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Save Wisconsin from oil tax nightmare

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Gov. Jim Doyle's plan to impose a special tax on oil companies has the word "backfire" written all over it.

Lawmakers should remove it from the state budget.

Though the tax may appear to be an easy way to bail the state out of a budget bind, the costly consequences -- for consumers, businesses and the state's future -- make it the wrong choice.

Doyle proposes to impose a 2.5 percent tax on gross receipts of all oil companies supplying gasoline to Wisconsin retailers. The tax is projected to raise \$270 million a year to finance roads and other transportation projects.

The governor's rationale is a variation on criminal Willie Sutton's explanation of why he robbed banks: "Because that's where the money is."

Doyle looks at oil companies and sees the money to solve his budget problems. He claims that because Big Oil's profits are too big, the state should hit the industry with a special tax.

Perhaps he failed to read that oil industry profits for the first quarter of this year are [expected to be the lowest in at least six years](#).

The tax raises questions for all businesses: If, in the world according to Doyle, the state can punish an industry for being too profitable, even when profits are falling, what industry is next in line? What will happen to the state's ability to attract business development?

Just as alarming is the question the oil tax plan raises for consumers: Who will end up paying the tax?

Even Doyle suspects oil companies will try to pass the tax on to consumers in higher gas prices. He has tried to cover up that prospect by proposing to ban oil companies from passing the tax along. But if the governor truly believes the state can prevent the tax from being passed along, he may be alone in that conviction.

It is almost certain that a state ban on passing the tax along would be challenged in court.

Meanwhile, local gas retailers -- such as convenience store owners and cooperatives -- are also at risk of getting stuck with the tax bill.

This is the second time Doyle has trotted out his oil tax plan. The first time, two years ago, lawmakers rejected the proposal and balanced the budget by other means.

This year, they should do the same.

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