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## Governor Walker's Tax Shift Plan Would Increase Taxes on Most Wisconsinites

Governor Walker's proposal to eliminate the state's income tax and raise the sales tax to make up for lost revenue will mean higher taxes for the bottom four-fifths of state residents, while providing large tax cuts to the wealthiest Wisconsin taxpayers, according to a new analysis.

"Simply swapping out the income tax for the sales tax would mean a tax hike for the vast majority of Wisconsinites, without doing anything to boost our economy," said Jon Peacock, director of the Wisconsin Budget Project.

To replace the revenue lost by the income tax, the state sales tax rate would need to be raised to 13.5%, which would be the highest in the nation. That means Wisconsin shoppers would see an extra 8.5% tacked onto their bill when they buy most products.

The following table shows the average tax change by income group if the individual and corporate income taxes were repealed, and the sales tax rate raised to 13.5% to make up for the revenue loss. The analysis assumes that refundable tax credits aimed at helping low-income individuals would not be eliminated; if those credits were eliminated, then the tax increases for those with lower incomes would be even larger than shown in the table below. The analysis was conducted by the Institute for Taxation and Economic Policy.

<b>How Would An "Income Tax Swap" Affect Who Pays Taxes in Wisconsin?</b>			
<u>Income Group</u>	<u>Average Income</u>	<u>Average Tax Change</u>	<u>Tax Change as Share of Income</u>
Lowest 20%	\$14,000	+\$747	+5.4%
Second 20%	\$29,000	+\$1,045	+3.7%
Middle 20%	\$47,000	+\$755	+1.6%
Fourth 20%	\$73,000	+\$266	+0.4%
Next 15%	\$113,000	-\$1,509	-1.3%
Next 4%	\$224,000	-\$5,780	-2.6%
Top 1%	\$1,065,000	-\$43,997	-4.1%

"Governor Walker has said he is focused on cutting taxes, but this plan does just the opposite because repealing the income tax would mean that all but the wealthiest taxpayers would be paying *more* in taxes, not less," said Peacock. "We won't create prosperity and jobs for Wisconsin by raising taxes on most families just to pay for tax cuts for the rich."

An expanded version of the tax table is [available at our website](#). Watch the [Wisconsin Budget Project blog](#) for further updates on this topic.