climate the likelihood of this double win actually occurring has all the chance of the proverbial snowball's survival in hell. Still it seems worth mentioning, since climate, as we're learning elsewhere, can change. And mentioning it might be some antidote to current efforts to frame the budget debate as "Whose program should we cut?" The real pork lies elsewhere, and we could get at it if we tried.

A more conventional strategy would be to reform our current tax structure -- incrementally adjusting sales taxes here, income taxes there, excise or user fees there, etc. This too seems unlikely to happen, or at least to happen at all well, but let's consider one such plan next week.

Then let's consider too a model proposal for something else -- something that the state could start tomorrow, that wouldn't cost much, that would save us geillions down the road, that would vastly improve the quality of our budget discussions for years to come, and that we need now as a prelude to what we really need now -- namely, fundamental tax and budget reform.

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