



## Wisconsin Taxpayers Alliance

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# NEWS

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### **Debt Costs Top Natural Resources, Corrections** Federal Aids to Wisconsin Also Drop

MADISON—Wisconsin governments continue to spend more on debt interest than other states—5.8% more than the national average and 14th highest in the country. In fact, Wisconsin state and local governments spent more on interest payments (\$1.6 billion) than on natural resources and parks (\$1.3 billion), corrections (\$1.2 billion), or sewer/solid waste management (\$1.2 billion). According to the new report from the Wisconsin Taxpayers Alliance (WISTAX), the debt itself stood at \$36.9 billion, an increase of \$1.6 billion, with interest accounting for 4.1% of expenditures. Wisconsin's total debt was \$6,680 per person, or 20.9% of state personal income.

The WISTAX report, "Different Approaches: State Finances Compared," noted that total Wisconsin state and local government spending was above the national average, 3.3% more when compared to personal income. Spending was higher in four major areas: elementary/secondary education (4.2% higher), public welfare (6.5%), higher education (32.2%), and highways (34.4%).

While spending was higher, fewer of the dollars spent came from federal aids, according to the latest Census Bureau figures on state-local finances. Wisconsin lost \$200 million in federal funds between 2004 and 2005. The \$7.1 billion in federal aid that Wisconsin's state and local governments received in 2005 was less than was received the previous year due mainly to decreased funding for highways (-3.2%) and public welfare (-2.2%). Although the national average was 4.5% of personal income, federal aids to the Badger State were 4.0%, or 35th highest.

WISTAX researchers also noted that Wisconsin raised a comparatively small amount in fees (\$5.4 billion). At 3.1% of personal income, the state ranked 31st overall. Top-ranked South Carolina generated 5.7% in government charges and fees. Higher education and hospitals were the two largest sources of fees.

Fewer federal dollars and lower fees helped contribute to Wisconsin's high tax burden. At 12.1% of personal income, Wisconsin ranked eighth highest in the nation. That was down two spots from 2003-04. The most recent change in rankings from sixth in 2003-04 to eighth in 2004-05 was caused by an increased tax burden in Rhode Island and Alaska. Rhode Island remained the seventh-highest state, increasing from 12.0% to 12.3%. Rising to 13.2% of personal income, Alaska jumped into the fifth-highest position, up from

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19th the previous year. In Wisconsin, the tax burden changed one-tenth of a percentage point, from 12.2% to 12.1%.

Although Wisconsin's tax rank has been falling since 1998-99, when it ranked third, taxes have not fallen as consistently. Ranging between 11.7% and 12.8% of personal income, taxes have risen as many years as they have fallen, though not changing enough to move Wisconsin out of the top 10 in rankings.

In the major tax categories for 2005, Wisconsin ranked ninth in property taxes (4.4% of personal income), 15th in state income taxes (3.1%), 15th in corporate income taxes (0.4%), and 31st in revenue from the sales tax (2.4%).

WISTAX is a nonprofit, nonpartisan organization dedicated to public policy research and citizen education.

A free copy of *The Wisconsin Taxpayer* titled "Different Approaches: State Finances Compared" can be obtained by writing WISTAX, 401 North Lawn Ave., Madison, WI 53704-5033; e-mailing [wistax@wistax.org](mailto:wistax@wistax.org); visiting [www.wistax.org](http://www.wistax.org); or calling 608.241.9789. □

*(Editors' Note: An electronic version of this release is available at [www.wistax.org](http://www.wistax.org).)*