

# Wisconsin's Strong Fiscal Position is an Opportunity to Ensure Everyone Benefits

April 11, 2023

Wisconsin can be a place where we all—regardless of race or place—have what we need to overcome challenges and make our families safe and well. The state's historically large surplus is an opportunity to build a stronger foundation for children and families in our state, like access to child care and health care, good schools, and affordable homes.

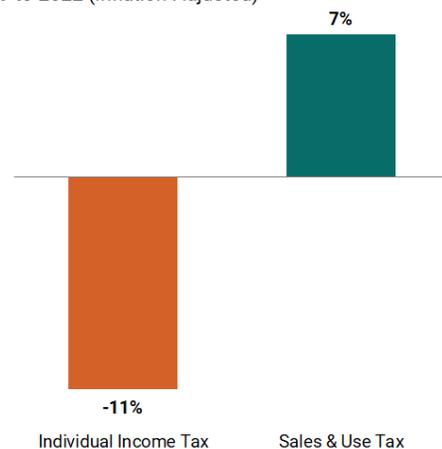
As state leaders finalize the 2023-25 state budget, it is critical that they do not sacrifice programs and services for children and families by delivering tax cuts to the wealthiest residents of our state. Shared prosperity means that we all pay our fair share so we can provide families with what they need to thrive.

## How do Wisconsinites Contribute to the State's Prosperity?

Taxes are how we come together to lay foundations that create opportunity and help all of us thrive. Every two years, state leaders determine how revenue from taxes and other sources will be allocated across programs and services in the state budget. In Wisconsin, General Purpose Revenue is the largest source of state funds that can be used at the discretion of lawmakers to support strong and resilient families and communities. More than three out of four dollars of General Purpose Revenue are from sales tax and the individual income tax. From 2019 to 2022, the rising price of goods and services resulted in sales tax revenue increasing by 7%, after adjusting for inflation. At the same time, individual income tax revenue decreased by 11%—due in large part to [recent reductions in tax rates](#). In fact, as a share of General Purpose

### Over the Past Three Years, Sales Tax Revenue Has Surged While Individual Income Tax Revenue Dropped

Percent Change in General Purpose Revenue by Tax Type, 2019 to 2022 (Inflation Adjusted)



Source: Kids Forward analysis of Wisconsin Department of Revenue data

Revenue, individual income tax revenue is at one of its lowest levels in the past 50 years.

Wisconsin's individual income tax is graduated, which means that those who make more have a higher tax rate than those with lower incomes. This ensures that individuals and families are taxed based on their ability to pay.

On the other hand, sales taxes do not vary. They hit families with low incomes hard because they pay a much higher percentage of their income on these taxes than wealthy Wisconsinites. Overall in Wisconsin, when considering *all* state and local taxes, wealthy residents—who are disproportionately white—already pay a much lower effective tax rate than the poorest taxpayers—who are disproportionately people of color. Any change in state policy that simply reduces individual income tax rates will make income inequality even worse, particularly for people of color.

## Making Sure Everyone Shares in the State's Prosperity

Governor Evers' [proposed 2023-25 state budget](#) leverages our state's historically strong fiscal position to [reimagine a Wisconsin that does more to provide every child and family with a solid foundation](#) to live a happy and healthy life. As state legislators negotiate with the Governor to finalize the state budget, it is critical that changes to how the state raises revenue do not leave Wisconsinites behind, particularly people of color and those furthest from opportunity. We know that the wealthy are already paying the least in taxes as a share of their income. Cutting taxes for the rich is not the path to prosperity. This only increases inequality and limits policymakers' ability to pay for critical programs and services that everyday families rely upon.

## Contact

Kristin Schumacher, [kschumacher@kidsforward.org](mailto:kschumacher@kidsforward.org)

## About Kids Forward

Kids Forward inspires action and promotes access to opportunity for every kid, every family, and every community in Wisconsin, notably children and families of color and those furthest from opportunity. We envision a Wisconsin where every child thrives. Using a research- and community-informed approach, we advocate for effective, long-lasting solutions that break down barriers to success for children and families.