

STATE OF WISCONSIN

**Senate Journal**

**Eighty-Fourth Regular Session**

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TUESDAY, January 23, 1979.

10:00 A.M.

The senate met.

The senate was called to order by the president of the senate.

The roll was called and the following senators answered to their names:

Senators Adelman, Bablitch, Bear, Berger, Bidwell, Braun, Chilsen, Cullen, Flynn, Frank, Goyke, Kleczka, Kreul, Krueger, Lasee, Lorge, McCallum, Maurer, Moody, Murphy, Offner, Radosevich, Risser, Roshell, Strohl, Swan, Theno, Thompson and Van Sistine -- 29.

Absent -- Senators Harnisch and Petri -- 2.

Absent with leave -- None.

The senate stood for the prayer which was offered by Reverend Robert Paulson, pastor of Bashford United Methodist Church of Madison.

The senate remained standing and Senator Bablitch led the senate in the pledge of allegiance to the flag of the United States of America.

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INTRODUCTION OF RESOLUTIONS

**Senate Joint Resolution 7**

To amend section 10 of article V of the constitution, relating to the governor's authority to veto appropriation bills in part (first consideration).

By Senators Chilsen, Maurer, Krueger, Murphy, Frank, Cullen and Braun; cosponsored by Representatives Schmidt, Barczak and Kincaid.

Read first time and referred to committee on Governmental and Veterans Affairs.

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**BILLS INTRODUCED**

Read first time and referred:

**Senate Bill 43**

An act to appropriate \$6,475.90 from the general fund for payment of a claim made by Alvin J. Karetski against the state.

By Senator Kleczka; cosponsored, by Representative Roberts, by request of the State Claims Board.

To joint committee on Finance.

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**COMMITTEE REPORTS**

The committee on Judiciary and Consumer Affairs reports and recommends for introduction:

**Senate Bill 44**

Relating to legal representation in small claims type actions.

By request of the Judicial Council.

Introduction:

Ayes, 2 -- Senators Adelman and Braun;

Noes, 1 -- Senator Harnisch.

Read first time and referred to committee on Judiciary and Consumer Affairs.

and further recommends:

**Senate Joint Resolution 1**

To amend sections 1m and 1n of article V and sections 1m, 1n and 1p of article VI of the constitution so as in effect to repeal said sections; and to amend section 9 of article IV, sections 1, 7 and 8 of article V, section 1 of article VI and section 10 of article XIII of the constitution, relating to gubernatorial succession (2nd consideration).

Adoption:

Ayes, 5 -- Senators Adelman, Bear, Harnisch, Braun and Murphy;

Noes, 0 -- None.

**LYNN S. ADELMAN**

Chair

The committee on Senate Organization reports and recommends:

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**Senate Bill 15**

Relating to public membership on the legislative council mining committee at the discretion of the legislative council.

Passage:

Ayes, 5 -- Senators Risser, Bablitch, Flynn, Krueger and  
Murphy;

Noes, 0 -- None.

FRED A. RISSER  
Chair

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PETITIONS AND COMMUNICATIONS

State of Wisconsin  
Department of Transportation

January 17, 1979

Donald Schneider  
Senate Chief Clerk  
State Capitol  
Madison, Wisconsin

Dear Mr. Schneider:

Chapter 29, Laws of 1977, contained in Section 1655 (43)(f) a directive to the Department of Transportation and the Transportation Commission to "review the statutory provisions under Chapters 189 to 193 of the statutes for the purpose of revising the same to reflect changes in conditions and technology and under other chapters affecting railroads and motor carriers for the purpose of proposing minor substantive correctional measures and revisor's corrections."

I enclose herewith a bill draft revising the railroad and motor carrier laws that I believe fulfills the Legislature's intent. The bill was drafted by the Department's legal counsel in cooperation with the staff of the Transportation Commission and approved by the Commissioners on January 10, 1979.

Sincerely,  
LOWELL JACKSON  
Secretary

A copy of this report may be obtained in Room 140 South.

By request of Senator Bablitch, with unanimous consent, the chair was directed to appoint an escort to await upon the Governor.

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The chair appointed Senators Bablitch, Risser and Krueger to await upon the Governor.

The senate proceeded in a body to the Assembly Chamber to meet in Joint Convention to receive the Governor's Revenue message.

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### IN ASSEMBLY CHAMBER

### IN JOINT CONVENTION

The Lieutenant Governor in the chair.

The committee to await upon the Governor appeared with his excellency the Governor, who delivered his message as follows:

Mr. Speaker, Mr. President, Honorable Members of the Legislature:

I think particularly for those of you who are veterans of this body you have no notion of the sense of honor, of the pride, I have at this moment to address this joint session of the legislature. You are for me free men and women, freely elected. You are select band of stewards privileged to create laws, and over four and one-half million people have entrusted that precious privilege to 132 people. I say that is an incredible trust by the people to give you the power to take part of their wealth and productivity, that which they produce by their lives toil. And for you, legislative veterans, I hope that you do not become so accustomed as to momentarily forget the trust that is given in the power to tax.

The power to tax for most of mankind throughout history has been tied to the cannon and the sword. The power to tax today is tied to the military and police power for most nations and most people. So how precious a gift that none in this chamber represent that kind of force or coercion. And I hope that none ever forget it.

Instead you represent the sovereign power of the people, and it is sovereign, it is inherent and it is inalienable. Therefore it is not simply a trust but a sacred trust, and it must be exercised carefully, because excess taxation will surely and slowly drain away the vitality and strength of even the greatest of peoples or nations.

Therefore, let us all pledge to the people that we will be a government which lives within the means of the people. That is not to say we drop the goals of access to the good life for all regardless of condition, nor do we drop the principle that those who work must support those who do not work, but recognize the burden of continuous movement forward under both principles must be carried primarily by the great working middle class. So the protection of the

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working class is absolutely essential for meaningful progress and increased quality of life. Both in this state and this nation.

This basic fiber and sinew of American society is beginning to rebel and to resist. It is a national phenomenon with which we are all familiar. I say to you it is a great danger to the republic. Because it leaves the people vulnerable to the demagogue, it leaves the people vulnerable to simplistic schemes and plans, it leaves them vulnerable to a trust in formulae, rather than a trust in elected representatives...their human brothers and sisters.

reestablish the people's firm faith that self-government through elected, accountable men and women is best for all and has been proven best in 10,000 years of recorded history.

I predict now for those states who chose formulae over representatives to determine their taxing and spending levels that there you will see the most defenseless hurt in the process. It will be the children, the indigent, the elderly, disabled and the minorities. Responsible government in Wisconsin can and will prevent that

Never in my life have I heard so many office holders talking so of tax cutting after an election. And I happily welcome all converts to the ranks of the frugal and prudent. Though I hope we are not heading back to the one-party system. So I take this opportunity to award to the leaders of the loyal opposition the Messieurs. Bablitch, Risser, Jackamonis, Wahner, Kleczka and Johnson, I hereby publicly declare you all honorary Independent Republicans. Mr. Jackamonis is not with us, but I understand only a fender was bent, and for that we are all thankful.

Now why a revenue bill and why before the appropriations bill. Heretofore these two measures came forward together as a single budget bill containing both taxation measures and spending measures. The revenue bill because people have a right to know how much they are really being taxed, and how their elected representatives voted on that tax.

I tell you the current method is confusing and it is the time for truth in taxation. As it is a time in this nation and world for truth in all things.

Think how confusing it has been to hear for all these years there will be a no tax increase budget and yet every year more tax was taken from all of us. The answer of course was that hidden tax collector, the silent, invisible pickpocket, elected by no one and representing no one and wanted by no one, inflation. And in these past seven years, when state spending has increased more than 150 percent, it has done so without this body and its predecessors passing

a tax increase measure, till we are now 3rd highest in the nation in taxing the personal income and productivity of its people.

This excessive taxation of the income of working people was primarily responsible for growing surpluses year after year. Those surpluses, then, urged more spending and more programs. But now with a revenue bill, and one which limits the amount of revenue available for general purpose appropriations . . . and let me repeat that . . . revenue bill which limits the amount of revenue available for general purpose appropriation, as agreed upon by these bodies and myself.

With the passage and the signing of that kind of bill we can say to the people of Wisconsin, all of us, here is the maximum amount of your money which may be spent by your government for any reasons whatsoever, and regardless of any unanticipated excess in revenue. In short the government will begin to live just as most of its citizens. First determine how much money you have, then determine how best to spend that money.

Therefore I say to you now that I will not sign a revenue bill that contains any appropriation measure. All such measures belong in the appropriations bill. And I will present mine to you February 13 as you know.

So let me urge seven principles to guide you in debating the merits of the several revenue bills before you. 1. The state should not take more money than it needs. 2. The state should not tax beyond the ability of the people to pay. 3. The state should reduce the most burdensome tax for the most people. 4. The state should provide special consideration when taxing the elderly. 5. The state should make tax laws as simple as possible, and the state should support recommendations of the tax state study commission where fiscally possible. 7. The state should not cut taxes now, to a point which will require increases in the next biennium. That would be a cruel hoax, to raise those false hopes.

Apropos of the first principle, of not taking more than is needed, I propose in my revenue bill, and do here today ask you to join me, in a moratorium on withholding from this coming mid-April through the end of June. I tell you it is the quickest way and the cheapest way to get so-called surplus money back into the hands of the working people who paid them in. And that will immediately reduce revenues by \$275 million. The 1979 tax liability will then be reduced by 24% and that will cover all of those not included in the withholding approach, and it will reduce revenues another \$66 million. By the way, when my appropriation bill comes to you in February, it will include a special one-time payment of almost \$24

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million to protect our local governments from this unanticipated drop in shared revenues.

The second principle: Do not tax beyond the people's ability to pay. At time of preparation of this bill, a firm figure was not ready. But it is this morning and, therefore, an amendment will be offered by Mr. Shabaz to limit the maximum biennial revenue available for general purpose appropriation to \$5.157 billion. Based on this year's level of gross appropriations, the level of increase of revenue available for appropriations in each of the next two years is clearly within the projected increase of the people's productivity or ability to pay.

The third principle is to reduce the most burdensome tax. Democratic legislative majorities and democratic governors who have preceded you and me have done very well to reduce the burden of property tax in this state. You have probably done the best job in terms of an improvement of the record in the entire country and I do commend you for that. I say now is the time to improve our terrible national standing in the taxation of working people's income. Inflation which has caused higher income numerically but not in real spending power, has been the culprit. And as one moves up in the numbers, the tax bite becomes progressively deeper even though there was no real gain in income. Now the working people know they are being overtaxed and unfairly so.

Therefore, I propose adjusting both rates and brackets to offset long inflation gains and reduce revenue by an additional \$116 million. Then index those brackets and credits and homestead credits to avoid the impact of future inflation and protect the people. This will reduce revenues by an additional \$81 million. Next federalize the standard deduction affecting between 550,000 and 600,000 lower income taxpayers primarily, and reduce revenues by \$164 million. Next remove the sales tax on heating fuels for residences. To reduce revenues by another \$69 million.

The fourth principle is special consideration for the elderly. In my appropriations bill in February, you will see a proposal for an additional 15% property tax or residence credit against income taxes due. The credit will save those people \$68 million, and for those elderly eligible for full homestead support, it will mean the state will pay 95% of the property tax on the average. Do that for those people at that age in their lives and it will be an act of great humanitarianism by the people of this state. You will find in my revenue bill, a once-in-a-lifetime home sale for those over age 55, to the total exclusion of capital gains, and reduce revenues by another \$15 million.

The fifth principle is to make the tax laws simple. By making state and federal treatments similar, you will find items in the bill dealing with income from unemployment compensation, gasoline,

child care deductions, and house sales. Basic rule is simpler, is better. Recently enacted legislation, for example, property tax credit for owners and renters right on the front page of this year's tax form and already between 15 and 20 percent of those who have filed their returns did not deduct that and did not see that it was there. We need to make it simpler, clearer, and do a better education job.

The sixth principle: The tax study recommendations, and several have already been mentioned. My bill will recommend the entire tax commission proposal relative to inheritance and gift taxation. Reducing revenues by another \$15 million. The seventh and last principle: Do not reduce taxes to a point requiring an increase in the next biennium just for maintenance and continuation. Representative Jackamonis addressed this point very well just this past week. I urge you to heed his words.

When you review and analyze all of the details, and there will be details available to you, and there will be a conference by the secretaries of D.O.R. and D.O.A....Mr. Musolf and Mr. Lindner...in the conference room of the Governor's office immediately following for any who wish to see the data, you will find some one-time cuts in revenue related to the accumulated surplus amounting to \$391.5 million and some permanent cuts in revenue intended to prevent the future development of a surplus amounting to \$475.3 million. The total reduction for this bill amounts to \$866.8 million. It will be an unprecedented act of the government of the state of Wisconsin on behalf of its people.

Lastly, we must insure against future surpluses being developed despite the reductions and reforms in this revenue bill. Therefore I have proposed in the bill a people's escrow fund, and any revenues coming to the state in excess of two percent beyond its appropriations each year will automatically be held in the people's escrow fund and such monies will be viewed as still belonging to the people and not to the state. And when the balance and the interest it earns exceeds \$50 million, checks will then be sent to citizens in proportion to the income taxes they paid in the previous year. The state has no right to take money it doesn't need. And when it does inadvertently, or due to extraneous causes, the money should be returned to those from whom it was taken. In the event the state does have a genuine need for an increase in revenue, the legislature can appropriate from the people's escrow fund but only by a two-thirds vote in each house and with my concurrence.

By creating this fund, this escrow fund, we insure that this entire proposal promotes equity and accountability and limits spending and helps assure that these tax changes can be sustained in future years. And maybe, more importantly, we guarantee to the people that



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excess taxes taken from them will not encourage increased government spending as it has clearly in the past.

I and my staff have tried as fairly and as honestly and as diligently as we can to return the surplus, reform an inequitable tax system, help our elderly who are hurt most by inflation after a lifetime of work and saving and guarantee to all the people that at last there is a reign and a control on the growth and spending of state government.

And so I urge you all, give this your full consideration. This is no partisan matter. Join me on April 15 with a moratorium on taxes and not take money from working people which we clearly do not need. Join me in concentrating now to help our elderly with property taxes so that none need give up their homes to survive in them for the rest of their lives. Join me in providing a lid on the spending which you must soon begin debating and join me in establishing the people's escrow fund, a fund which guarantees that any future surplus belongs to the people and will be held in their account to be paid back to them. I urge you all to join me in accomplishing these goals for Wisconsin. Thank you.

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### MOTIONS

By request of Senator Bablitch, with unanimous consent, **Senate Bills 6 and 8** were withdrawn from the committee on Senate Organization and referred to committee on Judiciary and Consumer Affairs.

By request of Senator Bablitch, with unanimous consent, all Democratic Senators are to be listed as coauthors of **Senate Bill 1**, in the Bulletin of Proceedings.

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### AMENDMENTS OFFERED

Senate amendments 11 and 12 to **Senate Bill 1** offered by Senator Berger.

Upon motion of Senator Bablitch the senate adjourned until 10:00 A.M. Thursday, January 25.

10:30 A.M.

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CHIEF CLERK'S CORRECTION

Suggested by Legislative Reference Bureau

**Senate Bill 2**

1. On page 5, line 28, after "that" insert "the".

**Senate Bill 3**

1. On page 7, line 11, delete "~~rulemaking rule-making~~" and substitute "rule making".

**Senate Bill 4**

1. On page 2, line 24, substitute "70.665 (2)" for "70.655 (2)".
2. On page 7, line 12, substitute "claim with" for "claim within".

**Senate Bill 6**

1. On page 6, line 7, substitute "consumer" for "customer".

**Senate Bill 30**

1. On page 7, line 10, after "his or" insert "her".