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Gov. Evers Proposes Plan to Enhance Local Control, Bolster Local Communities' Recovery

Governor's proposal allows local leaders and community members to have a say in sales tax increases

MADISON — Gov. Tony Evers today announced his 2021-23 biennial budget proposal will include a plan to enhance local control and give communities around Wisconsin the tools they need to be successful and to make critical investments in local roads, direct services, maintenance, public safety, and public health.

“From the unexpected costs of the COVID-19 pandemic to the years of neglect and underfunding from the state, communities across Wisconsin have been under immense budgetary pressure, and they've been doing more with less for far too long,” said Gov. Evers. “The state should be setting the floor, not the ceiling, for local partners, and Wisconsin taxpayers should have a say in whether they want their communities to have more resources so their local government can keep providing critical services—that's pretty simple stuff. Our proposal puts the question back in the hands of the folks best positioned to make decisions for their community—local leaders and the people who live there.”

The governor proposes, if supported and approved by referendum by local residents, allowing counties to impose an additional 0.5 percent sales tax in addition to the 0.5 percent allowed under current law. The governor's plan will also allow, if supported and approved by referendum of residents, municipalities with populations in excess of 30,000 (as determined by the 2020 U.S. Census data or estimated by the Department of Administration) to impose a 0.5 percent sales tax. Any changes to enact the local option sales tax would require a local referendum, allowing each community to decide if this is a tool they want to utilize.

Wisconsin's sales tax is 5 percent. Under current law, counties have the ability to impose an additional 0.5 percent tax, along with other tools such as the premier resort area tax in certain cases. To date, 68 out of 72 counties have enacted the 0.5 percent county sales tax.

Among states imposing a sales tax, Wisconsin has the second lowest population-weighted combined state and local sales tax rate and has the lowest sales tax among its Midwestern neighbors, with Indiana at 7 percent, Minnesota at 6.875 percent, Illinois at 6.25 percent, and Iowa and Michigan at 6 percent. Among the 36 states allowing local general sales taxes, Wisconsin has the 6th lowest reliance as a percent of personal income.

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