



State and Local Tax Burden Falls

Taxes Take Smallest Share of Income in Decades

A key way to compare tax burdens across states and across time is to look at them as a share of taxpayers' personal income, or their ability to pay. Here our annual look at state and local taxes as a share of income finds them at the lowest levels in Wisconsin Policy Forum records going back to 1970.

Wisconsin's tax burden—defined as state and local taxes as a share of income—fell in 2018 to its lowest level in nearly 50 years. Taxes accounted for 10.5% of income, down slightly from 10.6% in 2017, marking the seventh consecutive annual decrease. As we do at the end of every year, the Wisconsin Policy Forum has calculated the burden by compiling figures on federal, state, and local taxes.

The total tax burden shrank in recent years not because overall tax collections are lower than in previous years, but because incomes have continued to grow at a faster rate. State and local tax collections rose 2.3% in fiscal year 2018, while federal collections in Wisconsin grew 0.7%. The tax burden dropped mainly because total personal income grew more quickly, at 3.6%.

Even with declines in four major taxes: corporate income taxes (-2.9%), cigarette taxes (-4.5%), hospital assessment taxes (-9.9%), and unemployment tax collections (-16.2%), which have dropped steadily since the end of the Great Recession, total state tax collections increased in 2018, due largely to economic growth.

Local tax collections grew just 1.9% last year. This lower level of growth, compared to state level collections, was driven mostly by state-imposed limits on property tax levy increases and revenue limits for school districts. Local wheel taxes, room taxes, and sales taxes have all increased in part because they are not subject to the same limits as property taxes.

While a number of major sources of state tax revenue fell this year,

total tax collections increased due in part to economic expansion. To fully understand what is happening, it helps to first look at state and local trends, and then to examine each type of income and tax in more detail. A comprehensive breakdown of tax collections by state and local governments can be found in Table 1 on page 7.

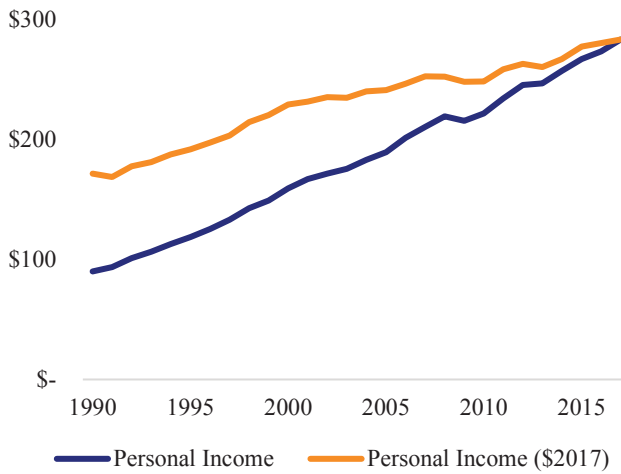
PERSONAL INCOME

Personal income, as calculated by the U.S. Bureau of Economic Analysis, includes income from wages and salaries, interest income, dividend income, and transfer receipts. Total personal income in

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Figure 1: Personal Income Increasing
Personal Income, Nominal and \$2017, (Billions) 1990-2017



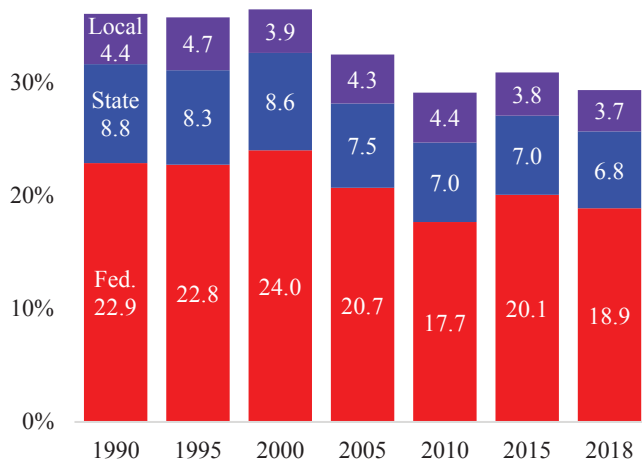
Source: Bureau of Economic Analysis

Wisconsin has been increasing nearly every year since 2010; it rose 3.6% in 2017 (the most recent year available) from \$273.8 to \$283.6 billion. Even when adjusted for inflation personal income has consistently increased nearly every year since the Great Recession. (See Figure 1.)

FEDERAL TAXES

While our analysis of tax issues typically focuses on state and local taxation, it is important to note that federal tax collections comprise the majority of taxes paid by Wisconsin residents. Our federal tax figures are derived using data from the Internal Revenue Service, with figures for the most recent year's estimated collections calculated using projections from the Office

Figure 2: Total Tax Burden Trends Down
Federal, State, & Local Taxes as % of WI Income, 1990-2018



Sources: WPF research, state and federal data

of Management and Budget. While the federal tax burden has fluctuated in recent years, estimates for 2018 are lower. This is attributed, in part, to the anticipated effects of the 2017 Tax Cuts and Jobs Act, the provisions of which mostly will take effect in tax year 2018. Using these projections, the total federal-state-local tax burden in 2018 is one of the lowest in a generation. (See Figure 2.) The total tax burden was lower from 2009 to 2012 because of decreased collections during and after the Great Recession.

STATE-LOCAL TAXES

The state-local tax burden relative to personal income has fallen steadily for many years. In 2011, the combined state-local burden was 11.7%; in 2018 it was 10.5%. (See Figure 3, page 3.) The decline has been driven by restrained growth in local tax collections and, more importantly, by rising personal income. The local tax burden dropped from a high of 4.4% in 2011 to 3.7% in 2018, while the state's share fell from 7.3% to 6.8% over the same period. Personal income growth far outpaced tax collections during those years. Looking at nominal dollars, total state-local tax collections increased 13.9% from 2011 to 2018 while personal income increased 27.8%.

State Tax Trends

State taxes as a share of personal income have been slowly declining. The trend reflects a drop in collections for a few major sources of tax revenue, as well as growing personal income.

State taxes and fees totaled \$19.3 billion in 2018, up 2.5% from last year. The major state taxes are

THE WISCONSIN TAXPAYER

2018 Vol. 86 Number 11

Publication Number USPS 688-800
Periodical postage paid at Madison, Wisconsin

Receiving This Publication:

The Wisconsin Taxpayer is a regular publication of the Wisconsin Policy Forum. WPF members receive an e-mail when each Taxpayer is released. For membership information, go to wispolicyforum.org/join.

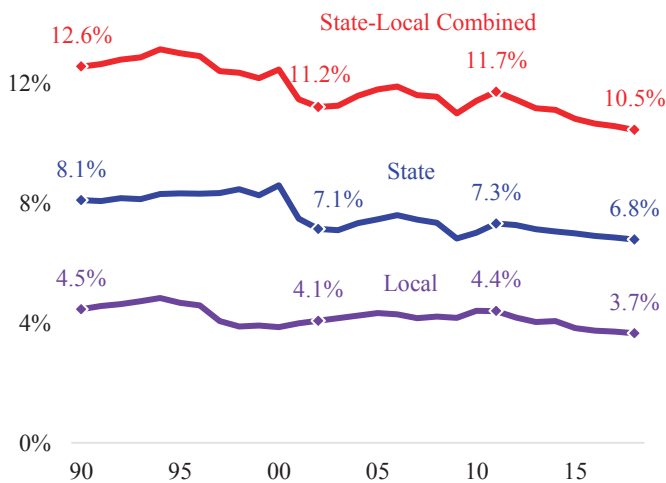
Postmaster:

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Figure 3: State-Local Combined Tax Burden Falls
State, Local, and Combined Taxes as % of Income, 1990-2018



Sources: WPF research, state of Wisconsin data

individual and corporate income taxes; the sales tax; the unemployment insurance payroll tax; the gas tax; the hospital assessment tax; “sin” taxes on tobacco and alcohol; and vehicle registration fees.

In 2018, the state eliminated state forestry programs from the property tax and exempted some items from the personal property tax. In 2015, the state also increased funding for technical colleges in order to lower property tax levies.

Individual Income Tax

Individual income taxes are the largest funding source for Wisconsin state government, accounting for \$8.5 billion in 2018, up 5.5% from 2017. (See Figure 4.) Individual income tax collections exceeded the combined total of sales tax (\$5.4 billion), fuel tax (\$1.1 billion), and corporate income tax (\$894 million), which are the next three largest sources of state tax collections.

Income tax collections tend to follow the state’s economic condition, with revenues slowing or even decreasing during downturns and accelerating during periods of growth or recovery. Recent tax changes, including broad rate reductions, deductions for private school tuition, and a higher standard deduction for married couples, have altered the amount of individual income taxes collected by the state. Still, because of a growing economy individual income tax collections have risen 20.1% over the past five years.

Sales Tax

The second-largest state tax is the sales tax, which generated \$5.4 billion in 2018, up 4.3% from 2017.

Like the income tax, general sales tax collections tend to follow economic growth patterns. During the downturn in 2009 and 2010, sales tax collections decreased, but they have grown annually since 2011, rising 17.7% over the past five years.

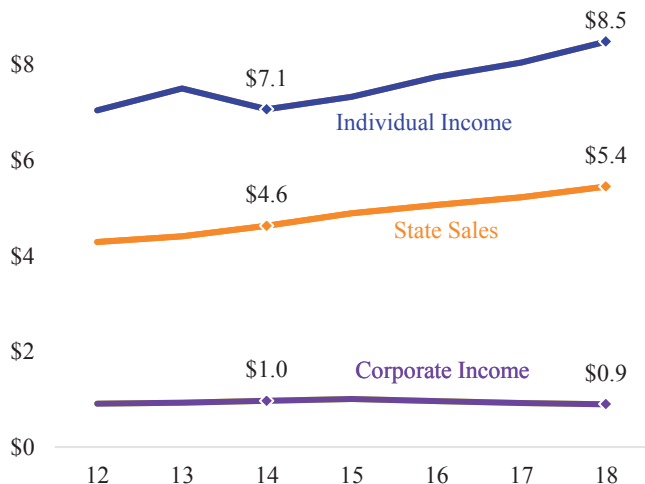
Over the past decade, the state has ramped up efforts to collect sales taxes for online purchases. The efforts will benefit from a recent U.S. Supreme Court decision, *South Dakota v. Wayfair*, that cleared the way for taxing most online purchases. As a result, new Department of Revenue figures project out of state sales tax collections to grow by \$60 million annually in Wisconsin. Under state law, however, there will be a corresponding cut in individual income taxes. For a more detailed analysis of the potential impact of *Wayfair*, see 2018 [Focus #14](#).

Corporate Income Tax

Corporate income taxes are one of the most volatile sources of state revenues, reflecting economic conditions more quickly than individual income or sales taxes.

Corporate income tax collections peaked in 2015 at just over \$1 billion and have been decreasing every year since. In 2018, collections were \$893.9 million, down 2.9% from 2017. A likely contributor to the decrease in recent years is the phase-in of the manufacturing and agriculture tax credit. The credit lowers the effective tax rate for manufacturing and farm profits from 7.9% to 0.4% for the corporate income tax and effectively lowers the marginal individual income tax rate by a similar amount (from 7.65% to 0.15% in the top bracket). For more on the credit, see our [Taxpayer #9](#).

Figure 4: Individual Income, State Sales Tax Increase
Ind. Income, Corp. Income, and Sales Tax, (\$Billions) 2011-18



Source: state of Wisconsin data

Unemployment Tax

The unemployment insurance (UI) tax, one of the largest collected by the state, goes largely unseen by workers because it is paid by employers. UI taxes are paid into a segregated unemployment fund administered by the Department of Workforce Development and used only to pay benefits to eligible workers.

UI tax collections fell 16.2% in 2018, to \$629.8 million. This is the sixth consecutive decrease, with UI collections falling 50% since 2012. (See Figure 5.)

UI tax collections tend to grow following periods of high unemployment. UI reserves were depleted during the Great Recession and required a \$1 billion loan from the federal government to allow the fund to keep paying benefits. Once the economy recovered, the state had to raise UI taxes to repay the loan and restore the UI fund to solvency. For the past five years, the base wage subject to UI taxes has been set at \$14,000, up from \$13,000 in 2011 and \$12,000 in 2010.

Depending on the UI fund balance, different rate schedules are used by the state. When the fund balance is high, lower tax rates are used. When the balance is low, the rates are higher. From 2009 through 2015, the state used the highest rate schedule because the fund balance was low and needed to be replenished. In 2017, the second-lowest schedule was used, and in 2018 the lowest schedule was used. These changes resulted in a fund balance of \$1.7 billion in 2018, the exact reverse of the low of -\$1.68

billion during the Great Recession. As long as the fund balance is high, taxes will remain relatively low.

Transportation Taxes

Revenue raised through transportation taxes and fees—mainly the gas tax and vehicle registration fees—is placed into a segregated fund used only for transportation-related purposes, such as highway construction.

The gas tax is the largest source of state transportation funding. In 2018, it yielded \$1.1 billion, up 2% from 2017. This is the fifth consecutive year gas tax collections have increased. The gas tax has remained at 30.9 cents per gallon since 2006 when automatic inflationary increases were eliminated.

Vehicle registration fee revenues increased 2.0%, from \$693.3 million in 2017 to \$707 million in 2018. Vehicle registration fees were last raised in 2010, although the 2015-17 state budget increased fees on electric and hybrid vehicles.

Revenues from both major sources of transportation funding have grown relatively slowly in recent years. During the past five years, gas tax collections have risen 6.7% while collections for vehicle registration fees have increased 7.4%.

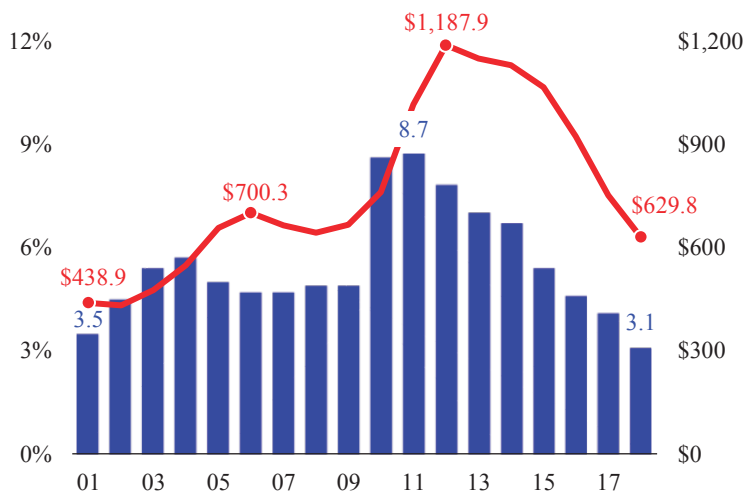
“Sin Taxes”

Certain products, such as cigarettes, tobacco, liquor and wine, and beer, are subject to taxes that may reflect efforts to curb consumption as well as help balance budgets. Individually, these taxes do not generate as much revenue as income, sales, or transportation taxes, but as a whole they still comprise a significant portion of total state revenues.

Cigarette taxes were last raised in 2010. After the increase, collections dropped until 2014, then stabilized at around \$570 million a year until 2016. In 2017, revenue from cigarette taxes fell to \$564.2 million and in 2018 revenues decreased 4.5%, to \$538.9 million. The drop in collections may be a sign of reduced smoking, or of cigarettes being sold improperly without the collection of state taxes. Either way, this trend still represents a sizable revenue decline.

Revenue for other tobacco products, such as chewing and loose leaf tobacco, has grown 18.5% over the past five years. It remained constant this year, at \$80.2 million. Meanwhile, liquor and wine

Figure 5: UI Tax Collections Follow Unemployment Rate
UI Tax Collections (Red, \$Millions), Unemployment Rate (Blue), 2001-18



Source: Wisconsin Department of Workforce Development

tax collections decreased minimally (-0.2%) to \$52 million. Additionally, beer tax collections decreased 2.4% to \$8.9 million in 2018.

Hospital Tax

Enacted in 2009, the hospital assessment is based on a percentage of an eligible hospital's gross patient revenue. Collections are deposited in the state's Medicaid fund and are used to increase matching federal funding of the program. This year, revenues decreased nearly 10%, to \$399 million.

Local Tax Trends

Total local tax collections grew 1.9% in 2018, to \$10.4 billion, continuing a trend of relatively slow local revenue growth and more rapid state revenue increases. For the previous five years, local tax revenues rose 3.4% while total state collections grew 10.5%. Additionally, local taxes as a share of personal income remained flat at 3.7% for both 2017 and 2018. This is the lowest percentage in nearly 50 years of WPF data.

This trend reflects efforts by state officials to tighten limits on how much municipalities, school districts, and technical colleges can raise property taxes. Property taxes account for the vast majority of local tax collections and are the single largest source of tax revenue at the state-local level in Wisconsin.

Since 2011, municipal and county property tax levies have generally been frozen for operating purposes except for any increases due to new construction, which has resulted in much slower growth than in previous years. Statewide, property values increased 1.6% in 2018 due to new construction, but certain areas have seen little to no growth. New construction patterns are discussed in depth in our recent issue of [Taxpayer #3](#). In 2013, the state also restricted the ability of municipalities to charge fees for services, such as garbage collection and recycling, that were previously funded by property taxes. The state technical college system is also subject to a property tax limit.

K-12 school taxes, which make up the largest share of the local property tax bill, are subject to state-imposed per-pupil revenue limits. Additionally, the 2015-17 state budget included an infusion of \$406 million in state general purpose revenue to reduce local technical college district levies.

Sixty-six of Wisconsin's 72 counties have adopted the optional 0.5% sales tax, which may produce increased collections from online purchases. One of

The total state-local tax burden in 2018 is the lowest in nearly 50 years and, when including federal taxes as well, is the lowest since the Great Recession.

the few remaining sources of local revenues is the vehicle registration fee, or "wheel tax," which has been increasingly used in recent years. Additionally, municipalities may also enact hotel room taxes and "premier resort area" sales taxes in certain limited tourist areas. These taxes are discussed below.

Property Taxes

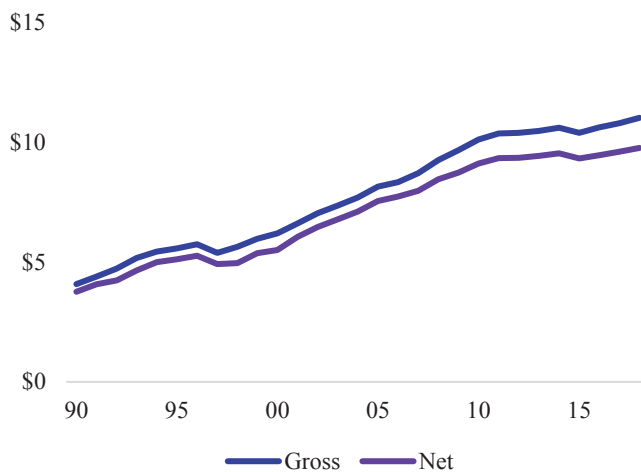
Property taxes make up the bulk of tax revenues for local governments, which means any shift in collections may have a significant impact on their fiscal capacity.

In 2018, gross property tax collections rose 2.1%, to \$11 billion. The state provides three major property tax credits—the lottery credit, school levy tax credit, and first dollar credit—which reduced property taxes by nearly \$1.3 billion in 2018. Net property tax collections—gross collections minus these three credits—grew 1.6%, to \$9.8 billion. (See Figure 6.)

The lottery credit uses a portion of lottery revenues to reduce property taxes. The credit amount depends on lottery sales, which have varied in recent years. The credit peaked in 2017 at \$184.9 million but dropped 7.5% to \$171 million in 2018.

The school levy credit is applied directly to the local property tax bill. From 1997 to 2006, the credit

Figure 6: Property Tax Collections Increase
Gross, Net Property Tax Collections, (\$Billions) 1990-2018



Source: Wisconsin Department of Revenue

In 2018, wheel tax collections jumped 64%, to \$33.9 million. Over the past five years, collections more than tripled.

was fixed at \$469 million per year. The credit was then slowly increased, and from 2009 through 2015 held constant at \$747 million annually. For December 2017 tax bills, the credit was increased to \$940 million.

Similarly, the first-dollar credit is a direct credit on the property tax bill. When the credit was first adopted in the 2007-09 budget, it was set at \$75 million. It has increased since then. For the past several years, the credit has ranged from \$147 to \$150 million.

Sales Taxes

The same economic forces affecting the state sales tax also impact the 66 counties with a 0.5% sales tax. County sales taxes generated \$384.2 million in 2018, a 6.3% increase. The healthy increase in collections reflects, in part, the enactment of the sales tax in two new counties: Brown (effective January 2018) and Calumet (April 2018). Local sales tax collections grew just under 23% over the past five years, but the increases have been larger recently as more counties adopted the tax.

Additionally, five counties (Milwaukee, Racine, Ozaukee, Washington, and Waukesha) have a 0.1% state-imposed sales tax to pay for the Miller Park baseball stadium. Total collections from the stadium tax grew 3.2% last year. Brown County had a similar tax to fund improvements to Lambeau Field in Green Bay. That tax expired in 2015 due to the final repayment of project costs; consequently total collections of local “stadium” taxes dropped over the past five years, from \$51.7 million to \$32.2 million.

Wheel Taxes

Municipalities and counties have the option to enact additional vehicle registration fees, known as “wheel taxes,” that can only be used for transportation-related spending. State law does not limit how much a municipality or county may charge, but most fees are between \$10 and \$30 annually.

Wheel taxes have been an option since the 1970s, but were seldom used until recently. Our 2018 [Focus #10](#) noted in 2011, only four communities had wheel taxes, but as property tax levy limits have tightened and state aids to local governments have lagged in

recent years, more communities have adopted them. In 2019, 20 municipalities and eight counties will collect the fee. Due to this increased use, revenues have grown significantly. In 2018, local wheel tax collections jumped 64%, to \$33.9 million. Over the past five years, collections more than tripled.

Room Taxes

Municipalities generally may impose a room tax of up to 8% provided that at least 70% of the proceeds fund tourism promotion. Collections declined in 2010 during the Great Recession but have since recovered and increased every year. In recent years, collections averaged over \$100 million annually.

CONCLUSION

Wisconsin’s state-local tax burden is at a near 50-year low, thanks largely to rising incomes, low unemployment, and state-imposed property tax limits and cuts. When accounting for federal taxes, total tax burden is still one of the lowest years on record in recent decades. One possible consequence, however, is that state and local officials increasingly are considering new revenue sources.

Relatively stagnant state aids to local governments, combined with slower growth in property tax revenues, have led additional communities to pursue wheel, local sales, and room taxes. While collections of these taxes have increased significantly in recent years, they are still relatively modest when compared to other local and state tax collections.

As the 2019-21 budget nears, the state faces its own fiscal challenges. On the one hand, state revenue projections released last month were better than expected. On the other, as we noted in [Focus #21](#), the state would need more than \$2 billion in additional revenue to cover existing commitments in state law, expected new costs in Medicaid health programs, the same increase for K-12 schools provided in the current budget, and 1% increases for all other programs.

Divided government could well mean little to no changes in state tax policies over the next two years. Still, Wisconsin officials might look to new sources of revenue in the coming budget. Should the state pursue other options to increase revenue, the total tax burden may cease to fall or even increase. If the economy remains strong, then personal income growth may offset any increased tax collections, keeping the tax burden from rising. However, a slowdown in growth, coupled with tax increases at the state or local level, has the potential to increase the overall tax burden for Wisconsinites.

Table I: State and Local Tax Collections (\$Millions), 2009-18

| Tax/Fee | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| STATE | | | | | | | | | | |
| Income: | | | | | | | | | | |
| Individual | \$6,222.7 | \$6,089.2 | \$6,700.7 | \$7,041.7 | \$7,496.9 | \$7,061.4 | \$7,325.8 | \$7,740.8 | \$8,039.5 | \$8,479.2 |
| Corp. | 629.5 | 834.5 | 852.9 | 906.6 | 925.4 | 967.2 | 1,004.9 | 963.0 | 920.9 | 893.9 |
| Sales | 4,084.0 | 3,944.2 | 4,109.0 | 4,288.7 | 4,410.1 | 4,628.3 | 4,892.1 | 5,065.8 | 5,223.9 | 5,448.1 |
| Motor Vehicle: | | | | | | | | | | |
| Fuel | 968.8 | 971.8 | 988.3 | 983.9 | 967.0 | 999.4 | 1,013.4 | 1,037.7 | 1,044.5 | 1,065.9 |
| Vehicle Reg. | 600.7 | 610.5 | 603.4 | 634.4 | 629.9 | 658.1 | 665.5 | 691.3 | 693.3 | 707.0 |
| Driver's Licenses | 42.1 | 41.7 | 41.8 | 40.8 | 40.1 | 39.2 | 38.6 | 39.7 | 39.4 | 39.9 |
| Limo/Car Rental | 7.5 | 7.3 | 8.3 | 8.2 | 8.0 | 8.3 | 8.7 | 9.2 | 10.0 | 9.0 |
| Excise: | | | | | | | | | | |
| Cigarette | 551.3 | 644.3 | 604.8 | 587.8 | 569.2 | 573.0 | 569.5 | 573.4 | 564.2 | 538.9 |
| Tobacco Products | 42.2 | 59.9 | 60.9 | 65.5 | 63.0 | 67.7 | 71.9 | 76.1 | 80.3 | 80.2 |
| Liquor & Wine | 44.1 | 44.2 | 45.8 | 47.0 | 48.3 | 49.0 | 48.8 | 50.0 | 52.1 | 52.0 |
| Beer | 9.9 | 9.6 | 9.3 | 9.2 | 9.0 | 9.0 | 8.8 | 9.0 | 9.1 | 8.9 |
| Public Utility: | | | | | | | | | | |
| Electric & Gas | 226.2 | 211.5 | 230.5 | 234.6 | 229.2 | 235.7 | 247.1 | 229.5 | 232.5 | 238.5 |
| Telephone | 63.5 | 70.0 | 67.0 | 81.0 | 67.3 | 72.2 | 81.9 | 76.5 | 70.8 | 63.6 |
| Railroad | 21.6 | 24.1 | 24.9 | 28.1 | 29.1 | 31.3 | 35.7 | 38.5 | 45.3 | 40.8 |
| All Others | 36.0 | 42.4 | 50.2 | 57.9 | 50.9 | 60.9 | 61.0 | 59.6 | 64.3 | 69.7 |
| Unemp. Comp. | 666.2 | 760.2 | 1,015.5 | 1,187.9 | 1,149.0 | 1,129.2 | 1,065.7 | 922.6 | 751.3 | 629.8 |
| Insurance Premiums | 152.0 | 146.9 | 156.5 | 165.8 | 176.7 | 185.5 | 184.2 | 177.3 | 181.6 | 186.3 |
| Hospital Assessment | 335.2 | 379.0 | 414.7 | 412.7 | 414.6 | 414.6 | 414.6 | 417.3 | 443.4 | 399.4 |
| Real Estate Transfer | 41.2 | 44.3 | 35.6 | 39.8 | 48.0 | 51.2 | 57.8 | 65.1 | 70.6 | 76.6 |
| Temp. Service Charges | 27.2 | 20.6 | 25.9 | 27.5 | 30.4 | 19.3 | 27.5 | 23.7 | 38.9 | 26.0 |
| Petroleum Inspection | 44.7 | 61.0 | 67.6 | 66.1 | 41.7 | 41.2 | 50.3 | 45.8 | 45.7 | 52.1 |
| Conservation Fees ¹ | 106.4 | 106.5 | 113.2 | 120.0 | 100.6 | 99.6 | 104.8 | 113.2 | 125.6 | 118.2 |
| Miscellaneous | 54.8 | 33.7 | 34.4 | 36.9 | 39.3 | 41.0 | 47.0 | 50.1 | 48.2 | 40.9 |
| Total State | \$14,977.8 | \$15,157.4 | \$16,261.2 | \$17,072.1 | \$17,543.6 | \$17,442.5 | \$18,025.8 | \$18,475.3 | \$18,795.4 | \$19,264.8 |
| LOCAL | | | | | | | | | | |
| Gen. Prop. | \$9,667.1 | \$10,105.7 | \$10,364.3 | \$10,384.8 | \$10,469.9 | \$10,605.5 | \$10,383.7 | \$10,620.2 | \$10,792.1 | \$11,016.1 |
| School Levy Credit | -747.4 | -747.4 | -747.4 | -747.4 | -747.4 | -747.4 | -747.4 | -853.0 | -853.0 | -940.0 |
| Lottery Credit | -118.1 | -113.2 | -131.2 | -136.3 | -141.5 | -171.4 | -169.8 | -159.9 | -184.9 | -171.0 |
| First Dollar Credit | -72.6 | -141.9 | -147.6 | -147.3 | -148.4 | -146.7 | -150.0 | -148.4 | -149.0 | -148.8 |
| Net Levy | 8,729.0 | 9,103.2 | 9,338.1 | 9,353.8 | 9,432.6 | 9,540.0 | 9,316.5 | 9,458.9 | 9,605.2 | 9,756.3 |
| Room ² | 72.0 | 62.5 | 68.4 | 73.8 | 78.8 | 83.4 | 90.4 | 104.2 | 107.9 | 111.7 |
| County Sales | 293.8 | 272.9 | 276.5 | 296.6 | 302.9 | 312.7 | 339.5 | 351.1 | 361.5 | 384.2 |
| Real Estate Transfer ³ | 10.3 | 11.1 | 8.9 | 10.0 | 12.0 | 12.8 | 14.5 | 16.3 | 17.6 | 19.2 |
| Motor Vehicle | 4.6 | 7.5 | 7.2 | 7.5 | 7.8 | 8.0 | 9.4 | 11.9 | 20.7 | 33.9 |
| Local Expo. | 18.0 | 17.2 | 24.3 | 27.0 | 27.2 | 29.2 | 31.3 | 33.1 | 33.9 | 35.1 |
| Premier Resort Sales | 2.8 | 2.9 | 5.4 | 6.4 | 6.5 | 6.3 | 7.2 | 8.7 | 9.1 | 9.4 |
| Stadium ⁴ | 47.1 | 43.7 | 46.1 | 48.2 | 48.0 | 51.7 | 55.1 | 39.6 | 31.2 | 32.2 |
| Total Local | \$9,177.5 | \$9,521.9 | \$9,774.9 | \$9,823.3 | \$9,916.1 | \$10,044.1 | \$9,863.8 | \$10,023.7 | \$10,187.0 | \$10,382.1 |
| TOTAL STATE & LOCAL | | | | | | | | | | |
| Total Personal Inc. | \$24,155.3 | \$24,679.3 | \$26,036.1 | \$26,895.4 | \$27,459.7 | \$27,486.6 | \$27,889.6 | \$28,499.0 | \$28,982.5 | \$29,646.9 |
| Total Personal Inc. | \$219,515 | \$215,913 | \$221,895 | \$234,575 | \$245,700 | \$247,127 | \$257,572 | \$267,238 | \$273,787 | \$283,636 |
| Taxes as % of Personal Income | 11.0% | 11.4% | 11.7% | 11.5% | 11.2% | 11.1% | 10.8% | 10.7% | 10.6% | 10.5% |

Sources: Compiled by the Wisconsin Policy Forum using published and unpublished information from the Wisconsin Departments of Revenue, Administration, Workforce Development, Natural Resources, and Transportation; the U.S. Bureau of Economic Analysis; and the Internal Revenue Service.

Note: Columns may not add up to subtotal due to rounding.

(1) Includes fishing, hunting, camping and admission fees, and boat and snowmobile registrations.

(2) Projected figures for 2018.

(3) 20% of real estate transfer fees collected remain at the local level.

(4) State-imposed 0.1% sales tax; applies only within the counties of Milwaukee, Ozaukee, Racine, Washington, and Waukesha.

Wisconsin Policy Forum

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USPS 688-800

POLICY NOTES

■ Both the State Public Defender's Office (SPD) and the Director of State Courts Office (DSCO) have asked for increased funding in the 2019-21 budget. The SPD requested an increase in the rate paid by the SPD to private attorneys appointed by the state to represent defendants who cannot afford an attorney. Last adjusted in 1995, Wisconsin has the lowest state reimbursement rate in the country at \$40 per hour. Such a low rate impacts defendants, courts, and county governments since fewer attorneys are willing to accept SPD appointments, which leads to delayed court calendars and increased costs to county jails. SPD requested an additional \$16.6 million per year to raise the private rate to \$70 per hour.

In addition, the Supreme Court of Wisconsin increased the rate for attorneys appointed at county expense from \$70 to \$100 per hour effective January 1, 2020. With essentially two separate reimbursement rates, private attorneys could be less likely to take state-appointed cases.

The DSCO estimates that due to the rate increase mandated by the court, the annual costs for counties will increase between \$2.8 and \$8 million per year depending on the percent of reimbursement the state provides. To cover the cost, DSCO requested an additional \$10 million over the two-year budget. Both the SPD and DSCO requests will be considered by Governor-elect Tony Evers for his budget bill in February and then potentially by lawmakers as well.

■ The Wisconsin District Attorneys Association (WDAA) and the Association of State Prosecutors (ASP) have requested full funding of a pay progression plan for assistant district attorneys. Wisconsin lawmakers created the pay progression system in 2012 and detailed a 17-step discretionary merit-based program that would provide salary increases to assistant district attorneys. Both the WDAA and the ASP requested that Evers and lawmakers provide \$4.8 million over the 2019-21 budget to fully fund the increases.

Additionally, the WDAA and ASP requested approximately \$500,000 to fund an independent prosecutor board to oversee and set policies for the state prosecutor's office. This board would assume duties such as preparing budgets for prosecutorial staff, approving appointments, and making requests for additional assistant district attorneys, which are all duties currently performed by the Department of Administration.

■ The Wisconsin Department of Justice (DOJ) has requested changes to establish a progressive pay structure for staff of the state crime laboratories, which the department says it would pay for out of its base budget. The Wisconsin Crime Lab is responsible for nearly all forensic evidence for the state of Wisconsin, which requires trained analysts. Justice Department officials say the current pay rates and limited advancement opportunities have resulted in high turnover rates, which leads to increased costs to hire and train new analysts.

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