

For immediate release:

Jan. 8, 2020

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Wisconsin's State and Local Taxes Down Again as Share of Income

State's tax burden was 10.3% in 2019, its lowest level in a half century

For the eighth straight year in 2019, Wisconsinites paid a smaller share of their income in state and local taxes, as this measure of the state's tax burden reached its lowest point in a half century.

These are the findings of a new report from the independent, nonpartisan Wisconsin Policy Forum. It found that while state and local tax collections increased in fiscal year 2019, Wisconsinites' incomes grew more quickly. This meant they paid 10.3% of income in state and local taxes last year, down from 10.4% in 2018.

This share has declined each year since 2011 and has been on a largely downward trajectory since the mid-1990s. It now is at its lowest point in Forum records going back to 1970.

"This extends a long-running trend that is attributed both to limited growth in taxes and relatively strong growth in income," the report found.

In 1994, Wisconsinites paid 13.2% of their income in state and local taxes, meaning that in 2019 they paid about 22% less. If state and local taxes in 2019 accounted for the same share of personal income in Wisconsin as in 1994, those taxes would have been nearly \$8.5 billion higher. However, that hypothetical number is not realistic because it assumes implausibly that a higher level of taxes and spending on services would not have affected Wisconsinites' total income.

By the numbers

In the fiscal year ending June 30, 2019, state and local tax revenues increased by 4.5%. This was the biggest percentage increase since 2011 and nearly twice as much as in 2018.

Yet the tax burden still fell because personal income in Wisconsin grew more quickly than tax collections. Total personal income, which includes wages and salaries, investment income, and government benefits, rose 5.1% to nearly \$300 billion in calendar year 2018, the most recent year available. This left state residents, as a whole, better able to pay the higher taxes.

In 2019, the growth in state and local taxes was mostly due to an increase in state collections, which rose by 6% overall. Corporate income tax revenues rose by nearly 50%, the biggest annual increase in decades, thanks in part to changes in federal tax law. Individual income taxes, the largest state tax, increased by 6.1%.

Local taxes down too

Overall, local tax collections for 2019 grew more slowly at 1.8%, which was below the rate of inflation and less than the previous year's 1.9% increase in local tax revenues. Nearly 94% of local tax collections in Wisconsin are property taxes. Following decades of efforts by Wisconsin officials to hold down property taxes, local taxes as a share of personal income have decreased to their lowest

level in our records going back to 1970, dropping to 3.5% in 2019 from 3.6% the year before and from 4.4% as recently as 2011.

In another recent report, we relied on partial data to find December property tax bills will likely produce the largest increase in years for 2020 property tax collections. But this report deals with the previous year's property tax levies for which complete figures are available.

Looking ahead

The report concludes that whether the recent trend of a declining tax burden continues depends not just on the trend with taxes but also the state's economy and the incomes of its residents

On the taxes side, lawmakers and the governor play a big role not only in deciding state taxes, but also setting the authority that local officials have to impose their own property tax levies and other taxes. So if control of state government remains divided, as is currently the case with a Democratic governor and Republican-controlled Legislature, sweeping changes to state and local taxes appear unlikely.

"In the absence of an economic downturn," the report concludes, "the state and local tax burden in the near term is likely to see gradual changes rather than an abrupt shift."

[Go here](#) to read our new report, "*Tax Burden Falls Again: Growth in Incomes Continues to Outpace Growth in State and Local Taxes.*"