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Big business tax credits mean fewer budget dollars for shared services such as police and fire protection, public education, and transportation infrastructure says Sen. Kathleen Vinehout. It's not fair for small businesses and the rest of us to shoulder the cost on our own.

MADISON - “Can anything be done to force the largest corporations in the state to pay something for the roads, ports, airports, fire and police services, educated workforce, etc. that they are using in our state?” Linea recently wrote to me. “This implies the smaller businesses are paying far more than their fair share.”

About the time Linea’s question came to me, so did a new memo from the Legislative Fiscal Bureau (LFB) examining the drop in money coming to the state from corporations.

I wondered, just how have business tax credits changed and how might they change in the new budget?

Some of the items Linea mentioned are part of the transportation budget. For this column, I will set aside a discussion of road-related taxes.

Much of state government is paid through our state taxes: including corporate and individual income tax, and sales tax.

The LFB recently addressed tax money coming into the state – “revenue estimates” – for the coming budget. The nonpartisan bureau stated, “Corporate collections for the entire year are estimated to decline by 6.5%, compared to 2015-16, while the year-to-date decrease is 8.9%.”

Over the past year, monthly corporate tax collections, when compared to the same month in the prior year, were down by as much as 22%.

What is causing this rapid decline in corporate tax collections? The answer from analysists included the fact corporations were cashing in tax credits faster than expected.

Tax credits can reduce taxes owed. Business tax credits have grown both in the different types of credits and the total amount of state taxes reduced.

Wisconsin has a lot of new business tax credits.

In 2006, the state had 17 different types of business tax credits. Ten years later, the type of tax credits increased two and one-half times. The cost to the state for these credits nearly tripled. These numbers are from a report produced by the state Department of Revenue called Tax Exemption Devices.

Just one tax credit set the manufacturing and agriculture tax rate to less than half a percent, which cost $650 million in the next budget. (For comparison, this dollar amount is about the cost of State Superintendent Evers' plan to fix the school funding formula.)

Some credits are more powerful than simply making income tax owed disappear. Some business tax credits are refundable. Claiming a refundable tax credit means you get money back from the state even if you owe nothing in taxes.

One refundable tax credit, known as Enterprise Zone, accumulated awards of over $470 million that can be claimed by companies over several years. A few of the companies benefiting and their awards include: Mercury Marine ($65 million), Kohler ($62.5 million), Quad Graphics ($61.7 million), Uline ($18.6 million), Amazon.com ($10.3 million) Dollar General and Trane (both at $5.5 million).

The stated purpose of all this money given to corporations is to spur economic growth. Of course, the expected robust economic growth has not happened. Wisconsin lost 66,000 manufacturing jobs in 2007 and 2008. In 8 years, we only gained back 44,000 of those jobs. Wisconsin wages are 18th lowest; and we are 23rd in real GDP growth, behind every Midwest neighbor except Illinois. The new revenue in this budget is about the same increase as the past few budgets.

Rather than repeal, or at least demand more accountability for these expensive tax credits, many in the legislature talk about shifting more of the tax burden away from corporations.

A bill introduced last month would eliminate the business personal property taxes and shift the cost of this tax to the general fund, which puts funding for schools, universities, and local governments at risk. Further, rumors in the Capitol suggest this tax plan will be part of a last-minute budget amendment that could cost the state a whopping $530 million. That's a little more than the price tag of the new money the Governor set aside for K-12 education in "categorical" or "outside" the funding formula.

Lawmakers should take up Linea's question about big businesses paying their fair share. It's simply not fair for small businesses and the rest of us to shoulder the cost of shared services like police protection, the UW and public schools when corporations also shared the benefits.