



JIM DOYLE
GOVERNOR
STATE OF WISCONSIN

March 11, 2005

TO THE HONORABLE MEMBERS OF THE ASSEMBLY:

I am vetoing Assembly Bill 58 in its entirety.

AB 58 limits the increase in property taxes that may be levied by cities, towns, villages and counties in December 2005, 2006 and 2007 to the percentage change in each locality's equalized value due to new construction, net of any property removed or demolished. The bill further limits the increase in property taxes levied by technical college districts and for the state forestry tax to 2.6 percent for these same years. In addition, AB 58 requires the Joint Committee on Finance, in its versions of the 2005-07 and 2007-09 budget bills, to ensure that the estimated statewide school property tax levy on the December 2005, 2006 and 2007 tax bills remain at the December 2004 amount by increasing general school aids or by reducing per pupil revenue limits or any combination of these two mechanisms.

I am vetoing AB 58 because it is an irresponsible bill that freezes out our schools and critical local services like police and firefighters while hurting regional cooperation and development. In my Budget Address last month, I invited the Legislature to join me in protecting taxpayers and their priorities by passing a responsible property tax freeze. In order to impose a property tax freeze responsibly, the state must first meet its commitments to schools and local communities. The Legislature has ignored my offer and forced me to take out my veto pen once again.

Last session, the Legislature sent me a property tax freeze that would have meant a \$400 million cut to our schools. Once again, the threat to education is severe. In the 2005-07 biennium alone, this bill could reduce school revenues by as much as \$716 million. This risk exists because the bill freezes school property taxes without stating whether, or to what degree, increases in general school aids or decreases in per pupil revenue limits will be imposed to achieve this goal. If no additional school aid is provided, school spending could be cut by up to \$716 million during the 2005-07 biennium – causing devastating repercussions. In the first year alone, this could result in the elimination of 3,600 teachers in Wisconsin's public schools, equal to the combined teaching force of Wisconsin's 122 smallest school districts.

AB 58 stands in stark contrast to the responsible property tax freeze I propose in my 2005-07 budget:

1. My freeze proposal increases state aid for school tax relief by \$850 million, restores the state's goal of funding two-thirds of school costs and provides even more school tax relief than this bill – without hurting our public schools.
2. My proposal fully funds shared revenue – ensuring that even with a freeze, important local services like police and firefighters will be protected. This bill, in contrast, does not guarantee any funding for shared revenue.
3. My proposal protects technical colleges, institutions that are vital to economic development. Technical colleges currently abide by limits on levy increases. Imposing new limits would hurt our workers and our economy.
4. My proposal encourages regional cooperation in economic development. Rather than basing maximum municipal levies on the growth within individual localities, my proposal recognizes that municipalities provide services that benefit residents who live outside their boundaries. The state should foster regional economic cooperation rather than provide further incentives for communities to compete over economic development projects.
5. My proposal includes over \$100 million of incentives and bonuses to counties and municipalities to hold their property tax levels even lower than my freeze allows.
6. My proposal accounts for inflation, so that the freeze does not erode the quality of municipal and county services.
7. My freeze lasts for two years, just like the state budget – because we should not put a freeze on communities longer than we can guarantee the state's funding commitment to them.

I had hoped that the Legislature would take up my challenge to find common ground and show the people of this state that they are more interested in providing property tax relief to Wisconsin citizens than scoring political points. I made it clear that I would veto any property tax freeze that failed to protect the quality of our schools and vital services. This veto is not the end of the freeze, but rather a first step toward the responsible freeze that taxpayers want. I remain confident that something meaningful can be accomplished. As the budget process moves ahead, I look forward to working with the Legislature to pass a real and responsible freeze.

Respectfully submitted,

JIM DOYLE
Governor