

Proposed Tax Cut Privileges Wealthiest 1%, Leaves Struggling Families Behind

June 29, 2023

Wisconsin can be a place where we all—regardless of race or place—have what we need to make ends meet. However, last week the Republican-controlled Joint Finance Committee voted for a tax cut that would let Wisconsin’s wealthiest off the hook from paying what they owe. It will mean that many struggling families are left behind, particularly children and families of color and those furthest from opportunity. We are calling on Governor Evers to stand up for everyday families and veto this tax cut for the wealthy few.

Wisconsin’s Already Inequitable System

In the last four decades, the wealthiest residents of the state—who are disproportionately white—[have seen explosive growth in their incomes](#), while everyone else has seen little growth. Even worse, [families with low incomes already pay a greater share](#) of their income in overall taxes than the richest 1%. That’s because in addition to income taxes, sales and local property taxes are the next two biggest sources of tax revenue, and they both fall more heavily on people with low incomes.

Tax Cut for the Wealthy Few

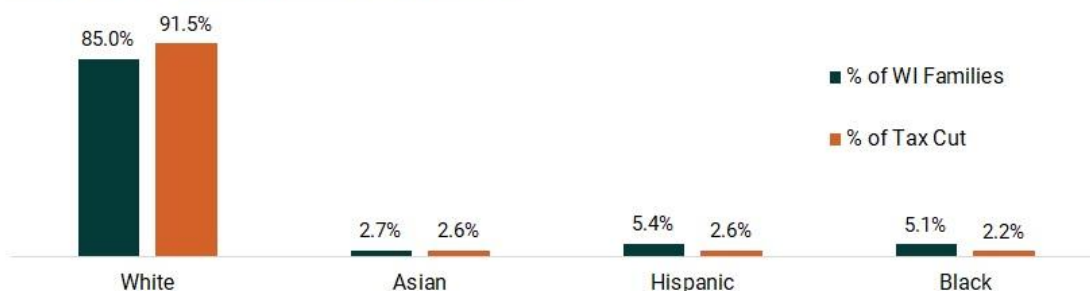
How does the Republican-controlled Joint Finance Committee’s tax plan stack up? An analysis of data provided by the Legislative Fiscal Bureau reveals:

- People making \$30,000 or less comprise 40% of all WI income tax filers. But they would get only 0.4% of the tax cut – an average of \$4 each.
- People making over \$500,000 comprise less than 1% of tax filers (0.8%), but they would get 25% of the tax cut - an average of \$12,753 each.

Furthermore, Wisconsinites of color would overwhelmingly receive very little benefit.

Wisconsin Families of Color Receive Very Little Benefit from Tax Cut

Distribution of Proposed Tax Cut by Race & Ethnicity



Source: Institute on Taxation and Economic Policy, June 2023

Note: White, Asian, and Black categories include only tax units headed by non-Hispanic people, whereas Hispanic tax units include those headed by people of any race.

Almost 1 Million People Would See No Benefit

The LFB figures show that 958,000 income tax filers would get no benefit from the tax plan. These Wisconsinites don't make enough to pay income taxes, but they pay a larger percentage of income for state and local taxes. Also, sales taxes – unlike income tax – rise with inflation. Residents with low incomes have been hit much harder by inflation than those with high incomes. On top of this, there will soon be a huge jump in sales taxes in Milwaukee.

For everyone to thrive, we must eliminate the severe racial inequities in our state. But, instead of providing everyday families with economic relief, the Republican-controlled Joint Finance Committee is doing the opposite.

We are calling on Governor Evers to stand up for everyday families and veto this tax cut for the wealthy few. At the very least, Wisconsin's wealthiest 1% need to pay what they owe.

One Solution: Bolster the Homestead Credit

The Homestead Credit—which provides targeted property tax relief to low-income homeowners and renters—is especially important for low-income renters because they get little or no benefit from other forms of property tax assistance. Wisconsin has one of the largest gaps nationally in home-ownership rates between Black and white residents, which means that the sharp drop in this credit over the past few years disproportionately impacts people of color. This credit has been cut by 70% over the past 10 years (adjusted for inflation).

About Kids Forward

Kids Forward inspires action and promotes access to opportunity for every kid, every family, and every community in Wisconsin, notably children and families of color and those furthest from opportunity. Using a research- and community-informed approach, we advocate for effective, long-lasting solutions that break down barriers to success for children and families. Visit kidsforward.org.

An initiative of Kids Forward, the **Wisconsin Budget Project** is working to enact transformative change with the goal of constructing a new, more equitable economy. Visit wisconsinbudgetproject.org.

