



# WISCONSIN POLICY FORUM

For Immediate Release

Contact: Jason Stein, Research Director  
or  
David Callender, Communications Director  
608.241.9789

## **Wisconsin's Total Tax Burden Hits Five-Decade Low**

*Decline Driven by Rising Incomes, Reduced Unemployment Taxes, and Local Property Tax Limits*

MADISON—Wisconsin's tax burden in the fiscal year ending June 30, 2018 fell to its lowest level in nearly 50 years, according to a new report by the nonpartisan, independent Wisconsin Policy Forum.

In the latest edition of *The Wisconsin Taxpayer*, "State and Local Tax Burden Falls," WPF researchers found Wisconsin's tax burden dropped to 10.5% this year from 10.6% last year. The tax burden, defined as state and local taxes as a share of income, has declined every year since 2011, when it was 11.7%. The 2018 share marks the lowest year on record in WPF data going back to 1970.

As in recent years, the decline was driven primarily by personal income rising faster than state and local tax collections. State and local tax revenues rose 2.3% in fiscal year 2018, while federal tax collections in Wisconsin grew 0.7%. The tax burden fell "mainly because total personal income grew more quickly at 3.6%," the report notes.

The relatively slower growth in overall state collections came from declines in four major taxes. Unemployment taxes, which are paid by employers and largely unnoticed by most workers, saw the biggest drop (down 16.2%). Hospital assessment collections, which are used to help leverage federal Medicaid funds, were down almost 10%. Cigarette tax collections declined 4.5%, and corporate income taxes fell 2.9%.

The state's two main revenue sources, the personal income tax and state sales tax, both saw increases: 5.5%, to \$8.5 billion, and 4.3%, to \$5.4 billion, respectively. Overall, state tax collections grew 2.5% in 2018.

Due mainly to state-imposed levy limits for municipalities and revenue limits for schools, local collections grew more slowly at 1.9%.

The property tax remains the single-largest tax collected by either state or local governments in Wisconsin and remains the main source of local revenues. Gross property taxes rose 2.1%, to \$11 billion; net property taxes, which are gross taxes minus three state property tax credits, grew 1.6%, to \$9.8 billion.

Three other local revenues also saw increases: the county sales tax; local vehicle registration fees, or “wheel taxes”; and room taxes.

Sixty-six of Wisconsin’s 72 counties now levy a 0.5% sales tax, for which collections rose 6.3%, to \$384.2 million. A U.S. Supreme Court ruling this summer is expected to increase online sales tax collections in fiscal 2019 and future years.

The report also notes an increase in the number of local governments charging wheel taxes, which rose from only four communities in 2011 to 28 (20 municipalities and eight counties) next year. Wheel tax collections rose 64%, to \$33.9 million, in 2018 and more than tripled over the past five years. Room taxes grew 3.5%, to \$111.7 million in 2018.

A copy of *The Wisconsin Taxpayer*, “State and Local Tax Burden Falls,” can be downloaded [here](#).