



Wisconsin Taxpayers Alliance

401 North Lawn Avenue • Madison, WI 53704-5033
www.wistax.org • 608.241.9789 • fax: 608.241.5807

NEWS

Contact: Todd A. Berry or Dale Knapp
608.241.9789 or wistax@wistax.org
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State Income Tax Facts: 2.8 Million Earners Pay Over \$6 Billion *New WISTAX Report Shows Average Tax Is Over \$2,700*

MADISON—The April 15th income tax deadline is looming, and if last year is any indication, close to 2.8 million Wisconsinites will file returns. They reported \$121.7 billion in 2005 Wisconsin Adjusted Gross Income (WAGI) and paid \$6.14 billion in state income taxes, according to a new report by the nonprofit, non-partisan Wisconsin Taxpayers Alliance (WISTAX) in the latest issue of its *Focus* newsletter.

The first state to tax personal income, Wisconsin counts on the individual income tax as its leading source of state revenue. Last year (fiscal 2006), collections accounted for 51.1% of all general fund revenues. Of those who filed, 2.01 million paid at least some tax.

Last tax season (2005 returns, filed in 2006), 1.13 million filers were single, 0.24 million were dependent filers, another 0.24 million were heads of household, and 1.13 million were married filing jointly. Other figures for last year showed:

- the average Wisconsin adjusted gross income was \$43,972;
- on returns with taxes paid, the average tax was \$2,716;
- about 30% of filers claimed dependents, and 26.1 % claimed the married couple credit;
- 8.1% used the earned income credit, and another 8.1% used the homestead property tax credit; and
- 68.2% used the property tax/rent credit.

More than half (52.2%) of filers reported an adjusted gross income of less than \$30,000 on their 2005 returns. This group represented 14% of total income and paid 5.6% of income taxes. A segment of this group are filers who reported WAGI under \$15,000, such as dependent earners (e.g. students), and those who reported no WAGI, but claimed the homestead credit.

In contrast, those with WAGI over \$100,000 accounted for 7.6% of filers and 44.3% (or \$2.44 billion) of the income taxes. Included in this group were those with incomes at or above \$200,000 who represented 1.6% of filers and paid 23% of the taxes.

These figures reflect Wisconsin's "progressive" income tax, with rates that rise with income, a standard deduction that declines as income grows, and refundable tax credits for low-income individuals.

Comparing 2005 figures to previous years indicates some shift in tax burden. In 1999, filers with adjusted gross income below \$30,000 accounted for 57.3% of all filers and 11.7% of taxes paid. By 2005 this group

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The Wisconsin Taxpayers Alliance, founded in 1932, is the state's oldest and most respected private government-research organization. Through its research, publications, civic lectures, and school talks, WISTAX aims to improve Wisconsin government through citizen education. Nonprofit, nonpartisan, and independently funded, WISTAX is not affiliated with any group—national, state, or local—and receives no government support.

accounted for 52.2% of all filers and 5.6% of taxes paid. In the same years, filers with incomes of \$100,000 or more accounted for 4.8% of all filers in 1999 and 7.6% in 2005. Their share of taxes paid increased from 31.2% in 1999 to 44.3% in 2005.

State income tax collections fluctuate with the economy, though state officials generally count on income taxes to grow about twice as fast as inflation. From 1990 through 2009, average annual growth is estimated at 5.4%. Income taxes are expected to top \$7.12 billion by fiscal 2009.

Celebrating 75 years of public policy research and citizen education, WISTAX offers a free copy of *Focus*, “Tax facts for income tax time,” to those who contact: wistax@wistax.org; 608-241-9789; or WISTAX, 401 North Lawn Avenue, Madison, WI 53704. □

(Editors Note: An electronic version of this release is available at www.wistax.org.)