
**State of Wisconsin
Office of the Governor**

February 26, 2020

The Honorable, the Senate:

I am vetoing 2019 **Senate Bill 821** in its entirety.

The bill would make modifications to the standard deduction under the individual income tax starting with tax years beginning after December 31, 2019. The bill would also extend the property tax exemption of machinery, tools, and patterns used for nonmanufacturing equipment to include all such personal property not presently exempted beginning with 2020 assessments.

Additionally, under the bill, if no deposit may be made to the budget stabilization fund because its balance is in excess of the five percent of general fund expenditures limitation, fifty percent of the revenue surplus must be used to reduce the state's general obligation and variable rate debt supported by general purpose revenues. The remaining fifty percent of the revenues would be deposited in the general fund.

Finally, the bill would require that the state's general obligation and variable rate debt supported general purpose revenue be reduced by \$100 million in fiscal year 2020-21.

I am vetoing the bill because I object to its unbalance and unsustainable approach to state fiscal policy. Specifically, this bill would reduce the estimated budget stabilization fund balance by \$123.8 million in fiscal year 2020-21 according to the Legislative Fiscal Bureau. Moreover, this bill fails to acknowledge or address the continued, inordinate burden that has been placed on our public schools, local governments, and Wisconsin families. Since 2011, nearly one million Wisconsinites have voted to raise their own taxes to support local schools. In 2018 alone, voters approved more than \$2 billion in debt and revenue increases for local schools.

This is not sustainable.

In my recent special session call, I proposed a balanced package of proposals to deploy some of the state's projected revenue surplus to both renew our state's historic, bipartisan promise of two-thirds funding for K-12 education in Wisconsin and provide meaningful property tax relief across the state. This package also included critical investments for students with disabilities, student mental health services, programming for American Indian students, rural schools, and summer school programs. Unfortunately, Republican leadership in the Legislature chose to dismiss these ideas without any discussion or public input, even though many of these proposals have previously received bipartisan support and were recommended by the 2017 Blue Ribbon Commission on School Funding.

The budget I signed last year made a down payment on doing what's best for our kids and what's best for our state. Our projected revenue surplus presents the opportunity to continue our progress by investing in two-thirds funding-reversing years of underinvestment in our kids and K12 schools-while also providing meaningful property tax relief for Wisconsin families. We do not have to choose between funding for our kids and our schools and providing property tax relief-we can and should do both. I am ready and willing to work across the aisle to fund a compromise that will get to two-thirds funding while still providing tax relief and reducing our state debt. I am hopeful Republican and Democratic leadership in the Legislature will come to the table to get this done for the people of our state.

Respectfully submitted,
TONY EVERS
Governor