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## Senate Dems OK budget compromise

Associated Press  
March 26, 2008

Senate Democrats passed a plan Tuesday to solve the state's \$527 million budget shortfall that includes a tax on hospitals opposed by Republicans and a delay in school aid payments the governor doesn't want.

The plan also includes closing a tax loophole that would cost corporations \$130 million over the next 15 months. That wasn't included in either Democratic Gov. Jim Doyle's proposal or the plan passed by the Republican-led Assembly.

Senate Republicans assailed the proposal, criticizing the hospital tax and closing of the corporate tax loophole as anti-business and anti-job.

"Hard times they are a coming, make no bones about it," said Sen. Dale Schultz, R-Richland Center. "It would be easier and more prudent, if like responsible families, we move aggressively to deal with our spending problem."

Democratic leaders defended the plan, saying it represented a true compromise with what the governor and Assembly Republicans proposed and protects the most critical programs while attracting more federal money.

"It is not perfect. It is a compromise," said Sen. Dave Hansen, D-Green Bay.

Work on a budget compromise that can pass the full Legislature, and be signed by Doyle, will either have to be done by leaders behind the scenes or in a bipartisan special committee of lawmakers from both the Senate and Assembly.

Last year, it took nearly four months for lawmakers and the governor to reach a budget deal.

But the dynamic is different this time around.

Back then, they were fighting over the entire two-year, \$57.2 billion spending plan.

This time, it's just a handful of proposals designed to fix the shortfall in tax collections needed to pay the state's bills between now and June 30, 2009. The gap was created by a weakening economy.

But the longer lawmakers stall in finding a solution, the harder it will be to plug the gap because there will be less time for cuts and tax increases to play out.

There appears to be agreement on some parts of the plan between two of the three main players. But all three -- Doyle, the Senate and Assembly -- have yet to agree on anything of consequence.

One of the biggest hurdles is the hospital tax.

Doyle and the Senate proposed a 0.7 percent tax on hospitals, which they wanted last year but removed from the budget after Republicans objected. Republicans argue the tax will simply be passed along to patients.

But the state's largest business lobbying group, Wisconsin Manufacturers & Commerce, changed its position and now supports the tax. It usually sides with Republicans on tax issues. The Wisconsin Hospital Association also backs the tax.

Under the plan, hospitals would get back all they pay in the state tax with federal money to offset the cost of treating patients on Medicaid. The state would use about \$125 million to address the budget shortfall.

Other major differences in the three plans include how much to cut state government and whether to delay a \$125 million school aid payment just to get it off this budget cycle.

Doyle also wants to take \$293 million from the state's transportation fund, but it's not included in either the Senate or Assembly plan. Also at issue is how much to leave in reserves and whether to raise \$130 million in business taxes by closing a loophole that allows large companies to avoid paying state income taxes.

The Senate passed its plan on a partisan 18-14 vote.

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