

Economists Verify Tim Michels' "Flat Tax" Idea Only Benefits the Rich

Written by Evers Press Wisconsin
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<http://newiproggressive.com/images/stories/S5/tim-michels-wisgop-candidate-abc13-s460.jpg>



Milwaukee Journal Sentinel reports about 3% of Wisconsin residents would get an income tax cut, while people making \$25,000 to \$300,000 per year would get an increase.

MADISON, Wis. — In case you missed it, an article from the [Milwaukee Journal Sentinel](#) exposed Tim Michels' flat tax idea as a policy that would only benefit Wisconsin's wealthiest residents. Experts from across the country detailed this week how this plan will hurt many Wisconsin families.

For the duration of his campaign, Michels has not provided a serious tax plan and even stated just a few days ago that his tax plan was to just "bring in the smart tax people," put everything on a "big whiteboard" and figure out solutions. His own running mate recently conceded of Michels' tax plan, "I can't tell you exactly what form this tax reform is going to take." But as the economists made clear, his recent proposal for a flat tax, is a way to benefit the wealthiest like himself at the expense of working Wisconsinites.

The article notes that under Michels flat tax proposal "about 3% of Wisconsin residents would get an income tax cut, while people making \$25,000 to \$300,000 per year would get an increase."

While Governor Tony Evers has spent the past four years cutting taxes, creating jobs, and investing in the state's small businesses and family farms, Tim Michels is running for governor to further his own interests and he will do it at the cost of hard working Wisconsinites.

Read more below.

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Milwaukee State Journal: [Economists say Tim Michels' flat tax idea would only benefit the rich](#)

More than two dozen economists say a "flat tax" that Republican gubernatorial candidate Tim Michels has said he is open to would only favor Wisconsin's richest residents.

Under the flat tax Michels has alluded to, about 3% of Wisconsin residents would get an income tax cut, while people making \$25,000 to \$300,000 per year would get an increase, said Michael Rosen, Milwaukee Area Technical College professor emeritus of economics and a longtime Democratic political activist.

People making more than \$500,000 per year would get an average tax cut of \$22,800 per year, Rosen said.

The findings were written in a letter signed by economics professors from universities in Wisconsin, Missouri, Illinois, New Jersey and Massachusetts and presented at a news conference Wednesday in Milwaukee.

Representatives from the Michels campaign were sent the letter but could not immediately be reached for comment Wednesday.

During the only debate between Michels and Gov. Tony Evers, Michels said he would enact "massive tax reform to get more money in people's pockets."

Michels has provided few details about his tax plan, but during a campaign stop Oct. 5 at the Square Tavern in downtown Baraboo he said he thinks the tax could be about 5%.

"I'm going to sit down with all the smart tax people, we're going to figure out how low we can get the income tax," Michels said in Baraboo. "Right now, it looks like we could get it somewhere just below 5%. If you had a flat tax at that number, the tax level would actually come up for those on the lowest income bracket. I do not want to raise the taxes on anyone."

Michels regularly reports more than \$1 million in state income taxes. That payment level suggests he has an income of up to tens of millions of dollars a year, meaning he would be one of the top benefactors of a flat tax.

Wisconsin's income tax rates start at 3.54% and rise to 7.65%. Republicans who control the state Legislature over the past decade have focused their income tax rates on the middle brackets but largely left in place the top rate, which is levied on individuals for income of \$267,000 and up.

Republican state Sen. Dale Kooyenga, a certified public accountant, said he has been a longtime advocate of a flat tax for Wisconsin, but there would be significant dynamics to work through to make it work the way the state's tax code is structured.

"I think the policy could favor everyone, if not directly, indirectly," said Kooyenga, who is

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leaving the Senate at the end of the year. "A lot of people who are older with higher incomes leave the state because we have higher taxes. We have a better community when we have more seniors around."

Kooyenga said getting to a flat tax could be difficult in two years, which is how Wisconsin's budget cycle is structured, but if certain policies are put in place, the state could get there over time.

Other Republican candidates have campaigned in Wisconsin on getting a flat tax, but the idea has never gone anywhere.

Elsewhere, the idea has succeeded. Utah adopted a flat tax in 2007, North Carolina in 2014; Kentucky in 2019; Next year Idaho and Mississippi will, and in 2024 Arizona and Georgia will adopt a flat tax.

A new analysis prepared by Wisconsin's nonpartisan Legislative Fiscal Bureau shows in order to enact a flat tax without significant spending cuts the new flat tax rate would have to be 5.22%.

If that were to happen, the bureau projects that about 73% of tax filers would see an increase of \$249 per year, on average.

"Assuming the state legislature is unwilling to pass significant new regressive sales or property taxes, financing a flat tax would require massive spending cuts," said Philip Rocco, a political science professor at Marquette University.

Michels has said that he is only interested in the flat tax if it doesn't raise taxes for anyone. For that to happen, the flat tax rate would need to be 3.45%. That rate would be a windfall for the state's richest taxpayers but would reduce Wisconsin's revenue by \$5.59 billion the first year and \$3.855 billion every year after, according to economists.

For perspective, \$3.855 billion is more than the University of Wisconsin-Madison's total budget and seven times greater than the support that the state currently provides the university.

"A lot of Republicans talk about how they love the police, but are they willing to defund the police when they aren't getting enough taxes to support it?" said Luz Sosa, an economics professor at MATC.