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Our View

Oxymoron: a popular tax

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Opposing taxes is like taking a stand against the common cold. Never mind that there is no cure for either one, politicians can usually count on being on safe ground by pledging to never enact new taxes or to freeze old taxes or by just railing against taxes in general.

The all-taxes-are-evil doctrine can be observed in an advanced state of development in the Wisconsin Assembly, where the Republican majority leadership routinely turns out disciplined ranks of tax warriors to battle any proposal to increase state revenue, no matter how desperately it may be needed, through taxation.

Even a variation of taxation as sensible as the hospital tax that would have eased last year's painful and almost interminable budget-making ordeal and would now help the state deal with a revenue shortfall while reducing health care costs for state residents is opposed in the Assembly as predictably as the knee jerk that follows the tap of a doctor's rubber hammer.

But now a funny thing has happened—the anti-tax ground suddenly isn't so safe any more. Once dependable allies of the Assembly tax fighters have deserted, and the hospital tax has achieved oxymoron status—it appears to be, of all things, a popular tax.

A coalition of Milwaukee area business groups and health care companies supports the tax. The Wisconsin Hospital Association, which represents the hospital operators who would pay the tax, even supports it.

If that doesn't get the attention of the Assembly leadership, the fact that Wisconsin Manufacturers & Commerce has come out in support of the hospital tax certainly should. The WMC is the most powerful business lobby in the state, an organization that works diligently to pull the strings of the Assembly majority on business issues.

The logic of the hospital tax should be clear to anyone not wearing anti-tax blinkers.

A 0.8% tax on the gross revenue of hospitals would bring in about \$400 million

over a two-year budget period. The state would use the money to free up funds to cover some of the roughly \$600 million deficit resulting from the recession, but a more important benefit of the tax is that it would bring the state an estimated \$700 million in federal money to pay hospitals for treating Medicaid patients.

By using hospital tax money to reimburse hospitals, the state would qualify for additional federal aid for health programs. The state would increase the rate it pays hospitals to care for Medicaid patients. Currently this reimbursement amounts to less than half of the actual cost. Hospitals collect the rest of money by adding it to the bills of other patients. A tax on hospitals would reduce the burden of this hidden tax on the public.

Gov. Jim Doyle has included the hospital tax in his plan to meet the budget shortfall. State Senate leaders indicate they approve. Assembly leaders, on the other hand, are still mouthing tired anti-tax rhetoric—by dint of some tortured reasoning, Assembly Speaker Mike Huebsch calls the hospital tax “a tax on sick people”—but the peanut gallery listening to this talk got a lot smaller when the WMC and other business groups departed.

Assembly leaders should marshal their troops to approve this benign tax, even if they have to hold their noses when they do it.