*Fiscal Facts by Wisconsin Policy Forum*

**Tax projections a golden opportunity for Wisconsin**

Projections for state tax collections have been revised upward by an unprecedented $4.4 billion through June 2023, positioning state reserves to reach historic levels and giving Wisconsin a once-in-a-generation chance to address some of its most longstanding challenges.

Tax collections have been boosted by federal stimulus, vaccination efforts, and the release of pent-up consumer demand, setting the stage for a massive budget surplus. This means the state now has ample resources to work to begin to address some of Wisconsin’s biggest public policy challenges while at the same time, strengthening its finances and reducing taxes.

While Wisconsin Policy Forum does not advocate specific policies, we offer for consideration several options highlighted in our previous research:

**Schools:** Efforts to overhaul the state’s school funding formula — which long have appeared out of reach given the amount of money needed — may now be possible. Such an update might help close achievement gaps and also could be used to cut school property taxes. Other priorities might include boosting students’ college and career readiness and the diversity of Wisconsin teachers.

**Local Governments:** For many years, the state has sought to hold down its aid payments to local governments and school districts, and to limit what they can raise through local property taxes. State officials could now rethink these relationships to improve local services, lower property taxes, or both.

**Economic Development:** Employers have expressed widespread concern in recent months about a shortage of workers. The surplus could help to address that shortage by increasing funding to the University of Wisconsin System and technical college systems, greater support for child care, or additional strategies to attract more workers to Wisconsin. Also, officials might help the state compete in the digital economy by supporting venture capital and other initiatives to foster new businesses and technologies.

**Taxes:** The state also may wish to consider efforts to simplify and reduce state and local taxes to promote capital investment and consumer spending and generate economic growth.

**Infrastructure:** This could include expanding broadband access, addressed deferred maintenance of state buildings, state and local roads and bridges, replacing lead water pipes and other water and sewer infrastructure.

**State Budget and Finances:** Using some of the surplus to pay down debt or to bolster reserves could help ensure the state does not return to so-called “hidden deficits” under rigorous accounting standards — a problem that WPF has long noted.

*This information is provided to Wisconsin Newspaper Association members as a service of the Wisconsin Policy Forum, the state’s leading resource for nonpartisan state and local government research and civic education. Learn more at wispolicyforum.org.*