

Governor Delivers on Promise of 10-Percent Middle-Class Tax Cut

Written by GOV Press Wisconsin

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State budget to deliver more than \$1.2 billion in targeted tax relief to working families, parents, veterans, caregivers, seniors, and student loan borrowers.

MADISON — Gov. Tony Evers announced provisions yesterday in his 2023-25 biennial budget that will [deliver on the governor's promise](#) made last August to fight for a 10-percent middle-class tax cut. The plan aims to build upon income tax cuts signed by Gov. Evers since taking office that have returned \$1.4 billion annually to taxpayers by delivering more than \$1.2 billion in targeted tax relief to working families, parents, veterans, caregivers, seniors, and student loan borrowers, among others, while limiting tax giveaways to wealthy earners.



“I promised the people of this state I’d fight to deliver a 10-percent tax cut for middle-class and working families, and today, I’m proud to deliver on that promise. I’ve said all along that we’d deliver real, responsible tax relief targeted to the middle class and working families—not spending big on breaks for the wealthiest 20 percent of earners in our state who don’t need the extra help affording rising costs,” said Gov. Evers.

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“I’m proud to have signed one of the largest tax cuts in state history and to have kept my promise to provide a 15-percent tax cut for middle-class families during my first term in office, and with this budget proposal, we’re going to build on that work so we can keep taxes low now and into the future responsibly and without driving our state into debt or causing devastating cuts to priorities like public schools or public safety.”

Over the course of his first term, Gov. Evers more than delivered on the promise he made before being elected governor in 2018 to provide a 10-percent, middle-class tax cut. In the 2021-23 biennial budget, the governor signed one of the largest tax cuts in Wisconsin state history, providing \$2 billion in individual income tax relief over the biennium and approximately \$1 billion annually going forward. When combined with the tax cuts Gov. Evers signed in [the 2019-21 biennial budget](#)

, as well as

[2019 Wisconsin Act 10](#)

, 86 percent of Wisconsin taxpayers have seen an income tax cut of 15 percent or more, with 2.4 million taxpayers getting relief.



Additionally, Gov. Evers last year [directed](#) the Wisconsin Department of Revenue to revise its withholding tax tables, changing how much income employers withhold from an employee’s paycheck in taxes. Based on these directed changes and Gov. Evers’ prior tax cuts, over the course of the last year, a single filer making \$50,000 will have seen \$551 more in their paychecks while a married couple each earning \$50,000 combined will have seen over \$1,200 more for their household in their paychecks.



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Gov. Evers' tax plan announced Sunday draws stark contrast to a Republican-backed flat tax proposal to give enormous breaks to wealthy millionaires and billionaires rather than prioritizing relief for working families. Based on available details, Republicans' plan would provide more than \$3.5 billion in tax breaks to the wealthiest 20 percent of Wisconsin tax filers, which is nearly four times what the remaining 80 percent of filers would see combined. All told, nearly 80 percent of the flat tax plan will benefit the top 20 percent of earners who file taxes in Wisconsin.

A breakdown of the governor's proposals to create a fairer tax code, provide tax relief to working families, and limit special tax giveaways that primarily benefit the highest earners is available below.

PROVIDING LONG-TERM TAX RELIEF FOR WORKING FAMILIES

Income tax cuts signed by Gov. Evers since he took office have returned \$1.4 billion annually to taxpayers, overwhelmingly to the middle class.

The governor's 2023-25 biennial budget proposals add approximately \$1.2 billion over the biennium in tax relief for low- and middle-income Wisconsinites, especially those with kids and those who provide care to family members. The governor's proposals include:

- **Creating a nonrefundable Family and Individual Reinvestment (FAIR) Credit**, which would cut taxes by 10 percent for single filers at or below \$100,000 in annual adjusted gross income and married-joint filers at or below \$150,000.
 - The credit would gradually phase out for single filers with adjusted gross incomes between \$100,000 and \$120,000 and married-joint filers with incomes between \$150,000 and \$175,000.
 - Below the start of the phase-out thresholds, the credit will have a \$100 minimum for single and married-joint filers and a \$50 minimum for married-separate filers.
 - This will provide total tax relief of \$418.7 million in fiscal year 2023-24 and \$420.9 million in fiscal year 2024-25, with over 1.9 million Wisconsin tax filers seeing an average tax cut of over \$200 annually.
- **Increasing Wisconsin's supplement to the federal Earned Income Tax Credit (EITC)** for working families with one or two children.
 - Targeted tax relief through the EITC has been effective in reducing child poverty to help kids succeed, yet Wisconsin's credit for those with one or two children lags most other states and should be increased.
 - Beginning with tax year 2023, the governor's budget will increase the percentage of the federal credit that filers with one dependent child may claim from 4 percent to 16 percent and increase the percentage that filers with two children may claim from 11 percent to 25 percent.
 - Under these changes, nearly 200,000 filers with children will receive total tax relief of

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\$60.7 million in fiscal year 2023-24 and \$63.8 million in fiscal year 2024-25, and the average tax relief for these taxpayers will be over \$300 annually.



Expanding the current state Child and Dependent Care Tax Credit from 50 percent of the federal credit to 100 percent beginning with tax year 2023.

- Most people eligible for the credit could receive up to \$600 if they are claiming it for one qualifying individual's expenses or \$1,200 for two or more qualifying individuals' expenses.

- This will provide over \$27 million annually in tax relief to over 100,000 Wisconsin taxpayers at an average benefit of over \$260 per filer.

- **Creating a caregiver tax credit** equal to 50 percent of the qualifying expenses incurred by those providing care or support to adult family members requiring assistance with one or more daily activities, limited to \$500 in a tax year.

- For single filers, the credit will be available for those with incomes up to \$75,000, subject to a phase-out for those with incomes between \$75,000 and \$85,000. The credit will be available to married-joint filers with incomes up to \$150,000, subject to a phase-out for those with incomes between \$150,000 and \$170,000.

- This will result in \$96.7 million in tax relief in fiscal year 2023-24 and \$98.3 million in fiscal year 2024-25, providing an estimated 240,000 taxpayers with an average tax cut of nearly \$400.

- Qualifying expenses under the credit include modifications to a dwelling for the care or support of a family member, purchase or lease of assistance equipment, and acquisition of goods or services or support to assist in caring for a qualified family member.

PROVIDING TARGETED TAX RELIEF FOR SENIORS AND VETERANS

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The governor's budget proposal provides targeted property tax relief by:

- **Enhancing the Homestead Credit** to provide increased property tax relief to lower-income Wisconsinites, particularly seniors and individuals with disabilities.
 - Over the years, Republicans have eroded the value of the state's Homestead Credit by failing to adjust the credit for inflation, and due to inflationary adjustments in Social Security benefits, the number of senior claimants of the Homestead Credit has been greatly reduced in recent years.
 - The governor's budget will increase the maximum eligible household income under the program from \$24,680 to \$35,000 and restore indexing for the credit beginning with tax year 2023, which is vital for those on fixed income streams such as Social Security or disability payments.
 - Beneficiaries will see approximately \$100 million in targeted property tax relief over the biennium through this expansion of the Homestead Credit.



Expanding the Veterans and Surviving Spouses Property Tax Credit to include renters and increasing availability of the credit to those with disability ratings in excess of 70 percent.

- This proposal would extend the credit for renters at the rate of 20 percent for those with heat included in their rent and 25 percent for those without heat included in their rent.
- In total, these provisions will provide \$26.2 million in relief in fiscal year 2023-24 and \$27.3 million in fiscal year 2024-25. This proposal was [previously announced](#) along with the governor's other budget investments to support Wisconsin's 300,000 veterans.

PROTECTING STUDENT LOAN BORROWERS

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