



OFFICE OF GOVERNOR SCOTT WALKER
STATE OF WISCONSIN

**2018 STATE OF THE STATE ADDRESS:
TAXES AND STATE FINANCES FACT SHEET**

According to the nonpartisan Legislative Fiscal Bureau, both property and income taxes will be lower in 2018 than they were in 2010. ([Property Tax Bill Estimate on a Median-Valued Home Under Joint Finance Committee Substitute Amendment](#), Wisconsin Legislative Fiscal Bureau, 9/13/17; [Property Tax Level in Wisconsin](#), Wisconsin Legislative Fiscal Bureau 1/1/17; [Tax Law Changes Since January 2011](#), Wisconsin Legislative Fiscal Bureau, 4/30/14)

And we eliminated the state property tax. (Working and Winning for Wisconsin, [2017-19 Veto Message](#), State Budget Office)

Eight years ago, the state government created a \$3.6 billion budget deficit. ([2011-12 Budget in Brief](#), State Budget Office)

The previous governor and legislature raided from the transportation fund, the patient compensation fund, heck, they even missed a payment to Minnesota for tax reciprocity. ([2011-12 Budget in Brief](#), State Budget Office; "[Walker Warns of Deeper Debt if Wisconsin Lawmakers Don't Get Budget Deal](#)", Fox News, 2/21/11)

Today, the state ended the last fiscal year with a more than a half-a-billion-dollar surplus...

- According to the 2017 Annual Fiscal Report, Wisconsin ended Fiscal Year 2017 with a \$579 million surplus. (2017 Annual Fiscal Report, [State of Wisconsin](#))

Our pension is fully-funded...

- "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)

...and the rainy-day fund is 168 times bigger than when we took office.

- "Since we took office, Wisconsin has ended every year with a surplus. This budget continues that trend and in addition maintains a rainy day fund that is nearly \$300 million. In fact, it is 168 times

larger than when we first took office.” (Working and Winning for Wisconsin, [2017-19 Veto Message](#), State Budget Office)

Wisconsin’s long-term outstanding debt is one of the lowest, meaning one of the best, in the nation...

- “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)

... we are paying off our obligations faster than we take on debt...

- “We are also paying off debt faster than we are authorizing new borrowing.” (Working and Winning for Wisconsin, [2017-19 Veto Message](#), State Budget Office)

...and three national agencies upgraded our bond rating last year. For Moody’s, this is the first time since 1973. For Fitch and Kroll, it’s the first time ever.

- “Moody's Investors Service has upgraded the state of Wisconsin's General Obligation rating to Aa1. [...] The upgrade to Aa1 reflects the proven fiscal benefits of the state's approach to granting and funding pension obligations when many other states are experiencing stress from rising costs and heavy liabilities[...] (“Moody's upgrades Wisconsin GO to Aa1; outlook stable”, [Moody’s Investor Service](#), 8/4/17)
- Kroll Bond Rating Agency (KBRA) upgraded Wisconsin’s long-term rating to AA+ from AA. “KBRA’s rating reflects, among other observations, that in recent years Wisconsin has consistently and accurately budgeted within its means and has prioritized a combination of tax, spending, and debt restraints that have improved the State’s reserves and liquidity. The State has also simultaneously pursued policies to stabilize and reduce historically high tax burdens.” (“KBRA Upgrades State of Wisconsin’s Outstanding GO Bonds and Master Lease COPs and Assigns AA+/Stable to the State’s GO Refunding Bonds of 2017, Series 2”, [Kroll Bond Rating Agency](#), 10/18/17)
- Fitch Ratings upgraded Wisconsin’s bond rating to "AA+" from "AA." “The state's fiscal performance was historically challenged by structural imbalances and a reliance on one-time resources to cover budgetary needs. The fiscal 2011-2013 budget marked a turning point, with extensive structural budget actions and the resolution of several lingering fiscal challenges. The state used the resulting fiscal momentum to cushion the impact of extensive tax cuts it enacted in its fiscal 2013-2015 biennium.” (Fitch Upgrades Wisconsin's GOs to 'AA+'; Outlook Stable, [Fitch Ratings](#), 10/19/17)

Eight years ago, according to the nonpartisan Legislative Fiscal Bureau, the previous governor and legislature actually cut funding for schools and local governments.

Table 1: Shared Revenue and County and Municipal Aid Payments (Amounts In Millions)

Year	Municipalities		Counties		State Totals	
	Amount	Change	Amount	Change	Amount	Change
2001	\$761.5		\$189.7		\$951.2	
2002	769.1	1.0%	191.6	1.0%	960.7	1.0%
2003	776.8	1.0	193.5	1.0	970.3	1.0
2004*	719.2	-7.4	174.3	-9.9	893.5	-7.9
2005	719.1	-0.0	174.4	0.1	893.5	0.0
2006	721.4	0.3	176.9	1.4	898.3	0.5
2007	721.9	0.1	177.3	0.2	899.2	0.1
2008	722.1	<0.1	177.5	0.1	899.6	<0.1
2009	731.2	1.3	185.6	4.6	916.9	1.9
2010	708.1	-3.2	181.0	-2.5	889.1	-3.0
2011**	711.3	0.5	183.4	1.3	894.7	0.6
2001 to 2011		-6.6%		-3.3%		-5.9%

([Legislative Fiscal Bureau](#), Shared Revenue Program, January 2011)

Table 3: State School Aid, Gross School Levy, Total School Costs, Enrollments and Inflation (1993-94 through 2010-11)

Fiscal Year	State School Aid		Gross School Levy		Total School Costs		Pupil Membership(b)		Costs Per Member		Consumer Price Index(c)
	Amount(a)	Percent Change	Amount(a)	Percent Change	Amount(a)	Percent Change	Pupils	Percent Change	Amount	Percent Change	
1993-94	\$2,186.6	6.9%	\$2,988.1	5.1%	\$5,527.1	4.5%	823,426	1.7%	\$6,712	2.8%	3.0%
1994-95	2,462.0	12.6	2,995.7	0.3	5,848.2	5.8	837,022	1.7	6,987	4.1	2.6
1995-96	2,705.2	9.9	3,023.6	0.9	6,150.2	5.2	848,681	1.4	7,247	3.7	2.8
1996-97	3,566.1	31.8	2,528.1	-16.4	6,546.8	6.4	859,832	1.3	7,614	5.1	3.0
1997-98	3,804.7	6.7	2,590.4	2.5	6,939.0	6.0	867,547	0.9	7,998	5.0	2.3
1998-99	3,989.4	4.9	2,735.8	5.6	7,250.7	4.5	868,146	0.1	8,352	4.4	1.6
1999-00	4,226.3	5.9	2,795.2	2.2	7,535.4	3.9	868,274	0.0	8,679	3.9	2.2
2000-01	4,463.3	5.6	2,927.8	4.7	7,899.8	4.8	869,327	0.1	9,087	4.7	3.4
2001-02	4,602.4	3.1	3,071.8	4.9	8,349.0	5.7	871,204	0.2	9,583	5.5	2.8
2002-03	4,775.2	3.8	3,192.0	3.9	8,749.9	4.8	871,979	0.1	10,035	4.7	1.6
2003-04	4,806.3	0.7	3,367.6	5.5	8,911.2	1.8	871,214	-0.1	10,228	1.9	2.3
2004-05	4,857.9	1.1	3,610.7	7.2	9,216.2	3.4	869,002	-0.3	10,605	3.7	2.7
2005-06	5,159.1	6.2	3,592.3	-0.5	9,539.4	3.5	868,089	-0.1	10,989	3.6	3.4
2006-07	5,294.4	2.6	3,787.8	5.4	9,902.9	3.8	867,699	-0.0	11,413	3.9	3.2
2007-08	5,340.1	0.9	4,066.6	7.4	10,265.1	3.7	863,013	-0.5	11,894	4.2	2.8
2008-09	5,462.4	2.3	4,279.0	5.2	10,623.3	3.5	860,477	-0.3	12,346	3.8	3.8
2009-10	5,315.4	-2.7	4,537.6	6.0	N.A.		858,205	-0.3	N.A.		-0.4
2010-11	5,325.0	0.2	4,692.9	3.4	N.A.		N.A.		N.A.		N.A.

(a) In millions of dollars; data since 1996-97 are appropriated amounts.

(b) Membership used for the calculation of general school aids in the next year.

(c) Percent change in the average CPI for calendar years 1993 through 2009.

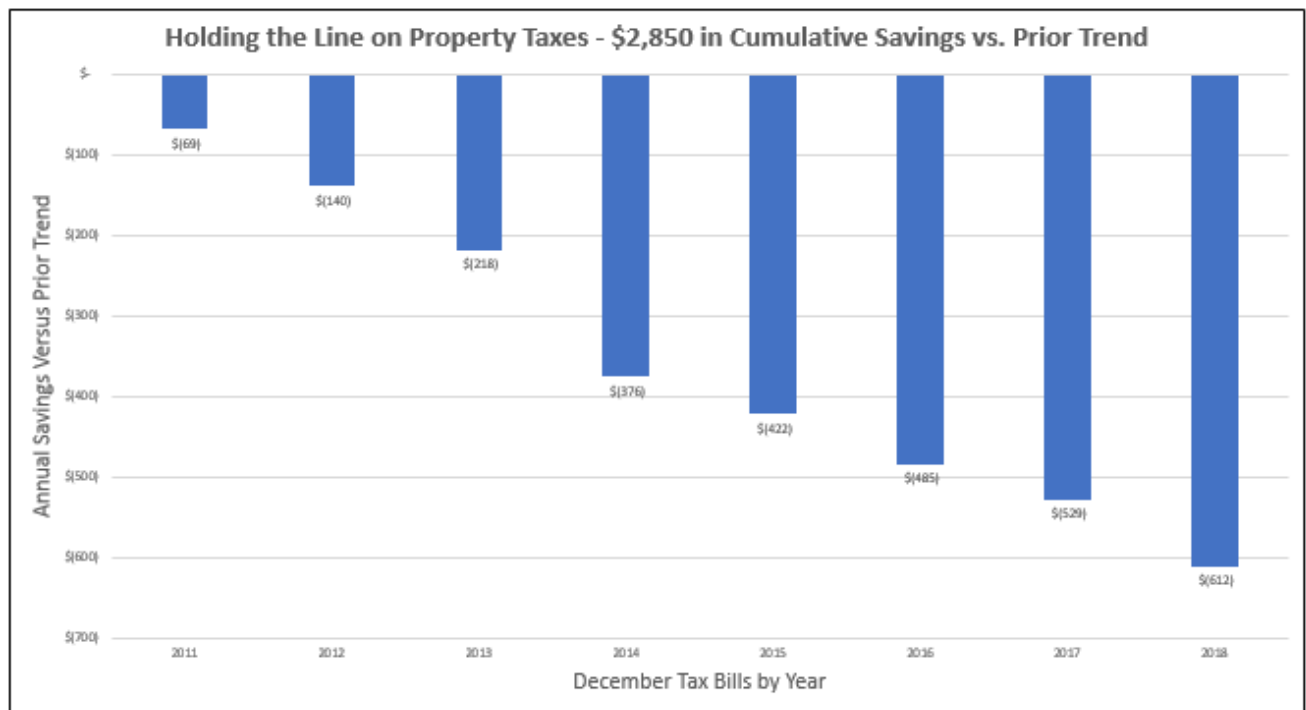
([Legislative Fiscal Bureau](#), State Aid to School Districts, January 2011)

And the reforms we passed years ago have saved schools, local and state governments more than \$5 billion and counting, according to an independent review.

- “Act 10... has saved Wisconsin taxpayers \$5.24 billion, according to a new analysis by the MacIver Institute.” ([MacIver Institute](#), “Act 10 Saves Wisconsin Taxpayers More Than \$5 Billion Over 5 Years, MacIver Analysis Finds, 2/25/2016)

Eight years ago, taxes were going up. In fact, during the decade before we took office, property taxes alone went up 27 percent. (State Budget Office, Wisconsin Department of Revenue)

Today, both property and income taxes are actually lower than they were in 2010. Property taxes on a median-valued home are estimated to be more than \$100 lower in 2018 than they were in 2010. If the previous trend had continued from before I took office, the estimated property tax bills on a typical home would be \$612 higher than they are this year. (State Budget Office)



And, for the first time since 1931, there is no state property tax. (Working and Winning for Wisconsin, [2017-19 Veto Message](#), State Budget Office)

- The last remaining state property tax was the state forestation tax, which was created in 1931. (State of Wisconsin, Legislative Fiscal Bureau, Property Tax Level in Wisconsin, January 2017) (State of Wisconsin, Legislative Reference Bureau, A History of Property Tax and Property Tax Relief in Wisconsin, p.26)

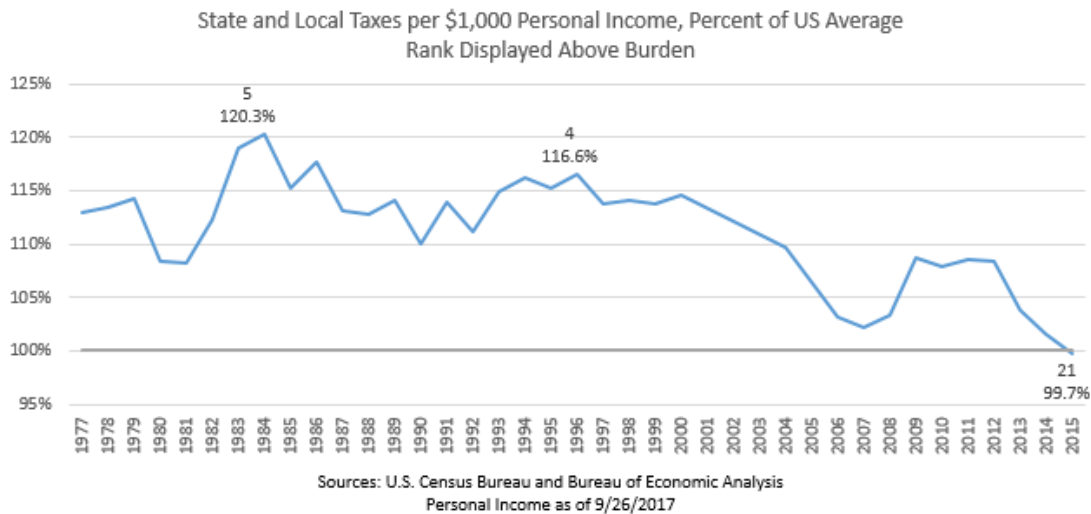
In fact, property taxes as a percentage of personal income are the lowest they have been since the end of World War II.

- “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)

Plus, we cut income taxes - so a typical family will have saved \$1,400 since 2010. (State Budget Office)

The overall state and local tax burden in Wisconsin, once one of the highest in the country, is now below the national average. Based on data from the U.S. Census Bureau, it’s the lowest it’s been in more than 50 years.

Wisconsin's State and Local Tax Burden Lowest in Five Decades



(Wisconsin Department of Revenue; [State-local taxes: Wisconsin’s place in the 50- state pecking order](#), Wisconsin Taxpayers Alliance, 10/17/17; [State and Local Government Finance](#), United States Census Bureau, accessed 1/17/18)

Through the end of this budget, the cumulative impact of our savings to the hard-working taxpayers will exceed \$8 billion. (Working and Winning for Wisconsin, [2017-19 Veto Message](#), State Budget Office)

Only 2 other states in America have reduced their tax burden more than we have since 2011. (Wisconsin Department of Revenue, United States Census Bureau and Bureau of Economic Analysis, accessed 1/17/18)

...more than 90 percent of the bills that I signed into law were passed with more than just Republican votes. (Legislative Reference Bureau, Office of Governor Scott Walker)