

## Let's Tax Grandma

All those in favor of taxing the bejabbers out of Grandma, say Aye!

Last month, our beloved Governor floated a trial balloon, suggesting that we should eliminate the Wisconsin state income tax. This undoubtedly came from one of his behind-closed-doors, invitation-only sessions with supporters in the Wisconsin Manufacturers & Commerce (WMC). Members of the WMC clearly dislike paying income taxes because, well, they have a lot of income to be taxed. And eliminating the personal income tax would also eliminate the corporate income tax, which they pay.

So suppose we eliminated the income tax. That eliminates over 40% of the state's tax revenue – over \$8 billion in 2013. There's no way that can be offset by spending cuts, so eliminating income taxes means raising other taxes. That could be property taxes – Texas and New Hampshire can have no income tax partly because they have the second and third highest property tax rates in the country. But Wisconsin already has the fourth highest property tax rates in the country, so raising them even more is probably a nonstarter.

Or it could be with fees. Some states – Alaska, Delaware, Texas, North Dakota, Wyoming – collect over 40% of their tax revenue from fees. But those are mostly oil or natural gas extraction fees, or (for Delaware) corporate license fees, which aren't an option for Wisconsin. Even doubling all our existing fees, on motor vehicles and hunting and the like, would only replace maybe one sixth of the lost income tax revenue.

So that leaves the sales tax. Wisconsin currently has a 5% state sales tax, plus local sales taxes that average an additional 0.43%. Making up the lost income tax revenue would require at least doubling the state sales tax, to a 10% or higher tax rate. Or instead, we could levy it on lots of things that aren't taxed now, like food and medical care and legal services and getting your hair cut.

Now, maybe the WMC thinks that eliminating the state income tax would be business friendly. Maybe Scott Walker thinks that too. But ask the merchants on Main Street what would happen if our state sales tax doubles. And remember, if you shop on Main Street, the tax gets collected, but if you shop online, and buy out-of-state, no sales tax at all. Any one want to guess how Main-Street-business-friendly a 10% sales tax would turn out to be?

But what's all that have to do with Grandma? Well, think about her current lifestyle. Grandma doesn't work any more, at least not at a paying job. Much of her income comes from Social Security, which probably isn't taxed at all under the state income tax. In fact, there's a good chance that unless Grandma is a former member of the WMC, she doesn't pay any income taxes at all. So eliminating the state income tax will not help her one iota.

But Grandma does buy food, and clothing, and other things. Like toys for the grandchildren. Grandma likes to shop. And when Grandma shops, she pays the state sales tax.

So eliminating the state income tax and replacing it with a higher sales tax would more than double the amount we tax Grandma. But that's OK. Because she's not a job creator, like the august and esteemed members of the WMC. She's a taker, not a maker, taking our Social Security and Medicare support and paying us back with only love and cookies.

So let's do it. Let's tax the bejabbers out of our senior citizens. All of those who want to stand up with Scott Walker and the WMC, and stick it to Grandma, say Aye!