

Taxes and Economy

- **We finished the fiscal year - yet again - with a surplus.** The revised Annual Fiscal Report posted in November reports a FY16 closing balance of \$331 million (State of Wisconsin, [2016 Annual Fiscal Report](#))
- **Our rainy day fund for the state is 165 times bigger now than it was when we first took office.** The Budget stabilization fund balance at end of FY10 was \$1.684 million whereas the budget stabilization fund balance at the end of FY16 was \$281.179 million (State of Wisconsin, [2011 Annual Fiscal Report](#); State of Wisconsin, [2016 Annual Fiscal Report](#))
- **And Wisconsin has the fourth best overall long term debt obligations of any state in the country.** "Thanks in great part to a fully funded pension system ... state's long-term obligations were the fourth lowest in the nation when they were measured as a share of [WI annual] income ... according to the new report from the Pew Charitable Trusts. Only South Dakota, Tennessee and Nebraska do better by that measure. ... accounting for all the money the states owe to major creditors such as bondholders and public employees who are due to receive pension and health benefits on retirement. It would take 4.8% of all the annual income made by Wisconsin residents to pay off those obligations, or just under one-third of the national average of 14.8%. Report details. GOP Rep. Kooyenga "not surprised," touted WRS. Evenson for Walker also hailed report. "Governor Walker has long said we should be looking out for the next generation and not just the next election, and that's exactly what we've done and will continue to do." (Jason Stein, "[Wisconsin Taxpayers Have Lighter Debt Load, \[Pew\] Report Says](#)," Milwaukee Journal Sentinel, 5/17/16)
- **I am proud to report that - since taking office - we've reduced taxes by more than \$4.7 billion.** The LFB's August 5, 2015 memo to Senator Scott Fitzgerald tallied state tax law changes from January 2011 (cumulatively showing all tax changes from FY11 through FY17) – a six year tally. The tally included certain property tax relief measures if those measures reduced property tax liability.

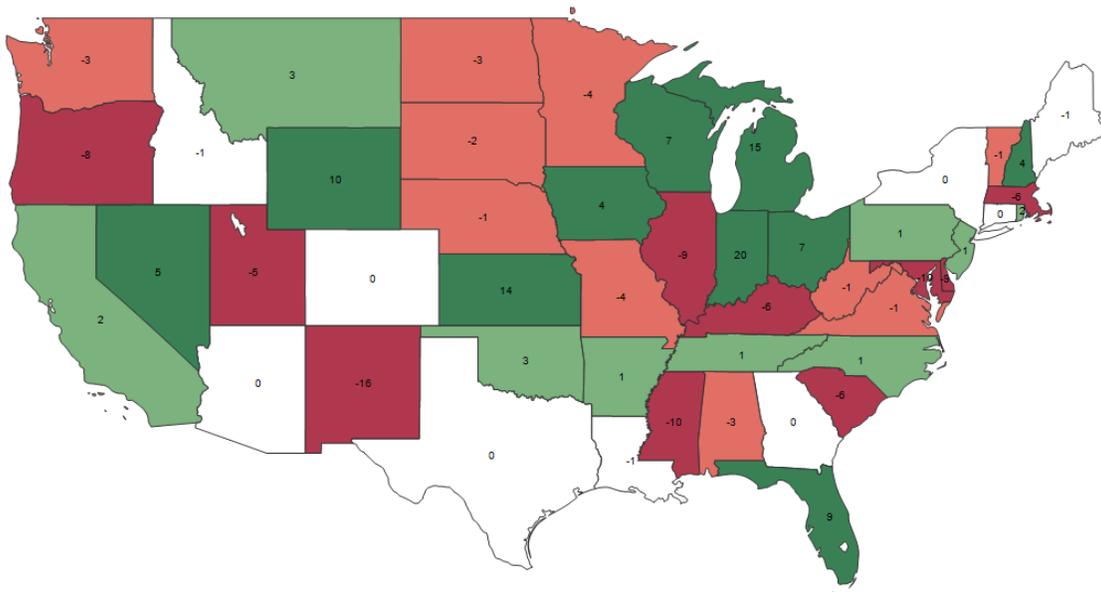
	<u>Legislation</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>Six-Year Total</u>
Property Taxes								
Increase Lottery Tax Credit	2013 Act 20	\$0.00	\$0.00	-\$14.85	-\$14.85	-\$14.85	-\$14.85	-\$59.40
Increase School Aids	2013 Act 46	0.00	0.00	-40.00	-60.00	-60.00	-60.00	-220.00
Increase WTCS Funding	2013 Act 145	0.00	0.00	0.00	-406.00	-406.00	-406.00	-1,218.00
Increase School Aids	2015 Act 55	0.00	0.00	0.00	0.00	0.00	-108.14	-108.14
Increase School Levy Tax Credit	2015 Act 55	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>-105.60</u>	<u>-105.60</u>
Subtotal--Property Taxes		\$0.00	\$0.00	-\$54.85	-\$480.85	-\$480.85	-\$694.59	-\$1,711.14
Grand Total		-\$54.37	-\$106.69	-\$569.05	-\$1,206.90	-\$1,254.54	-\$1,565.09	-\$4,756.63

- **That means a cumulative income tax cut of \$1,159 for a median family since we took office.** The table below, per calculations from the Department of Revenue (DOR), displays the impact from TY13-TY17 of the two individual rate cuts that were enacted. The five-year cumulative total reduction for a median income family of four was estimated by DOR at \$1,159. (Department of Revenue Calculation, 1/5/17)

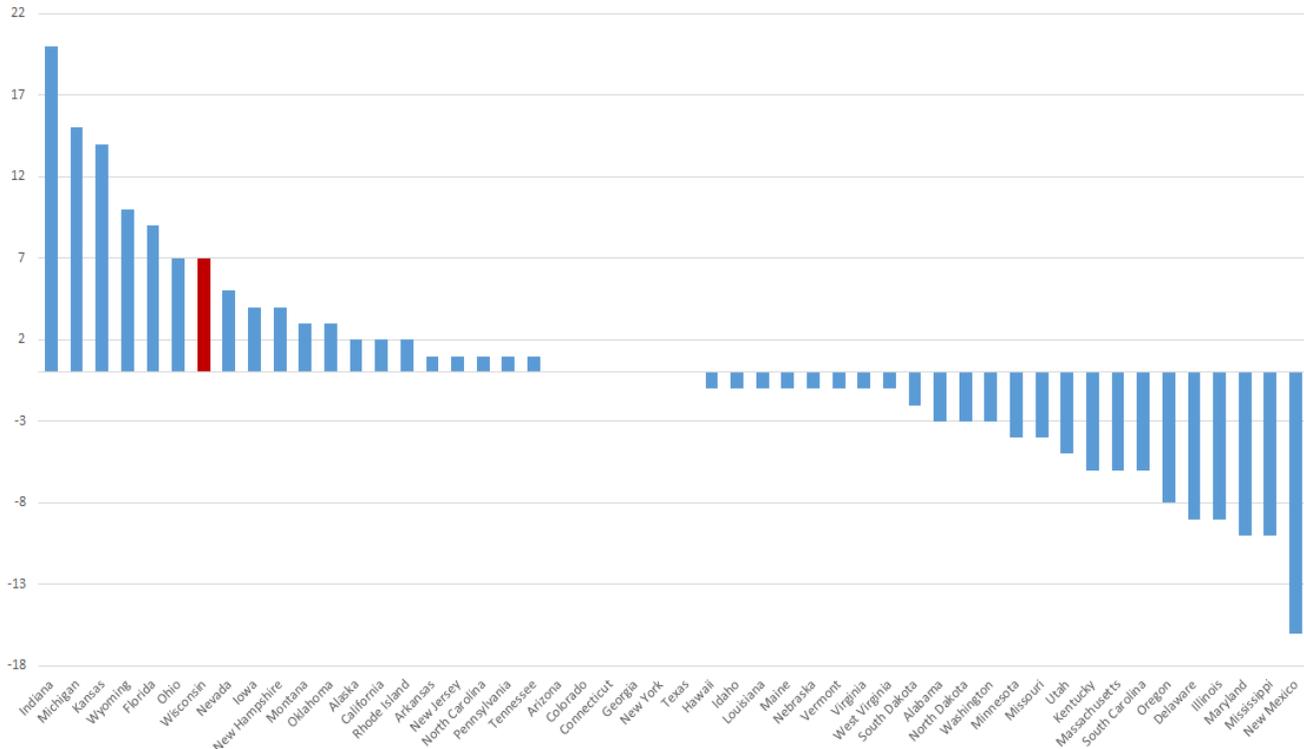
Income Tax Rate Reductions						
Savings for selected taxpayers, shown by tax year						
Median income family	TY13 reduction	TY14 reduction	TY15 reduction	TY16 reduction	TY17 reduction	Five year total
Rate cuts effective in TY13	(\$186) -4.78%	(\$187) -4.78%	(\$185) -4.76%	(\$184) -4.75%	(\$183) -4.73%	(\$925) -4.76%
Rate cuts effective in TY14	--	(\$57) -1.47%	(\$59) -1.50%	(\$59) -1.51%	(\$59) -1.52%	(\$234) -1.12%
Total	(\$186) -4.78%	(\$244) -6.25%	(\$244) -6.24%	(\$243) -6.25%	(\$242) -6.25%	(\$1,159) -5.87%
Med. Liability (Prior Law)	\$3,904	\$3,910	\$3,883	\$3,872	\$3,872	\$19,441

- **We also had an actual reduction of property taxes on a median-valued home in Wisconsin.** Since December of 2010, the cumulative reduction is \$426 on that tax bill. (Department of Revenue, "Wisconsin's Property Taxes at Historic Low," Accessed 1/9/17; Bob Lang, Director Legislative Fiscal Bureau, [Letter to Members of Wisconsin Legislature Regarding Property Tax Bill Updates](#), 11/19/15)
- **In the decade before we took office, property taxes went up 27 percent.** (Department of Revenue, "Wisconsin's Property Taxes at Historic Low," Accessed 1/9/17)
 - **If that trend had continued, the difference is a savings of \$1,700.** (Department of Revenue, "Wisconsin's Property Taxes at Historic Low," Accessed 1/9/17)
- **Property taxes - as a percentage of our personal income in this state - are the lowest they've been since the end of World War II.** "Even more significant was Wisconsin's property tax burden relative to personal income. After rising over the prior decade to 4.2% of income in 2010-11, Wisconsin's property tax burden now stands at 3.6%, the lowest since 1946." (Wisconsin Taxpayers Alliance, "[Wisconsin's property tax burden now stands at 3.6%, the lowest since 1946](#)," 7/15/15)
- **From 2010 to 2014, Wisconsin outperformed 43 other states in reducing the overall tax burden.** From 2010 to 2014, Wisconsin had the sixth biggest reduction in the overall tax burden of any state in the country. A Department of Revenue calculation shows that the 2014 rank of 16 from the 2010 rank of 9 for reduction of seven spots. The reduction was tied for 6th largest in the US (Ohio). (US Census Bureau, "[Survey of State and Local Government Finances](#), 2014"; US Bureau of Economic Analysis: Regional Data - Personal Income Levels, Accessed 12/16/16)

Improvement in Overall Tax Burden Ranking 2010 – 2014 (Change in Tax Burden Ranking)



Improvement in Overall Tax Ranking 2010-2014
(Change in Tax Burden Ranking)



- Chief Executive Magazine raised Wisconsin up again on the best places to do business - we're up 30 states from 2010.** CEOs ranked Wisconsin 11th in Chief Executive magazine's 2016 "Best and Worst States for Business" survey; Wisconsin's recent rankings are as follows: 2016 - 11th; 2015 - 12th; 2014 - 14th; 2013 - 17th; 2012 - 20th; 2011 - 24th; 2010 - 41st. ([Press Release](#), "Governor Walker Announces Wisconsin Makes List of 'Top 15' Best States for Business," Department of Workforce Development, 5/10/16)
- Our improving financial situation also allows us to do more to help our students prepare for college and careers.** The State's Budget Stabilization Fund ended Fiscal Year 2016 with a balance of \$281 million, the highest balance ever in this "rainy day" fund. (State of Wisconsin, 2001-2016 Annual Fiscal Reports)

Budget Stabilization Fund Fiscal Year Fund Balance, In Millions						
FY 2001 - FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
\$ -	\$ 0.5	\$ 0.6	\$ 56.4	\$ 1.3	\$ 1.5	\$ 1.7
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
	\$ 16.6	\$ 125.4	\$ 279.3	\$ 279.7	\$ 280.3	\$ 281.2

- **The State's generally accepted accounting principles (GAAP) deficit, measured as a percent of general fund expenditures, declined from 20.3 percent in Fiscal Year 2003 to 11.4 percent in Fiscal Year 2015.** (State Budget Office, GAAP Deficit as a percent of actual fiscal year net appropriates, in thousands, 12/31/16)

GAAP Deficit As A Percent Of Actual Fiscal Year Net Appropriations		
FY 2015	GAAP Deficit	\$ 1,779,409
	Net Appropriations	\$ 15,594,802
	% Of Net Appropriations	11.4%
FY 2003	GAAP Deficit	\$ 2,242,539
	Net Appropriations	\$ 11,054,282
	% Of Net Appropriations	20.3%

- **The 2015-17 biennial budget (2015 Wisconsin Act 55) included the lowest amount of new bonding in 20 years.** (State Budget Office, 12/31/16)

	Total New Enacted Bonding Authorizations									
	1997-99	1999-01	2001-03	2003-05	2005-07	2007-09	2009-11	2011-13	2013-15*	2015-17**
General Obligation Bonding	806,020,500	1,324,877,300	1,538,975,900	1,569,604,100	1,306,469,300	2,061,283,800	2,900,528,900	1,036,937,800	1,639,492,900	670,943,900
Revenue/Appropriation Bonding	224,420,900	461,585,600	478,582,000	2,004,116,400	228,794,000	703,032,100	680,643,200	694,763,100	409,112,000	(18,786,400)
Total	1,030,441,400	1,786,462,900	2,017,557,900	3,573,720,500	1,535,263,300	2,764,315,900	3,581,172,100	1,731,700,900	2,048,604,900	652,157,500

*Does not include GO refunding authority.
 **Includes \$350 million in GO bonding for DOT that was released by JFC. Also reflects \$233.8 million of GO bonding reductions.
 Note: Includes new bonding authorizations and reductions made to existing bonding authorizations.
 Sources: Legislative Fiscal Bureau Appropriations and Authorizations page of budget Comparative Summaries.

- **The economic impact of tourism went up 30% since we took office.** The total five year growth of tourism activity is up more than \$4.5 billion, a 30% increase from \$14.8 billion in 2010. ([The Power of Tourism Fact Sheet](#), Wisconsin Department of Tourism)



TOURISM HAS A \$19.3 BILLION IMPACT ON THE STATE'S ECONOMY.
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