

Guide to Tax Rankings

Often, especially during campaign season, numbers become a tool for the political “spin-meisters.” And few figures are more susceptible to manipulation than tax rankings. Here are some useful points for voters to keep in mind. The most widely used tax rankings:

- Use U.S. Census Bureau figures;
- Are for fiscal 2002, the most recent year available; and
- Combine state *and* local tax collections, and calculate tax burden as a share of personal income.

By this method, Wisconsin’s 2002 taxes were 11.73% of income, or fifth highest in the U.S. The U.S. average was 10.40%.

Another accepted way to rank states is on a per capita basis. In 2002, Wisconsinites paid \$3,421 per capita in state-local taxes, or 10th highest.

Some common ways used to manipulate tax rankings include:

- Focusing on state taxes only. By ignoring local property taxes, Wisconsin drops from the top ten most-taxed states.
- Changing the definition of taxes. Because Wisconsin receives relatively little federal money and makes less use of fees and charges, counting these revenues as taxes can move state “tax” rankings as low as 22nd.