



# *The Miller/Wenhold Wisconsin Report*

*Vol. 1 Issue 3*

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## **Commercials Shouldn't Decide the Election**

By Paul A. Miller

It feels like this election cycle has lasted an eternity. We are now in the homestretch of the Presidential race and I am still amazed at how much a 30-second television spot drives our way of thinking as voters. When we go to vote in November our vote should be based on knowing a little something about the candidates and where they actually stand (not where the commercials tell you they stand).

It seems we all want change that is good for America, but what does that really mean? We have two candidates running on the change platform, but neither can be considered "change" candidates. On the Republican side you have a candidate who has a long career of being a maverick within his party. In 2000 he ran the Straight Talk Express. This is where John McCain connected with voters on all sides of the political spectrum. In 2008 Senator McCain has had to jump to the right, which makes him less attractive to many who supported him in 2000. Change for me would be for Senator McCain to run like he did in 2000—that was change.

On the other side you have a very smart politician who jumped on the change theme and it has done him well. The problem for Senator Obama today is that he has become the "Washington Insider" he claims to detest so much. Senator Obama said he wanted to run a campaign for the people, but yet he charges people to attend his rallies. Senator Obama talks about not playing to special interests, but yet has carved out policy proposals that do just that. I'd say next to Bill Clinton, Senator Obama may be the best modern day politician of our time. A true insider.

This is a critical election year as we face some real tough challenges as a country. Let's not rely on what a commercial tells us about a candidate, but instead, let's take a few minutes to learn about the candidates and then go into the voting booth and pull the lever for your candidate.



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## **Film Wisconsin Incentive**

By Brandon VerVelde

Every state in the union wants to be attracting new businesses, but Wisconsin is doing something previously unheard of: lowering taxes. Well, not exactly, but a plan set forth by Wisconsin and touted by Lt. Governor Barbara Lawton has created attractive new tax exemptions for certain industries to set up shop in Wisconsin.



The tax exemptions are for something that Wisconsin isn't necessarily known for: film-making. First passed by the legislature in 2006, but finally taking effect in January of 2008, the "Film Wisconsin Incentives Bill" is essentially a few different types of tax credits, some up to 25%, for filmmakers and the multitude of support businesses that follow. The package also included little perks such as "small state income tax credit to artists who are Wisconsin residents, and use of state-owned buildings and locations free of charge as available, with no fees for permits" according to Lt. Governor Lawton's press release.

Since the incentives have taken effect, other businesses are jumping on the bandwagon, as well. Marcus Theatres, which owns over 600 big screens in 6 states, said earlier this year that it would offer guaranteed screenings at some of its theatres for films shot in Wisconsin, which has served to only sweeten the deal for filmmakers.

It turns out the deal was indeed sweet enough for UW-Madison graduate Michael Mann. Produced by Universal Pictures, Michael Mann just wrapped up his directing of the movie "Public Enemies," starring Johnny Depp ("Pirates of the Caribbean") and Christian Bale (most recently, "The Dark Knight"). All totaled, it was estimated to bring in about \$20 million to Wisconsin, about half of which went straight into local economies and businesses. The film even took advantage of the provision for use of public buildings for free, spending two days filming in the capitol building in Madison.

The tax credits for these businesses are starting to come to maturity. Reap what you sow, the old parable goes. Well, Wisconsin is sowing much into new film businesses. My guess is that Hollywood will look more and more at Wisconsin for filming if these tax credits are here for any period of time, and with the millions upon millions of dollars the film industry has at their expense, Wisconsin is sure to benefit. All the way from the small community grocery store and aspiring actors and actresses, to the new recording studio setting up shop in Milwaukee, Wisconsin will be reaping what they have sown for years to come.



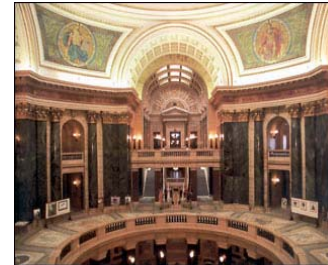
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## **Minimum Mark-up Law**

Wisconsin is lucky to be under the average when it comes to buying a gallon of unleaded. While Wisconsin sits about 8 cents under the national average, that price could be even lower. But it's not the oil companies keeping the price high this time, its the politicians. Currently the State of Wisconsin mandates it to be that high. Yes, I said mandates it. It's called the minimum markup law.



### **What is it?**

First, some history on the law. It was first passed in 1939 as the Wisconsin Unfair Sales Act. Beyond the minimum markup of gasoline, the law prohibited the selling of almost all goods under wholesale cost. The law has stayed mostly the same, with minor changes throughout the decades, until 1986 when groceries were removed from the list of goods. Understandably, there were many attempts to repeal the law, in whole or in part, throughout the years, but each attempt failed.

Second, what's wrong with the law. Beyond a simple government mandated markup (which I find atrocious, don't get me wrong), the bigger problem comes with how the law is applied. The markup is a percentage based on the wholesale cost of gasoline. As we are all painfully aware of, the wholesale cost of gasoline has been skyrocketing, and following right behind it at an outrageous pace is the markup law. For example, in 1998 the markup law required 5.9 cents per gallon. In 2008, its around 30 cents, an increase of 400% in ten years! Just between 2007 and 2008, the markup has increased by 44%, up from 21 cents.

So, what if. What if the law was repealed? In a report issued on July 24<sup>th</sup> by the Wisconsin Policy Research Institute points out that although markup law currently costs 30.2 cents, the price wouldn't drop that much because gas stations obviously have to markup to make profit. The report estimated, based on calculation techniques used in other studies, that Wisconsin-ites could expect an additional 8 cents per gallon off. In perspective, according to fuelguagereport.com, that additional 8 cents off would drop Wisconsin from the 33<sup>rd</sup> highest prices, to 44<sup>th</sup>.

### **The Pro's and Con's**

The pros: it mandates a profit margin that keeps small "ma & pa" stores alive. If the law is repealed, some claim that larger chains of stations will be able to afford lowering their prices to starve their competitors out of business, and then raise their prices back to original or higher levels due to decreased competition.



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The cons: it's a regressive tax on the lower class (meaning that the tax takes a higher percentage of income from the lower class than that of the wealthier), but most importantly it completely eradicates all forms of competition. According to the report, critics of the law argue that even if there is one dominant station in an area, "the *mere threat* of yet unformed businesses popping up to provide competition is likely enough to hold prices down."



## The Bottom Line

I think I'm in agreement with most Wisconsinites that this law needs to go. In 1986, did small, family-owned grocery stores disappear after they were excluded from the law? No, they didn't, and I know because I still shop at one. It's time to let capitalism, one of the principles on which this country was formed, take over.

## Sales Tax Ruling Hits Home Hard

Two-hundred sixty-five million dollars. That's the amount of money that the State of Wisconsin taxed illegally, according to a decision earlier this month by the Wisconsin Supreme Court. This is a case of "judicial activism," some critics claim, and, meanwhile, another hole is poked into the budget that already looks like swiss cheese.

While some are up in arms about this decision, claiming it's a classic example of the Court "legislating from the bench," I argue that it is absolutely not legislating from the bench, and, actually, it's the opposite. In the decision, the Court upheld what the Tax Appeals Commission decided, which is in line with what the legislature seemed to have intended when it wrote that the Commission should be the final authority. What Justice Annette Ziegler wrote for the majority opinion seems to sum it up well:

Although the Commission is subject to judicial review, the legislature specifically charged the Commission as "the final authority for hearing and determination of all questions of law and fact" under the tax code. We must not second guess that act of the legislature.

The "legislating from the bench" claims all stem from the end result of the decision: a change in the interpretation of the tax code. Now, something that was previously taxed will no longer be subject to the tax.

But, someone who reads over the decision with a careful eye realizes something different. The full copy outlines the reasons for the decision clearly. First, the plaintiff was able to prove all the things that they proved to the Tax Appeals Commission, then the Supreme Court recognized the intent of the legislature to have the Commission as the "buck stops here" agency, and upheld the Commission's decision. That is textbook judicial restraint.



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But, of course, every action has an equal and opposite reaction. Because the State can no longer collect some \$28 million in sales tax that it projected for this year, the ruling siphoned millions more out of the State budget that has been in shambles. In her heated dissent, Justice Shirley Abrahamson points out that “the state’s projected loss in revenue . . . will exceed \$277.6 million prior to the end of the 2007-09 biennium and \$28.3 million annually thereafter. Wisconsin taxpayers will pick up the tab left by those who have escaped taxation as a result of the majority opinion.”



Does the good outweigh the bad? On one hand you have judicial restraint and lower taxes for the future, but on the other you have a sucker punch worth \$28 million that the taxpayers must absorb.

My thought process is this: the Court decided correctly in this case. They interpreted the law how the legislature seemingly intended it. The \$28 million is a tough one to swallow, but I feel like it’s an acceptable means to an end, which is lower taxes for the parties involved, which will transfer to lower prices on the consumer end of any of the businesses which this decision affects. Lower prices due to lower taxes due to judicial restraint. Sounds like a good ending to me.

## **McCain Proposes Elimination of AMT for Middle-Class**

By Brandon VerVelde

With the economy in shambles and consumer spending hitting rock-bottom, John McCain has a plan revive the economy and to get more money back into the hands of the those who are most capable to get our economy back in shape: the average American. McCain’s plan calls for the elimination of an outdated and highly expensive tax, as well as increasing certain exemptions.

The first item on his list of taxes to eliminate is the Alternative Minimum Tax. This idea, championed in the late 60’s, was intended to make the tax burden a little bit more equal by ensuring that the extremely wealthy couldn’t hide their riches under massive amounts of deductions. Great intentions that may be, but Congress probably should have thought it through a little bit further into the future than they did.

You see, the problem with the Alternative Minimum Tax is that it is not inflation adjusted. That means that more and more of the American middle class is falling under this “stealth tax” due to inflation. While in 1970, only about 20,000 people fell subject to the AMT, in 2006 alone there were over 4 million, and the IRS speculates that that number could skyrocket to 35 million by 2010.



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John McCain's plan would eliminate the AMT. If the tax is repealed it is estimated that over \$60 billion will be saved by the American middle class. Real money for Americans who need it, and who are ready to spend it to bring the economy back.



The second item in McCain's overall economic plan also hinges on the average American. He has proposed to raise the personal exemption for each dependent from \$3,500 to \$7,000. Not only would doubling the exemption greatly help bolster the economy, it would help American families pay their bills and make ends meet.

Reviving the economy is not about government bailouts or more regulation, it is about getting more money into consumer's hands to spend. Growing our economy, building consumer confidence, and helping American families; that's John McCain's plan.

### **Economic Disparity Equals Poll Disparity**

By Cassandra M. Schmiling

We've been hearing it for over a year now: the American economy is in trouble. Foreclosures are up, unemployment is rising, and Americans have little faith in the economy. Wisconsin is not spared from this economic downturn. In the first half of 2008, foreclosures have increased by 36 percent. In the first half of 2007, there were 9,229 foreclosures in Wisconsin. This year, that number has climbed to 12,529. Dane County has been hit the hardest with an increase of 56 percent. Both presidential candidates have also laid out economic plans. Voters are now asking, "Which candidate will actually fix the economy?"

According to a recent Washington Post-ABC News poll, Obama holds a 19 point advantage on the economy. This has been a particular sore spot for McCain because he is too closely linked to President Bush's economic policies. The same poll also revealed that Bush's approval rating has hit a new all-time low. Obama is fortunate enough to avoid any allegiance with the failed Bush Administration. Although his economic approval may not be that high it is certainly fairing better than McCain's. Economists are predicting the economy will not improve anytime soon, so the disparity noted in the polls may catapult Obama into the Oval Office. If so, what relief is in store?

According to his website, Barack Obama supports the efforts of Chris Dodd (D-CT) to create a new Federal Housing Administration program that would provide incentives for lenders to buy or refinance existing mortgages and turn them into stable 30-year fixed mortgages. Obama also supports ensuring accountability in the subprime mortgage industry. He introduced the STOPFRAUD Act, first piece of federal legislation to define mortgage fraud. The STOP-FRAUD Act would also include stiffer criminal penalties and increase funding to federal and state law enforcement programs to counter the increase in mortgage fraud.



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These programs would obviously be shunned by the McCain campaign as “bigger government”, “increased spending” or “raising taxes” but actually having a plan is more comforting to Americans facing economic woes than McCain’s non-plan that revolves around a failed attempt at summer gas tax holiday.



At a time when only 28 percent of Americans approve of their President, food prices are soaring, gas prices are insane, and mortgage foreclosures are on the rise, Senator Obama is all the rage with Americans worried about their money.

## At The Races

### Fundraising is Name of the Game in 22nd District Senate Race

Longtime Kenosha resident Ben Bakke is facing an uphill battle in his Republican bid for the 22<sup>nd</sup> State Senate seat. The incumbent, Sen. Robert Wirch (D-Pleasant Prairie), has out-fundraised Bakke by more than 6 to 1 thus far. With over \$100,000 reported to be in Wirch’s campaign account, Bakke has his work cut out for him with his paltry \$1,500. He is not fazed, however, saying that the campaign has been focused on grassroots efforts and building name recognition thus far. Sen. Wirch is not relying on his hefty war chest alone, though, saying that his campaign is preparing for a large amount of Republican money to come later on in the race.



### Nasty Tone Paints Picture of 8th District Senate Race

One of the state’s most hotly contested seats is that of State Senator Alberta Darling (R-River Hills). Her 8<sup>th</sup> District Senate seat is being challenged by Sheldon Wasserman (D-Milwaukee), who currently holds the 22<sup>nd</sup> Assembly District. The race is quickly becoming a nasty one, with each campaign throwing barbs at the other at a rapid pace. In the latest attack, Sen. Darling apparently attacks Wasserman’s golfing abilities, citing the recent long drive competition opening the 2008 US Bank Championship. “Darling drove her ball 153 yards, Wasserman dribbled his 135 yards,” says the press release from the Darling campaign. Rep. Wasserman shrugged off the attack, saying, “I’ve only played golf once in the last 20 years. [My drive] must have been 135 inches.”



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## **Wood Stuns Republicans By Declaring As An Independent**

In a move that stunned the Republican Party of Wisconsin, Representative Jeff Wood (Chetek) announced on July 8<sup>th</sup> that he was leaving the Republican Party to run as an independent for the 67<sup>th</sup> Assembly District. Wood, in a letter to supporters, said, "There have been many of us frustrated with the [Republican] party because of the abandonment of the principles we believed the party stood for." Wood mentioned the War in Iraq and "excessive borrowing and spending" as some of the main frustrations.



State Republicans were swift to react, with Speaker Huebsch stripping Rep. Wood from all committee leadership posts, and the Republican Party of Wisconsin first asking to review all of the nomination papers Wood circulated as well as asking him to return all State GOP contributions to his campaign this cycle. The RPW later rescinded their request for review of the Rep. Wood's nomination papers.

Assembly Democrats welcomed Wood's move, saying that they'd offer him a committee leadership post if the Democrats gain the majority this fall, according to the *Lacrosse Tribune* and Associated Press. Rep. Jeff Smith (D-Eau Claire) commended Wood's independence, saying, "Rep. Wood has proven to be an independent vote in the assembly. In the time I have known him I have gained a lot of respect for him."

## **Fightin' 43rd Expects To Be Close**

The Fightin' 43<sup>rd</sup> is ready and waiting for the two candidates for Assembly to square off. First-term Democrat Kim Hixson (Whitewater) is facing off against Republican Debi Towns in what is sure to be one of the closest races in the state. In 2006, when Debi Towns was up for re-election, Hixson defeated her by a nail-biting 38 votes. With both candidates legitimately touting what they've done as the district's representative, the race is a virtual toss-up less than 100 days from Election Day.