



## Wisconsin Taxpayers Alliance

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# NEWS

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### State Tax Burden Rose to 12.3%, But Ranking Dropped WISTAX Report Shows Wisconsin Out of Top Ten

MADISON—Although Wisconsin's tax burden rose from 12.1% to 12.3% of personal income, new Census figures for 2006 show the state's 50-state ranking dipped out of the top ten for the first time since 1980, according to a new report from the Wisconsin Taxpayers Alliance (WISTAX), a nonpartisan, public-policy research firm.

The drop was due to Wisconsin's tax burden growing more slowly than the nation, and especially because three states—New Mexico, New Jersey, and Louisiana—moved ahead of Wisconsin. Shifts in tax rank occur because of changes in taxes or income relative to other states. In the case of the first two states, the jump was due to tax increases; in the case of Louisiana, the change was due to a temporary hurricane-induced drop in state income.

State-local taxes were highest in Wyoming (16.6%), New York (15.7%), Alaska (15.1%), Maine (14.3%), and Louisiana (14.1%). Energy taxes were responsible for Wyoming's and Alaska's rankings. At the low end, Tennessee ranked 48th (9.3%); New Hampshire, 49th (9.2%); and South Dakota, 50th (9.1%).

Among neighboring states, all ranked lower than Wisconsin, with Minnesota 19th (11.8%), Illinois 27th (11.2%), Iowa 34th (11.0%), and Michigan 37th (10.9%).

In Wisconsin, property taxes took the largest share of income at 4.4% (9th highest), while individual income taxes claimed 3.2% of income (15th), up from 3.1% the previous year. Both were about 25% above the national average.

Signalling a slowing state economy, Wisconsin's corporate income tax rank fell from 15th to 27th between 2005 and 2006, though the tax's share of income remained unchanged (0.4%). The national average rose from 0.4% to 0.5%.

General sales taxes also claimed a smaller percentage of personal income in Wisconsin (2.4%) than the national average (2.7%). Wisconsin dropped from 31st in 2005 to 33rd in 2006.

Two other revenue sources affect Wisconsin's tax burden. Fees and charges (3.2% of income, 29th), and below-average receipt of federal revenues (3.9% of income, 36th), mean that at any spending level, the Badger State must rely to a greater degree on taxes than on other revenue sources.

Another measure of Wisconsin tax burden is state-local taxes paid per person. In 2006, Wisconsin citizens paid \$4,025 per capita (and ranked 17th), while the national average was \$4,039.

For a free copy of the *Focus* newsletter titled "Comparing states: Part I, Taxes," contact WISTAX at [wistax@wistax.org](mailto:wistax@wistax.org); 608.241.9789; or WISTAX, 401 North Lawn Ave., Madison, WI 53704. □

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

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.