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Contacts: Tamarine Cornelius, 608-284-0580 ext 305
Jon Peacock, 608-284-0580 ext 307

Recent Tax Cuts Deliver Little to Lowest Earners

Three major tax cut packages passed by the Wisconsin legislature in the last year have delivered relatively little benefit to people who earn the least, according to a [new analysis from the Wisconsin Budget Project](#), a nonpartisan research group focusing on tax and budget policy.

“Low-income people didn’t get much out of this round of tax cuts,” said Tamarine Cornelius, an analyst at the Wisconsin Budget Project. “If the legislature wants to keep taxes low for people with modest incomes, the best way to do that is to strengthen tax credits that keep taxes affordable for low-income people and individuals, not hand out untargeted tax cuts.”

In 2013 and 2014, the state legislature passed three substantial tax cuts: A June 2013 cut in income tax rates, an October 2013 property tax cut, and a March 2014 combined property tax cut and income tax rate cut package.

The three tax cuts combined give the bottom 20% of income earners in Wisconsin – those earning an average of \$14,000 a year – an average tax break of \$48 in 2014. In contrast, the top 1% of earners – who have an average income of \$1.1 million – received an average tax cut of \$2,518, fifty-three times higher than the tax cut received by the lowest income group.

“The top 1% will save more on taxes each week from the tax cuts than the lowest income group will save over the course of the whole year,” said Cornelius. “These tax cuts won’t do much to promote job growth, and they won’t do much to put money in the pockets of people who need it the most.”

Only a very small share of the value of the tax cuts went to people with low incomes. Out of every dollar of tax cuts, just \$0.04 goes to the bottom 20% of earners, according to the [analysis](#). Taxpayers in the next highest income group didn’t benefit much either: they received just \$0.08 out of every dollar in tax cuts. Together, the bottom 40% of taxpayers receive just \$0.12 of every dollar in tax cuts. In contrast, the top 20% of earners receive half the value of the tax cuts, the same share as the rest of the 80% of earners combined.

When the tax cuts are measured as a share of income, the lowest group of earners received the second-smallest reduction in taxes.

The full analysis, which is based on information from the Institute on Taxation and Economic Policy, is [available on the Wisconsin Budget Project website](#).

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