



A frequent question asked about taxes is: “How does Wisconsin compare with other states.” The answer from the U.S. Census Bureau is 11th highest relative to personal income. More creative answers can vary from 6th to 28th, depending on the point being made.

**RANKING 101**

Census Bureau figures are used most often by tax researchers to do interstate financial comparisons. They are widely accepted as reliable but lag a few years—2005-06 data are used here.

To do rankings, researchers combine state and local revenues to avoid problems associated with aid flows between governments. They then rank states based on taxes relative to either personal income or population. Here, we use personal income.

**THE TAX-RANK GAME**

Confusion over contradictory rankings arises from the definition of taxes, and the “games” played with Census information. The accompanying board illustrates how the game works. The citizen starts at the green circle and proceeds around the board to the red finish.

As revenue sources Wisconsin uses little are added to our comparatively high taxes, the rank drops. Whether these lower rankings suggest a more modest state-local tax burden, however, is arguable.

**Taxes: The Census View**

If the state is ranked using only its four principal taxes—individual and corporate income, property and sales—its burden is 10.6% of personal income, or sixth highest in the

U.S. If the goal were to obtain the highest possible tax ranking from Census data, this would be the approach to use.

In its definition of taxes, the Census Bureau adds taxes other than the four already mentioned, including gas and excise taxes. Wisconsin’s combined take from these minor taxes accounts for 1.4% of personal income, the 43rd highest amount in the U.S. The Bureau also adds a few fees to its tax category, most notably license fees, such as those for vehicle registration. As a group these “fees as taxes” are also small here. Ranked 23rd in the U.S., they account for only 0.2% of personal income.

When minor taxes and these few fees are added to the four major taxes, the result is what the Census Bureau calls “taxes.” Adding two relatively low-ranked categories to the four major

**The Tax-Rank Game**

taxes lowers Wisconsin’s rank from sixth to its official 11th (12.3% of income). When most researchers speak of Wisconsin’s tax rank, they are usually referring to this figure.

**Modest Fees Lower Rank**

To further cut the state’s ranking requires inclusion of revenues other than taxes. A variety of fees charged for public services are shown in the game board above. Each triangle displays the personal income share of the fee category and its national rank. For example, with fewer public hospitals, Wisconsin’s hospital fee revenue is relatively modest (0.5% of income and 33rd highest in the nation). Because the other fee

groups also rank below Wisconsin’s #11 tax position, including them in a ranking exercise increases government’s claim on income to 14.9% but reduces the state’s position to 19th.

Some include these fees in calculating a tax rank in order to reduce it. Although these monies are paid by state citizens to various units of government, they are not truly taxes. Their payment is discretionary, rather than being mandatory like taxes. A better name for this category is simply “taxes and fees.”

**Things You Don’t Pay Help, Too**

Moving further around the game board, now top to bottom and left to right, other sources of revenue can be added that further reduce our rank. Including various miscellaneous revenues ups the claim on income to 16.0%, but trims the ranking to 21st.

The revenues that follow further drop the state’s rank. Wisconsin’s “own-source” revenues, which are comprised of taxes and fees paid by state citizens, as well as revenues not generally paid by people, but received by state and local governments from other sources, were 17.2% of income and 22nd nationally. Some cite this number when discussing the state’s tax rank.

**Little Help from Your Feds**

Although not often done, it is possible to move this rank even lower if the relatively small amounts (36th) of federal aid this state receives are included. The bottom line is simple. If a variety of low-ranking fees and auxiliary revenues are added to Wisconsin’s high tax total, it is possible to claim lower “tax” rankings.



With no tax cuts, the state’s tax rank has dropped from 5th to 22nd.

Start here.  
Welcome to Wisconsin.

