



MEMO

TO: Senator Knodl, lead sponsor of Senate Joint Resolution 63
Senator Jacque, chairman of the Senate Committee on Licensing, Constitution and Federalism

FROM: Chris Reader, IRG Action Fund Executive Vice President

DATE: October 17, 2023

RE: Concerns with Senate Joint Resolution 63, requiring 2/3rds vote for tax increases

Senators Knodl and Chairman Jacque,

I write today to raise concerns we have with Senate Joint Resolution (SJR) 63, which would require a 2/3rds supermajority vote in either house of the legislature on any legislation that would increase the sales tax rate or any income tax rate or franchise tax rate. To be clear, we strongly applaud the effort to limit the ability of state lawmakers from raising taxes. Wisconsin takes too much from workers and families, and reforms to limit spending and limit taxes are necessary.

However, we are concerned that SJR 63 would inadvertently lock in place a poorly designed tax scheme that is already over reliant on workers with over 45% of general purpose revenue coming from the income tax. **SJR 63 would essentially make it impossible for those of us who believe that Wisconsin should flatten and eventually eliminate the income tax from being able to do so.**

The Institute for Reforming Government (IRG) released a [plan to eliminate the state income tax](#) in December 2021, working with Americans for Tax Reform, Wisconsin Manufacturers and Commerce, and Americans for Prosperity-Wisconsin. That plan, which was a blueprint on how to eliminate the state income tax, relied on a 3% increase to the state sales tax to offset some, but not all, of the revenue “loss” from eliminating the income tax. According to dynamic scoring of that plan by economists at the Center for Research on the Wisconsin Economy at UW-Madison, the plan would have eliminated the income tax, increased the sales tax by 3%, and would have still cut taxes by \$3.5 billion each year. **That \$3.5 billion tax cut plan would not be possible under SJR 63 without receiving a 2/3rds vote.**

That plan was [applauded](#) by strong tax cutters like Stephen Moore of FreedomWorks, ALEC chief economist Jonathan Williams, Americans for Tax Reform President Grover Norquist, and WISN host Jay Weber.

If SJR 63 is to move forward, consider a friendly amendment to allow reforms like IRG’s plan to eliminate the income tax to still proceed on a majority vote. This could be accomplished with a

change in the language of Section 2, still requiring a supermajority on any bill which contains a net tax increase, but allowing a simple majority for tax reform legislation that contains rate increases as well as rate decreases and is overall net neutral or, ideally, a net tax decrease.

Section 2 . Section 8 (2) of article VIII of the constitution is created to read:

[Article VIII] Section 8 (2) No house of the legislature may pass a bill that increases the rate of the state sales tax or that increases any of the rates of the income tax or franchise tax unless the bill also includes a equivalent decrease to the sales tax rate, income tax rate or franchise tax rate and does not raise net taxes, or is approved by two-thirds of all of the members elected.

As SJR 63 is before the Senate Committee on Licensing, Constitution and Federalism this week, please consider improving the resolution so it does not lock in place a tax scheme that is over reliant on taxing work. We stand with you in wanting to reduce the tax burden in Wisconsin, but believe SJR 63 in its current form would make efforts to dramatically do so very difficult.