

State budget deal brings compromises

BUDGET VICTORIES BY PARTY

Democrats Republicans

TOBACCO



- Democrats: Raises the cigarette tax by \$1 a pack, to \$1.77.
- Republicans: Keeps the tax increase to 25 cents less than the \$1.25 raise Gov. Jim Doyle wanted.

OIL TAX



- Republicans: Blocks a new tax on oil companies that Democrats said would have been passed on to consumers at the pump.

EDUCATION



- Democrats: Creates the Wisconsin Covenant, a guarantee for eighth-graders that they will get into college if they maintain a B average and stay out of trouble.
- Democrats: Provides \$21 million in new aid to low-income school districts, \$17 million of which will go to Milwaukee Public Schools.
- Republicans: Prevents a Democratic proposal that would have allowed illegal immigrants to get in-state tuition at University of Wisconsin System schools.

HEALTH



- Democrats: Creates BadgerCare Plus, which will extend health care coverage to nearly all children.
- Republicans: Blocks a new tax on hospitals.

IN ADDITION: Doyle cuts his original spending plan by more than \$400 million.

Democrats tout health reforms; GOP gets some taxes tossed

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Madison — Gov. Jim Doyle and leaders of both parties broke a three-month budget stalemate Friday night by agreeing to a \$1 increase in the cigarette tax, the governor's Wisconsin Covenant college enrollment plan and an elimination of hospital and oil company taxes backed by the governor.

The Legislature will vote on the deal Tuesday, said Senate Majority Leader Judy Robson (D-Beloit) and Assembly Speaker Mike Huebsch (R-West Salem).

"For the first time in a long time, Wisconsin has a budget," said Doyle, who noted he was only days away from ordering the first partial shutdown of state government in history.

"This was a day I knew would come — someday," said Huebsch, who had been accused by Democrats of trying to block a budget to kill Doyle's tax increases.

Robson predicted "broad bipartisan approval" of the deal next week.

Doyle aides said the budget would spend about \$58 billion, or 8% more than the last budget that ended on July 1.

In the end, Republicans killed new taxes on hospitals and oil companies that the governor has been pushing since February. Those two taxes would have netted \$651 million by mid-2009.

But Doyle and Senate Democrats pointed to health care reforms, including providing care to more children of poor families and raising the 77-cent tax on a pack of cigarettes by \$1 to pay for those reforms.

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BUDGET

State leaders strike deal

The new package replaces Doyle's second budget proposal, which the Republican-controlled Assembly rejected on Monday.

The Assembly vote touched off four days of intense negotiations among Doyle, his aides, Huebsch, Robson and Assembly Democratic Leader Jim Kreuser of Kenosha, who promised that most Assembly Democrats would back the plan.

Republicans control the Assembly, 52 to 47, while Democrats run the Senate, 18 to 15.

Wisconsin is the only state without a budget for the current fiscal year, though Michigan is operating only on a temporary plan.

By passing the budget Tuesday, lawmakers would be passing the second-latest budget in state history, coming short of the 1971 record by four days.

The compromise:
■ Kills a proposed tax on

hospitals, which dozens of Assembly Republicans opposed — even after the state's hospitals endorsed it.

After fighting it for months, hospitals began pushing for it this month, calling it the only way they would get the first Medicaid rate increase in more than 10 years. The tax would have been more than offset by additional federal dollars.

■ Kills a new \$233 million tax on oil companies, which Doyle had proposed to force them to help pay for the state's highways and bridges.

■ Raises a tax credit to offset higher property taxes for schools resulting from the certification of last year's state aid levels to local school districts. Schools are likely to raise property taxes higher than usual this year because the state budget is so late.

■ Raises the current 77-cent tax on a pack of cigarettes by \$1 to pay for health care costs. Doyle had recommended an increase of \$1.25.

■ Increases the one-time \$175 million transfer from the fund that helps pay legal awards in medical malpractice cases by at least \$25 million. The transfer will be fought in a lawsuit to be filed by the Wisconsin Medical Society — a suit that may take years to resolve.

■ Includes one of Doyle's

"For the first time in a long time, Wisconsin has a budget."

Democratic Gov. Jim Doyle

top priorities, the Wisconsin Covenant, which guarantees eighth-grade students the ability to enroll in a Wisconsin college if they take college-prep courses in high school, maintain a B average and stay out of trouble. No one knows what the Covenant will cost when students who have already signed up for the program enroll in the state's colleges and universities.

■ Expands health care coverage to almost all Wisconsin children through the new BadgerCare Plus program.

■ Includes \$21 million in additional school aid for low-income districts — \$17 million of which would go Milwaukee Public Schools. MPS would have to use the money to partially offset property taxes it levies for the school choice program. It would also give MPS \$10 million for math and science classes.

■ Puts a 2% limit on increases in 2008 and '09 property tax levies for cities, towns and villages, or limits increases to the rate of actual growth, whichever is higher.
■ Reduces spending from

Doyle's original proposal by more than \$400 million.

■ Funds free tuition for veterans, provides \$32 million in new financial aid to University of Wisconsin System students and backs the system's plan to expand enrollment. Killed, however, would be a plan to provide in-state tuition for illegal immigrants who graduate from Wisconsin high schools, as Doyle had wanted.

■ Increases the annual vehicle registration fee by \$20, to \$75, and raises registration fees for large commercial trucks.

■ Drops a Democratic plan to extend the Metra commuter rail line from Kenosha to Milwaukee. But a last-minute effort to revive the rail-line plan will be made Monday, when a committee of legislative leaders votes on the deal, Kreuser said.

■ Increases bonds to preserve recreational lands to \$85 million a year, up from \$60 million. The budget also will give the Legislature oversight of any land purchases — authority it lost in 2003.

Opposition remains

Some Republicans are expected to fight the tentative plan because it includes tax increases. Twenty-five Assembly Republicans have

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Assembly Speaker Mike Huebsch, (R-West Salem), on reaching an agreement on the state budget

signed pledges to vote against tax increases, but six of them already have said they could tolerate raising the cigarette tax.

One opponent of the latest proposal, Rep. Steve Nass (R-Whitewater), reminded Huebsch on Friday of his party's so-called "unit rule" that says any final decision must be agreed to by a 27-vote majority of all 52 Assembly Republicans.

Huebsch said he did not know whether that many Republicans would vote for the deal but said he was sure he could get it through the Assembly with Democratic help.

Wisconsin last raised its cigarette tax in 2001, when it went up to 77 cents a pack. Bringing the cigarette tax up by \$1 a pack would generate about \$378.5 million over the budget if it is in effect by Jan. 1, 2008, according to the Legislative Fiscal Bureau.

An increase of \$1 a pack is expected to prompt about 33,300 Wisconsin adults to quit smoking and prevent 65,800 children from starting to smoke, according to June figures from the Campaign for Tobacco-Free Kids.