

Middle Class Tax Reform for Wisconsin

Secretary Richard G. Chandler

Wisconsin Department of Revenue

Wisconsin offers a great overall quality of life and we count our outstanding workforce, good education system and solid infrastructure among our many strengths. However, one area where we haven't ranked as well is our tax climate; Wisconsin's tax burden is currently in the top ten when compared with other states.

Wisconsin's fiscal situation has improved dramatically over the last two years due to difficult but prudent budget decisions and the elimination of a projected \$3.6 billion state deficit. Now, as the state's 2013-15 biennial budget is introduced, we have a surplus, and that gives us the opportunity to provide tax relief for Wisconsin's citizens where it's most needed.

Wisconsin's individual income tax burden is especially high, at 26% above the national average. We're most out of line compared with other states when it comes to our middle class income tax burden, where we rank in the top ten for taxpayers with incomes from roughly \$35,000 to \$100,000.

With that in mind, Governor Scott Walker has made middle-class income tax relief a top priority. His budget bill calls for tax rate reductions which will result in a \$343 million income tax cut over the next two tax years, with the most relief directed to the middle class. Taxpayers at all income levels will see relief and nobody will see increases.

This will put more money in people's pockets. A typical family of four will see savings of \$212 in just income tax cuts, and will see over \$1,000 in savings over the next decade.

The middle class rate cut initiative is the most significant part of the administration's ongoing tax reduction efforts. Taxes were reduced by a total of \$408 million in the 2011-13 budget, and would be reduced by an additional \$635 million in the Governor's proposed 2013-15 budget when deductions for health insurance premiums and child care and other changes which are being phased in are added to the rate cuts. This is sustainable, fiscally responsible tax relief that's paid for through prudent budgeting and economic growth. Further tax reductions will be a priority in the future as Wisconsin's economy expands and more jobs are created.

Wisconsin is headed in the right direction, and income tax relief for middle class taxpayers will make our state an even more attractive place to live and work.

The Wisconsin Department of Revenue helps formulate state tax policy, administers the state's major tax laws, collects individual and business taxes, and provides state financial aid to local governments.