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New Tax Proposal Overwhelmingly Favors Highest Earners

A new analysis released today concludes that the wealthiest 5% of Wisconsinites--a group with an average income of \$392,000--would get over a third of the benefit of the new income tax cuts proposed this week.

The analysis by the [Institute on Taxation and Economic Policy](#) (ITEP) estimates that the bottom three-fifths of earners – those making \$60,000 a year or less – would only receive 11% of the benefit of the proposed income tax cuts. The top 20%--a group with an average income of \$183,000--would receive more than two-thirds of the benefit.

The author of the tax plan, Rep. Dale Kooyenga, claimed Tuesday that his proposal would “help out everyone in Wisconsin, but particularly the middle class.”

Tamarine Cornelius, policy analyst for the [Wisconsin Budget Project](#), disputed that assessment. “The largest percentage reduction in the proposed tax rates is for income between about \$200,000 and \$300,000,” she said.

Cornelius added that more than three-quarters of a million low-income tax filers won’t get any benefit from the proposal at all. “Since low-income households typically pay a larger percentage of their income in state and local taxes than the highest income Wisconsinites, it’s disappointing that so many of them don’t benefit from the plan,” Cornelius said.

According to the ITEP analysis, the 20% of Wisconsin tax filers with the lowest incomes would receive an average tax cut of just \$2 per year, compared to \$2,491 for the top 1% of tax filers.

Jon Peacock, director of the Wisconsin Budget Project, noted that the distribution of the proposed tax cut is just one of the problems with the proposal. “An even bigger problem is that the proposal creates a big fiscal hole the legislature will have to fill in the next budget, and it undermines the state’s capacity to help educate our children, ensure a healthy workforce, and build safe communities,” Peacock said.

For more information, see the Wisconsin Budget Project’s [blog post](#) on the ITEP analysis at <http://bit.ly/11r4LQc>.

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