WISPOLITICS: Evers vows to contain property taxes

By WisPolitics.com

To Republicans, he's Tony the Taxer. To Dems, he's Tony the Tax Cutter.

Which is it?

Maybe a little bit of both.

It looks like Dem Gov. Tony Evers is emphasizing past and newly proposed tax cuts as he enters what could be the year before another run for governor. Evers hasn't declared that he is running for a third four-year term, but he appears to be keeping his options open. And with a state surplus estimated in excess of $4 billion, he has room to propose a round of new tax cuts worth $2 billion.

In his mid-February budget message to the Republican-run Legislature, Evers linked a big boost in K-12 school aid to a property tax containment effort while proposing a reward for local governments that freeze their levies.

''So, the good news is Wisconsinites have shown this Legislature time and time again they support increasing investments in our public schools.,'' Evers said in touting a spending plan that would provide more than $3 billion in new money to schools.

``The bad news is Wisconsinites had to raise their own property taxes to prove it. This system isn’t sustainable—it creates winners and losers, haves and have-nots. But referendums are not inevitable. Wisconsinites wouldn’t have to raise their own property taxes to keep school lights on and doors open if this Legislature invested in K-12 education from the get-go. And the budget I’m announcing ... proves we can both make the investments in our kids that we need to and hold the line to prevent property taxes from going up.''

Evers added: ``And we’re going to make those investments while holding the line on property taxes to ensure the average homeowner will not see a property tax increase. My budget would create a new incentive for local governments to freeze their local property taxes. If local governments agree not to raise local property taxes, they’ll get a direct payment from the state. This will ensure local partners can still afford to pay for basic and unique local needs alike without
property taxes going up.''

Under the plan, any community that didn’t increase its levy would see an increased state aid payment equal to what a 3% hike would’ve generated. Communities would first be eligible for the payments in 2026.

Evers would also boost property tax relief for veterans, seniors and others by $237 million over the biennium.

Other tax cuts Evers proposed include:

• Increasing to $1,200 from $700 the personal exemption under the
state’s individual income tax, saving $225.9 million over the
biennium.

• Removing the tax on cash tips, which would reduce state revenues by $13.6 million. GOP lawmakers have introduced a similar bill again this session, while President Donald Trump has called for such a move at the national level.

• Eliminating the sales tax on electricity and natural gas sold for residential use, which would cut taxes by nearly $156 million over the biennium.

• Eliminating the sales tax on needs such as over-the-counter medications, diapers, menstrual products and things like deodorant, reducing state tax collections by $105.3 million over the two-year period.

The state is projected to finish the 2023-25 budget June 30 with a $4.3 billion surplus. The Legislative Fiscal Bureau last month also projected the state would take in $1.85 billion in revenue growth over the next two years under current law and tax policies.

Still, Evers is seeking several revenue uppers. That includes a proposal to create a new individual tax bracket of 9.8% that would apply to taxable income above $1 million for single and joint married filers and $500,000 for married couples who filed separately. That would generate $1.3 billion in new state revenue over the 2025-27 biennium.

The current top tax rate is 7.65%, which covers income above $420,420 for married joint filers and $315,310 for individual filers.

And Evers is again seeking to cap a tax break for manufacturers at $300,000 of their income, which would amount to a tax hike of $792 million. Evers is also again pushing for limits on the capital gains tax. He included both ideas in his last budget only for GOP lawmakers to strip out the proposals. Majority GOP lawmakers appear poised to strip out many Evers initiatives once again.

The net impact of Evers’ proposals would bring in an additional $2.7 billion in general purpose revenue over the 2025-27 budget than what was projected under current law.

Assembly Minority Leader Greta Neubauer, D-Racine, said the spending increase Evers proposed is necessary considering what Dems heard on the campaign trail last fall.

“Our schools across the state are going to referendum,” she said. “People are being forced to raise their own property taxes, while a $4 billion surplus sits here in Madison. We know it’s time for us to be making these critical investments in our kids.”

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