**Fiscal Facts: Wisconsin’s State and Local Tax Burden Remains Near Historic Low**

After falling in 2022 to its lowest level in more than a half century, the share of Wisconsinites’ incomes that they paid in state and local taxes effectively held steady last year.

This ratio, the state and local tax burden, rose slightly in 2023 to 10.0%, up from 9.96% the year prior. State and local tax collections rose slowly in the 2023 state fiscal year, but growth in state residents’ income also slowed, leaving little change in Wisconsinites’ ability to pay their tax bills.

Each year the Wisconsin Policy Forum examines every local and state tax paid, from the state bingo tax ($177,000 in 2023) to gross local property taxes ($12.51 billion). To these fiscal year 2023 figures, we compare state personal income data from the prior calendar year, in this case 2022, to calculate tax burdens.

Local tax collections rose by 3.2% in 2023, more than the increase of 2.0% in the previous year but still in line with those in 2020 and 2021 and less than the rate of inflation over this period. Meanwhile as the economy decelerated, personal income levels rose just 2.0% in calendar year 2022. As a result, the local tax burden rose very slightly to 3.30%, up from 3.26% in 2022.

The key local funding source for most local services in Wisconsin, gross property taxes, rose 2.4% to $12.51 billion in 2023. In recent years, state limits on the amount by which local governments can increase their property tax levy – as well as limits on school district revenues, including property taxes -- have slowed this rate of increase. As a result, local property tax collections do not always follow broader economic trends, and in each of the last few years, property tax collection increases have not kept up with inflation.

After substantial increases in recent years, the growth in state tax collections cooled last year. Total state tax revenues rose 2.1%, to $24.27 billion in 2023, which was a slowdown from the preceding two years. The state tax burden in 2023 stayed exactly the same at 6.70%.

Individual income tax collections in Wisconsin rose 2.2% in 2023 to $9.41 billion. Corporate income tax revenues declined by 7.1% to $2.75 billion in 2023, marking the first year since 2018 in which they fell. State sales tax collections in 2023 grew by 6.8% to $7.46 billion. This is the third straight year in which sales tax revenues grew by more than 6% after not doing so even one time since 2000.

The long-term trend is that state and local tax burdens have decreased in Wisconsin over the last 50 years. For each of the last nine years, state and local taxes have comprised less than 11% of personal income, which was not true of any other year in our records going back to 1970.

Over the past several decades, Wisconsin has substantially reduced the amount of taxes it collects as a share of the income of state residents. To some degree, the goals of reducing the tax burden and maintaining or increasing public services are in conflict with one another for policymakers and voters, particularly when the economy slows.

Ultimately, that tension may make it more difficult to continue lowering the state and local tax burden without some combination of service reductions, increased efficiency through service sharing or consolidation, or greater economic growth that boosts incomes.

*This information is 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*](https://wispolicyforum.org/research/state-tax-burden-up-but-overall-burden-still-falling/)*.*