*Fiscal Facts by Wisconsin Policy Forum*

**Wisconsin’s drop in tax rank among nation’s largest**

In the span of two decades, there may be no state that has seen a greater drop in its tax burden than Wisconsin, which saw its ranking among states plunge from fourth to the middle-of-the-pack. The drop in Wisconsin’s state and local taxes as a share of personal income was the largest or nearly the largest of any state — depending on how it’s measured — since 1999.

The Forum and one of its predecessor organizations — the Wisconsin Taxpayers Alliance — have long tracked Wisconsin’s state and local tax burden, which we define as annual taxes paid to state and local governments here as a percentage of residents’ personal income.

In 1999, state and local governments took in $17.4 billion from taxpayers — about 12.2% of total personal income in the state (the fourth-highest percentage in the country) and $3,288 per capita (sixth-highest). By 2019, the $30.6 billion in total taxes accounted for just 10.3% of personal income (23rd in the nation) and $5,275 per capita (24th). Under both metrics, the 2019 tax burden was below the national average.

From 1999 to 2019, no other state saw a decrease in state and local taxes as a share of personal income that was larger than the 1.87 percentage point drop in Wisconsin. If instead, we look at the percentage drop of 15.4% in Wisconsin’s tax burden over those 20 years, then only Florida (-18.5%) and Michigan (-15.5%) had larger decreases. Under both methods, Wisconsin’s decline is either the largest or nearly so.

The decline in the state and local tax burden is due in part to growth in the economy and personal income following the Great Recession — where that growth exceeded the increase in actual tax collections, the burden fell. While many taxes declined as a share of personal income from 1999 to 2019, the biggest factors were declines, as a share of income, in individual income taxes and property taxes.

Going forward, the 2021-23 budget signed by Gov. Tony Evers in July included more than $1 billion in state income tax cuts in fiscal year 2022 alone. The budget also included substantial state funding increases for schools that should translate into lower K-12 property taxes.

Changes to the state’s tax ranking are difficult to predict. Still, this latest round of tax cuts will certainly lead to slower growth in state and local tax collections and may affect Wisconsin’s ranking in the years to come.

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