



WISCONSIN POLICY FORUM

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Wisconsin's State and Local Tax Burden Hit Another Record Low in 2024

Sales tax comprises steadily increasing share of total state and local tax collections

State and local taxes as a share of income fell once again in Wisconsin in 2024, pushing this ratio – known as the state and local tax burden – to its lowest level since at least 1970, a new Wisconsin Policy Forum report finds.

This ratio between what Wisconsin residents pay in all state and local taxes and what they receive in income from all sources fell from 9.92% in 2023 to 9.62% in 2024. The decrease reflects continued growth in incomes in the state, plus aggressive efforts by the state to hold down local property taxes.

Each year, the Wisconsin Policy Forum examines every local and state tax paid, from the fees paid by dry cleaners (\$369,050 in 2024) to gross local property taxes (\$13.09 billion). To these fiscal year 2024 figures, we compare state personal income data from the prior calendar year, in this case 2023, to calculate tax burdens.

Overall, state and local tax revenues grew by 1.9%, rising from \$36.2 billion in 2023 to \$36.9 billion in 2024. That lagged the rate of inflation and was the smallest increase since 2017. Meanwhile, income growth easily outstripped the growth in tax collections, as personal income in calendar year 2023 grew by 5.2% – double the increase seen the previous year. Still, as it has in every year since 2009, personal income growth in Wisconsin lagged the national average, which this year was 5.9%.

We published [a recent brief](#) showing Wisconsin's tax burden and national tax ranking have been falling for a generation. Those national data, however, are only available up to 2022. This report looks at only Wisconsin but is much more up to date. Here are some of the trends it shows:

Local taxes

Combined local government tax revenues, those collected by municipalities, counties, school districts, and technical college and special districts, grew at a rate of 2.7% in 2024, to \$12.28 billion. Revenue from gross local property taxes – the largest single tax in Wisconsin – grew by 4.6% in 2024, the most since 2008. The increase reflected referenda approved by voters and the end to the state's freeze on school district revenue limits. An increase in state property tax credits helped to hold down the increase in the taxes actually paid by home and business owners, as net property taxes grew by 2.6% in 2024 to \$11.38 billion.

Counties are authorized to levy a sales tax of 0.5%, or 0.9% in the case of Milwaukee County, in addition to the state's 5.0% sales tax. County sales taxes grew in calendar year 2023 by 4.4%, more slowly than in previous years but still a solid clip. Our data for county sales taxes do not yet capture the new sales taxes authorized for 2024 for Milwaukee County and the city of Milwaukee by 2023 Wisconsin Act 12; we will see the impact of these collections in next year's report.

State taxes

Total state tax collections grew to \$24.65 billion in fiscal year 2024 from \$24.27 billion in the prior year. This 1.6% annual increase was the smallest since 2020. Most of these revenues come from individual income tax collections, which rose by 3.2%, from \$9.42 billion in 2023 to \$9.72 billion in 2024. Annual growth in collections was slightly above the 20-year average growth rate of 3.0%. Growth in income tax collections has been restrained by tax cuts included in the 2021-23 and 2023-25 state budgets.

Corporate income tax collections fell, dropping 1.7% from \$2.75 billion in 2023 to \$2.70 billion in 2024. Collections from the state's tax on corporate profits peaked in 2022, and since have dipped for reasons that could include a cooling economy, rising interest rates, and slowing inflation. Still, corporate tax revenues remain more than double what they were in 2019.

Sales tax collections climbed 1.8% in 2024 to \$7.59 billion – the slowest year-over-year growth rate since 2010. The modest rise was largely due to the fact that inflation is now receding after several straight years in which it drove up sales tax revenues rapidly.

Meanwhile, total excise taxes – which in Wisconsin, include “sin-taxes” on tobacco and alcohol products – fell by 7.4% in 2024 to \$572.0 million. This exceeded last year's 5.6% decline, making it the largest on record since at least 1970. Most excise tax revenues in Wisconsin are generated by the cigarette tax, which fell by 9.5% in 2024 and added to the long-term decline.

It is worth noting that elected leaders in Wisconsin in recent years have focused on holding down the property tax, individual income tax, and motor fuel tax, but there have been fewer major cuts or decreases to sales taxes and some increases. As a result, sales taxes have made up a larger share of total state and local tax collections over time, from just under 12% in 1970 to 22.4% in 2024. Since income taxes in Wisconsin tend to be paid by those with greater incomes, while sales taxes fall disproportionately on those with lower incomes, our tax system has become less progressive than it otherwise would have been. This trend shows how some taxpayers in some ways can end up shouldering a larger share of the tax burden even as it shrinks overall.

Federal taxes

Since the data on federal taxes paid by Wisconsin filers have not been finalized, we estimate this amount each year and then revise our projection the following year based on federal reports. Federal taxes paid by individuals and businesses in Wisconsin are estimated to have risen in 2024 by a projected 5.4% to \$73.17 billion, up from \$69.40 billion in the prior year.

Overall, the state and local tax burden in Wisconsin has fallen to a record low. Since 2000, no other state has seen a comparable decline in state and local taxes as a share of income. This has come even as growth in personal incomes in Wisconsin has lagged the national average. Going forward, the report finds a combination of economic expansion and more efficient government will likely be needed to maintain good quality public services while keeping state and local taxes affordable.

[Click here](#) to read the full report.

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