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**The $6.6 billion surplus, tax changes, school funding on Capitol agenda for 2023**

By WisPolitics.com

The top Capitol players post-election remain the same, with Democratic Gov. Tony Evers vs. a GOP-dominated Legislature.

Also remaining the same is the legislative calendar for the beginning of the new two-year session.

The governor delivers his annual State of the State address to the full Legislature at the Capitol, and in odd-numbered years he introduces a two-year budget to the Legislature.

Lawmakers then pick through the massive spending bill and forward their version back to Evers somewhere around July 1. Evers, thanks to Democrat Party efforts in key districts, should be able to withstand attempted veto overrides by majority Republicans as long as Democrats remain united.

Planning for the budget has been well underway for months. Evers' administration has collected wish lists from the agencies and done initial calculations.

The big thing this time is the huge forecasted surplus -- $6.6 billion. How that will be used is up for debate. Evers and GOP legislative leaders have different priorities, but they appear to be trying to ease a frosty relationship. So, some at the Capitol hold out the hope for genuine compromise.

Evers, who was reelected on Nov. 8 to a second four-year term, plans to deliver his annual State of the State address on Feb. 7.

Meanwhile, he’s asked GOP legislative leaders to keep open Feb. 28 or March 7 for his budget address.

In a letter to lawmakers, Evers indicated he’d be available either day to release his budget, but his preference is to do it on March 7.

That's to allow the inclusion of the latest projections. The nonpartisan Legislative Fiscal Bureau does revenue projections in late January each year, and the next report will include revenue projections for the 2023-25 biennium.

Evers’ administration has already projected the state will finish the current fiscal year with a $6.6 billion budget surplus to end the fiscal year on June 30 with an additional $1.5 billion in revenue growth over 2023-25 and $1.7 billion in the rainy-day fund.

Meanwhile, state agencies have requested an increase of $3.6 billion in new general-purpose revenue over the 2023-25 biennium.

Between the projected surplus and the expected revenue growth, the state could fund every single agency request and still have $4.4 billion left over in the general fund.

“Wisconsin is currently in the strongest financial position we’ve ever been with unemployment at historic lows and a strong pandemic recovery that has helped new businesses open on Main Streets in every county,” Evers said. “We’re working hard to build an economy that works for everyone, and this unprecedented surplus presents an unprecedented opportunity to make critical investments in Wisconsinites and the future of our state.”

Republicans like to take some credit for that, as Evers pretty much signed their versions of the budget plan in the first term.

This time, things could work differently.

Senate Majority Leader Devin LeMahieu alongside Assembly Speaker Robin Vos at a Nov. 22 WisPolitics.com luncheon in Madison said they're working on a time to speak with Evers about what they can accomplish in the upcoming session. Both said Evers had recently left voicemails looking for a time to talk, and Vos said he spoke with the governor for five minutes on the phone.

"Which was good because that was five minutes more than in the past two years," Vos, of Rochester, said.

The longest-serving speaker in Wisconsin history also said "our first priority would be cutting taxes as much as we possibly can, while still funding core services."

While Evers said before the election he wants to use part of the state's projected surplus to offer a tax rebate, LeMahieu said the governor will have to find another way to return the funds to taxpayers if he wants the Legislature's approval.

"I think if we can get some big wins, we can also give on some issues and find some of that common ground in negotiation," LeMahieu, of Oostburg, said. "You know, I don't want to be sitting here in four years with $30 billion in surplus because we can't get anything done for the next step."

LeMahieu said he still wants to move toward a flat tax and opposes lowering taxes just for the lowest brackets. Eliminating the personal property tax is a good start that would make Wisconsin more attractive compared to neighboring states, he added.

Evers recently said his budget will propose cutting taxes for the middle class similar to what he's proposed in the past. He also said he can't envision signing a budget that cuts the top income tax rate, which is 7.65 percent and applies to income above $376,400.

School funding is another area in which the two signaled their willingness to work with Evers, but pressed for universal school choice.

Vos said stopping public schools from blocking students who want to transfer from one public school to another would bring Wisconsin closer to the kind of system Republicans have been seeking.

"Well, if it's good enough to go from one public school to another, and we've already accepted that school choice is settled law, I don't know why we couldn't say pick any school that you want, public or private," Vos said.

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