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Doyle offers budget patch

\$527 million plan includes hospital tax, transportation fund transfer

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Madison - Gov. Jim Doyle offered a \$527 million package Monday to repair the state budget by cutting or delaying programs, as well as taxing hospitals and transferring \$243 million from the state's transportation fund.

Doyle said lawmakers must act quickly, but leaders of the split Legislature indicated that they wanted to go in different directions. That could lead to a protracted budget fight like the one that dominated the Capitol for most of last year.

The budget that runs through mid-2009 was headed for a \$650 million shortfall, but Doyle already has whittled that down by delaying paying off some debt. The budget is short because the slumping economy has resulted in lower tax revenue than projected.

"Just like any real solution to a budget gap, this plan cuts spending and looks for good sources of revenue," Doyle said, adding that it protects health care, education and job creation.

Doyle touted the hospital tax - which is supported by many hospital officials - as a way to boost health care spending and capture federal aid while easing the state's budget woes.

But Assembly Speaker Mike Huebsch (R-West Salem) decried it.

"What the tax-first crowd doesn't seem to realize is that this economy is hitting (regular) folks too, and higher taxes means less in their pockets for mortgages, gas, groceries and other family bills," he said in a statement.

Senate Majority Leader Russ Decker (D-Weston) said it was unfortunate that Huebsch shot down plans to generate new revenue.

"Hopefully, we will see their plan for cutting what he calls 'unnecessary spending' in the near future . . . ," he said in a statement.

Decker also would like the plan to close more corporate tax loopholes, but Doyle said such provisions would never pass the Assembly and urged lawmakers to focus on the immediate budget problems.

"I'm a realist, and I'm trying to make sure we get something done here," Doyle said.

The budget doesn't include individual tax increases, but does add a bump in telephone fees to support libraries.

Transfers, borrowing

Todd Berry, president of the Wisconsin Taxpayers Alliance, criticized state officials for returning to the same ways of solving fiscal problems - one-time money transfers and borrowing.

"We haven't done the one thing that states can do to protect themselves, and that is to not use these various borrowing and one-time money transfers that come back to haunt us," Berry said. "Instead, we spend to the very edge and then hope that somehow we'll survive."

Doyle said lawmakers should fix the budget within a few weeks, and if they don't, the state would have to lower its payments to local governments by this summer.

Doyle was joined by Assembly Minority Leader Jim Kreuser (D-Kenosha), who said he wanted to work with Assembly Republicans to reach a compromise quickly.

Although Doyle said he wanted to avoid some of last year's budget fights, he reopened one by introducing the tax on hospital revenue.

Under the plan, hospitals would pay 0.7% of their revenue to the state, which would go to the state-federal Medicaid health care program. That spending would draw about \$420 million in federal revenue for the program through mid-2009, freeing \$125 million in general state tax money that could be used to help repair the budget.

Several southeastern Wisconsin health systems - Aurora Health Care, Children's Hospital of Wisconsin, Columbia St. Mary's, Froedtert & Community Health and Wheaton Franciscan Healthcare - said in a joint statement they supported the proposal because it would address cost-shifting resulting from underfunding of Medicaid programs.

Most hospitals would get all of the new tax back plus more because of the additional federal money, though some hospitals - mostly suburban ones with few Medicaid patients - would lose under the plan.

The Wisconsin Hospital Association is working to round up bipartisan support, said Executive Vice President Eric Borgerding.

Building support in the Assembly will be a tall order; Republicans defeated the same plan last year as part of the fight over the budget and remain opposed to it and other elements of Doyle's plan. The budget was four months late last year because of battles over the hospital assessment and other taxes.

Doyle's latest plan would transfer \$243 million from the transportation fund to the general fund. No road projects would be delayed, Doyle said.

Transportation groups were critical of the deal because it comes just months after Doyle's administration decided to tap the transportation fund for \$50 million. Since taking office in 2003, Doyle has transferred \$1.1 billion in transportation money to help pay for schools. Lawmakers have grouched about the transfers but signed off on many of them.

The transportation fund is bankrolled by fuel taxes and vehicle registration fees.

In the latest plan, new bonds would be issued to cover \$190 million of the shift from the transportation fund. The rest would be covered with unexpected federal money and borrowing that already has been authorized.

"If we want to grow our economy, we need to invest in our infrastructure, not steal from it," said Craig Thompson, executive director of the Transportation Development Association of Wisconsin, a trade group.

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