*Fiscal Facts by Wisconsin Policy Forum*

**Wisconsin’s tax burden — and national ranking — fall again**

For the ninth straight year in 2020, Wisconsin’s tax burden — state and local taxes paid by Wisconsin residents and businesses as a share of income — declined, reaching its lowest point in at least a half-century.

Separate national data also shows Wisconsin’s state-local tax burden was below the U.S. average for only the second time in decades.

Each year, the Wisconsin Policy Forum collects data on dozens of state and local taxes — from those on bingo and utilities to corporate profits — and our records stretch from 1970 through the fiscal year ended on June 30, 2020. We also reviewed similar national data from the U.S. Census Bureau to determine how Wisconsin ranked among all states in 2018 — the most recent year for which that data is available.

Though both state and local taxes grew in the most recent year, their overall increase was outpaced by the income that state residents collectively receive from employers and other sources. That left the tax burden slightly smaller when measured according to Wisconsinites’ ability to pay it — 10.2% in fiscal year 2020 compared to 10.3% in 2019 (see Figure 1). That was the lowest share since at least 1970.

As recently as 2011, Wisconsin still ranked in the top 10 states nationally for state and local taxes as a share of income, as was generally the case during the 1990s and 2000s. Yet the latest U.S. Census Bureau data demonstrates that is no longer the case. In 2018, the data shows the state and local tax burden dropping below the national average, and also lowering the state’s tax ranking from 17th highest in the country to 23rd.

The effect of the coronavirus in 2020 could be seen across many of the state’s major revenue streams, with gas tax collections falling for the first time since 2013 and driver’s license fees also dipping. One exception was corporate tax revenues, which remained surprisingly strong despite the downturn.

Local taxes rose more rapidly, hitting their fastest growth since 2010. The larger increase reflects the fact that the property tax — Wisconsin’s most important local tax by far — remains more stable in recessions and was increased by local officials on bills that went out a year ago prior to the pandemic. Among local taxes, the main pandemic-related impacts involved sales taxes — mostly at the county level — and room taxes on hotel stays.

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