



# Stay in Wisconsin

SENATOR ALBERTA DARLING

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## Senator Darling's agenda to keep seniors, students and working families in Wisconsin.

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### SENATOR DARLING'S AGENDA FOR WISCONSIN

- STAY IN WISCONSIN
- INVEST WISCONSIN 2.0
- SMART MEDICINE

To be from Wisconsin is to love Wisconsin. There's so much to be proud of, be it the Packers, the Badgers, the Brewers, our limitless summertime recreation opportunities or winter activities.

But there's also something driving seniors, students, and working families away from Wisconsin. It might just be the weather for some, but it's the tax climate or lack of job opportunities for others.

Wisconsin has held a firm spot among the top-10 taxed states in the nation, and that is not a distinction to be proud of.

We can't change the weather, but we can change our tax climate and job creation opportunities. We also need to reduce

Wisconsin's citizens are over-taxed, both during life and after death. Wisconsin's estate tax, or so called "death tax" expired Jan 1, 2008, and will not be in effect again until 2010 due to changes in federal law.

I coauthored a bill that would de-link Wisconsin from the Federal estate tax to ensure Wisconsin no longer has an estate tax.

state spending, reduce our overall tax burden, and reduce our state debt load.

To make Wisconsin a more attractive place for seniors, student graduates, and working families to work, live, and play, I've developed a package of initiatives called **Stay in Wisconsin**.

The "retirement package" portion of Stay in Wisconsin will make various tax changes for seniors to make Wisconsin a more attractive place to retire. This plan will also make student loan interest 100% tax deductible to limit the "brain drain" by retaining the best and brightest college graduates to work and raise a family in Wisconsin.

In addition to my Stay in Wisconsin

Plan, I have an agenda for economic development, job creation, and health care reform.

**Invest Wisconsin 2.0** is a plan that would change the way Wisconsin approaches job creation and economic development by providing tax incentives, and break down regulatory and capital investment barriers.

My **Smart Medicine** plan is a comprehensive package of health care reform proposals designed to lower health care costs, improve quality and increase access to health care coverage.

These are my priorities for making Wisconsin a good place to work and live.

## Permanently Eliminate the Estate Tax

To compete with other states in terms of taxing or not taxing property left after death, I believe Wisconsin should permanently eliminate the estate tax.

Seniors will choose to live out their years in a state that does not tax their estate once they are gone. We need to make Wisconsin a place that seniors will choose to stay once they retire without the unjust pen-

alty of their hard-earned money being taxed again. The death tax is unfair because I believe it is wrong to tax property and earnings upon death that have been taxed before.

2007 SB 68 and AB 149 are bills that de-link Wisconsin from the Federal estate tax, which may go into effect again in the future in some form.

## Eliminate Tax on Retirement Income

I hear from seniors and retirees often that they would choose to stay in Wisconsin if we eliminate or greatly reduce the amount of income taxes they pay on retirement income.

In response, I helped author legislation that would exempt increasing amounts of pension and retirement income from state income taxes.

I cosponsored 2007 Senate Bill 3 and Assembly Bill 18, which would annually increase the amount of pension income exempt from taxation. The bill, once passed, would phase in the following exemption amounts from state income taxes:

- \$2500 of pension income in the first year
- \$5000 in the 2nd year

- \$10,000 in the 3rd year
- \$15,000 in the 4th year
- \$20,000 in the 5th year and thereafter

It is estimated that retirees and seniors would save between \$58 million and \$88 million in the first year once this plan is adopted to reduce taxes on retirement income.

*“The ‘retirement package’ portion of Stay in Wisconsin will make various tax changes for seniors to make Wisconsin a more attractive place to retire.”*  
- Alberta Darling

## Reduce Capital Gains Tax

Invest Wisconsin 2.0 contains a provision that gives investors a break on capital gains taxes if their gains are reinvested in Wisconsin companies. I am a coauthor of this provision, dubbed the Capital Gains Reinvestment program, which makes it profitable to invest in Wisconsin-based companies and creates an incentive for businesses to locate in our state.

I’m glad Governor Doyle has picked up on this idea and is supporting the concept of capital gains reinvestment in Wisconsin companies.

Capital gains are one type of investment income from the sale of stock or commercial property. Wisconsin currently excludes 60% of capital gains from taxation. Retirees may find another alternative to keep-

ing their money in Wisconsin in a proposal I am working on. The plan, modeled after one in Massachusetts, would incrementally reduce the long term capital gains tax for Wisconsin residents. This may encourage retirees to remain Wisconsin residents and *not* flee the state before selling off their assets.

## Married Couple Tax Credit

Married couples qualify for a married couple income tax credit, but the credit only applies to earned income. Married couples in which there is

one retired spouse and one spouse still earning wages are penalized by not allowing consideration of retirement income. My proposal would

benefit retiring couples by including retirement income in the calculation for the married couple tax credit.

## Increase Personal Tax Exemption

Taxpayers may claim a \$700 personal tax exemption for themselves, \$700 for the taxpayer’s spouse and \$700 for each dependent. An additional \$250

income tax exemption can be claimed by seniors 65 years of age and older. I am a coauthor of 2007 Senate Bill 4, which increases the additional personal

tax exemption to \$300 for taxpayers between the ages of 70 and 75, and to \$350 for taxpayers age 75 and older.

# Increase the Property Tax Credit for Seniors

A nonrefundable property tax credit currently exists which is 12% of up to \$2,500 of property taxes paid during the year. The maximum current credit is \$300. I propose to double the maximum credit to \$600 for

property taxpayers age 65 and older. Doubling the maximum property tax credit will save seniors an additional \$170 per taxpayer. This proposal will help alleviate the

property tax burden on seniors so they can stay in their homes, and stay in Wisconsin.

## Eliminate Tax on Social Security Income

As a result of the 2005-07 State Budget, Wisconsin will not tax Social Security income starting in tax year 2008. I voted for a plan that would have completely phased out the Social Security tax over three years starting in tax year 2007. Had that plan been implemented,

seniors would have seen a 30% reduction on their Social Security tax this year. However, Governor Doyle vetoed the tax phase-out and instead made 100% of Social Security income tax free starting tax year 2008.

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- Alberta Darling*

## Increase WI Income Tax Exemption Limits

Federal tax code provides that if your income does not exceed \$19,600, for filers age 65 and older, then you don't have to file a return. The federal amount is adjusted for inflation each year by several hundred dollars but the state limit is set at \$18,000. My proposal would match the state limit with the federal limit. This is important to

seniors because by the end of the year you can determine your income level, in terms of ability to reach the federal and state exemption limit. Raising the Wisconsin limit another \$1,600 would allow seniors to take a tax-free withdrawal from their IRA to get closer to that \$19,600 limit for federal and state purposes.

## Stop the Brain Drain: 100% Deductibility of Student Loan Interest

The current deduction for interest on student loans is \$2,500, which phases out as your income gets higher. Our bill would make ALL interest paid on qualified student loans tax deductible for Wisconsin to address the brain drain and to keep professionals and needed skills in the state. Specifically, this bill creates an individual in-

come tax deduction for interest paid on loans for qualified postsecondary educational expenses (including tuition, fees, books, room and board, educational supplies) that are directly related to attendance at an eligible institution and that exceed what is allowed under federal law (Internal Revenue Code 221).

# SMART MEDICINE

## EVIDENCE-BASED HEALTH CARE REFORM FOR WISCONSIN

Patients in need of health care services enter a physician's office with few expectations. First, that their symptoms will be carefully identified. Second, that a diagnosis will be made based on those symptoms. Lastly, that the doctor will prescribe a treatment based on good science that will resolve the problem and restore the patient's health. That's **Smart Medicine**.

That same common sense model should extend to public policy making. When we examine Wisconsin's health care system, the first step is to identify the problems and their causes, then to offer the necessary solutions that are based on proven results. That too is **Smart Medicine** – **an evidenced-based reform plan for Wisconsin's health care system.**

### Goals of the Smart Medicine Proposal

- Access to affordable, quality health care services for everyone in Wisconsin
- A reduction in the cost of health care.
- Attainable health insurance coverage for the 7% of uninsured whose costs are currently shifted to the private market.
- Greater focus on evidence-based, value added solutions.
- Greater activity in the area of prevention, wellness and disease management.
- Strong investment in Pay for Performance to improve the quality of care.
- Implement incentives and disincentives to encourage results.

## Invest Wisconsin 2.0 - Investing in Wisconsin's Economy

**Invest Wisconsin 2.0** is an innovative plan forwarded by Senator Ted Kanavas (R-Brookfield), myself, and others to facilitate economic development in Wisconsin. This package of legislation focuses on tax reform and tax relief, regulatory reform, and incentive-based models to spur innovation and cultivate new technologies.

### TAX POLICY

- **Income Tax Cut Initiative** (AB 190/SB 58) This is a

1% across-the-board income tax cut for all Wisconsin taxpayers.

- **Capital Gains Reinvestment** (AB671/SB347)

### INVESTMENT INCENTIVES

- **Angel Investment Tax Credit** (AB557/SB293 & AB598/SB334)
- **Innovation Tax Credit** (AB696/SB74)
- **Education Tax Credit** (AB67/SB31)
- **Green Data Center Tax Credit** (AB614/SB73)

### RESEARCH OPPORTUNITIES

- **NanoSTEM Initiative** (AB609/SB139)
- **Nanotechnology Tax Credit** (AB635/AB139)

### TORT REFORM

- **Product Liability Reform** (AB158/SB61)
- **Expert Witness Reform** (AB121/SB 60)
- **Jobs Preservation Act** (AB147/SB59)

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This flyer is available at my website:  
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