



## Legislative Fiscal Bureau

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June 21, 2023

TO: Representative Francesca Hong  
Room 122 North, State Capitol

FROM: Noga Ardon, Sydney Emmerich, and Dan Spika, Fiscal Analysts

SUBJECT: Individual Income Tax and Sales and Use Tax Revenues by County and State Aids to Municipal and County Governments

At your request, this memorandum provides information on the amounts generated by the individual income tax and the state sales and use tax, by county. The individual income tax and the general sales and use tax are the two largest sources of revenue for the state's general fund. In 2020-21, these two revenue sources represented 80% of general fund tax collections. The memorandum also provides information regarding the amounts that each county and municipal government receives in revenues from the state, as reported in the Municipal Finance Report.

Caution should be exercised when attempting to compare state aid payments made to counties with net individual income tax amounts associated with those counties. The latter are based on a taxpayer's county of residence, which may not be the same county where the taxpayer is employed or operates a business. Therefore, net tax amounts associated with a specific county could misrepresent the overall level of economic activity in that county, and its relative need for state aid.

### Individual Income Tax

Attachment 1 reports net individual income tax amounts by county, based on income tax returns filed between July 1, 2020, and June 30, 2021, as reported in the Wisconsin Municipal Income per Return Report for 2020 compiled by the Department of Revenue (DOR). Total net income tax included in Attachment 1 is lower than total individual income tax collections reported for state fiscal year 2020-21 for several reasons. First, net tax amounts and total income tax collections in a fiscal year are not directly comparable. Net tax equals individual income tax liability after nonrefundable credits, but does not include other amounts (such as interest and penalties owed on late or insufficient tax payments) that would appear in fiscal year collections data. Second, revenue from individuals who are not required to file an income tax return (such as income taxes withheld from certain nonresident members of pass-through entities) would not appear in the DOR report, but would be included in fiscal year data. Moreover, data from returns for which the filer's

county of residence is missing or indeterminate, and from all returns of filers who are not residents of Wisconsin, would not appear in the DOR report, but would appear in state fiscal year collections data.

DOR cautions in its report that taxpayers often misreport their municipality of residence on their individual income tax return. If their actual municipality of residence is located in a different county than the municipality indicated on their return, this would skew the net tax data reported for each affected county.

## **Sales and Use Tax**

Attachment 2 shows the amount of state sales and use tax collected in each county that is deposited into the state's general fund. State sales and use tax data is derived from county level data DOR obtains from tax returns. It should be noted that DOR only has county level data for counties that impose the county sales and use tax. Therefore, for the counties without a county sales tax, Manitowoc, Racine, Waukesha, and Winnebago, these amounts must be estimated. In the past, DOR has used Census Bureau retail sales, population estimates published by the Department of Administration, DOR's Wisconsin Municipal Income per Return Report, and commercial real estate data to estimate state sales tax attributable to counties without a county sales tax. The estimates included in Attachment 2 for Manitowoc, Racine, Waukesha, and Winnebago counties are derived from DOR's estimates for calendar year 2017, adjusted to fiscal year 2020-21.

Note that the sales and use tax amounts for each county shown in the table do not total actual fiscal year 2020-21 state sales and use tax collections. This is partly because sales tax collected through audits are not included on tax returns and are therefore not attributed to a specific county. As such, the attachment shows state sales and use tax collected in each county as a percent of the total allocated sales and use tax, rather than total 2020-21 collections.

## **State Aids to Municipal and County Governments**

Municipal and county governments in Wisconsin receive various forms of revenue from the state. The state provides both categorical aid, which must be used for a specific purpose, and unrestricted aid, which can be used for any activity approved by the local governing body. The largest sources of state aid to municipalities are county and municipal aid (shared revenue) and transportation aids, which together comprised 82.5% of state aid payments provided to municipal governments in 2020. The largest source of state aid to county governments was for health and human services, which comprised 68.3% of state aid payments to county governments in 2020. Other forms of state aid include aids for property tax-exempt property, including utilities, and for the expenditure restraint and payments for municipal services programs. Municipal and county governments also receive state payments for general government, law enforcement, emergency planning, road improvement, sanitation, culture and recreation, and community development, among others. Local governments also receive payments in lieu of taxes on forest or state conservation lands.

The state provides aid to local units of government for a number of reasons. State aid may defray the cost of providing services for local residents, replace lost tax revenues from tax-exempt property, substitute for local taxes, or fund local mandates, to name a few. State aid may be provided

for reasons that are unrelated to the general level of economic activity within the jurisdiction of the local government.

Attachment 3 indicates the total amount that local governments received in state aid in 2020, as reported to DOR annually on the municipal and county financial report forms. The calendar year 2020 data is the most recent year for which the municipal report form data is available. The table displays the state aid amounts received by county governments, as well as the total amounts received by municipal governments in each county.

It should also be noted that all counties in the state except Milwaukee County are responsible for administering their county's child welfare services programs. The state Department of Children and Families administers child welfare services in Milwaukee County. However, the statutes require Milwaukee County to contribute \$58.9 million annually to offset the state's cost of providing child welfare services in Milwaukee County. Milwaukee County's contribution is provided as an annual reduction in state aid payments the county would otherwise receive. The state aid amounts shown in Attachment 3 for Milwaukee County are net of these reductions.

Attachment 3 indicates only \$2.9 billion in state aid payments to municipal and county governments in 2020. It should be noted that the state also distributed aid in 2020-21 to other local jurisdictions with the authority to levy property taxes, including \$6.3 billion to school districts and \$122.9 million to technical colleges. Finally, the state also provided aid to offset local property taxes in 2019-20, including \$940.0 million for the school levy tax credit, \$406.0 million for a reduction in the technical college levy, and \$150.0 million for the first dollar property tax credit.

We hope this information is helpful. Please contact us with any questions.

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Attachments

## ATTACHMENT 1

### Net Individual Income Tax by County (\$ in Millions), Fiscal Year 2020-21

<u>County</u>	<u>Net Individual Income Tax</u>	<u>% of Total</u>	<u>County</u>	<u>Net Individual Income Tax</u>	<u>% of Total</u>
Adams	\$15.1	0.2%	Milwaukee	\$1,094.9	13.7%
Ashland	11.9	0.1	Monroe	40.5	0.5
Barron	43.3	0.5	Oconto	42.3	0.5
Bayfield	15.2	0.2	Oneida	45.1	0.6
Brown	407.7	5.1	Outagamie	285.1	3.6
Buffalo	10.0	0.1	Ozaukee	251.4	3.1
Burnett	11.3	0.1	Pepin	7.1	0.1
Calumet	71.8	0.9	Pierce	34.9	0.4
Chippewa	70.2	0.9	Polk	36.6	0.5
Clark	28.4	0.4	Portage	83.2	1.0
Columbia	75.4	0.9	Price	11.3	0.1
Crawford	14.1	0.2	Racine	249.5	3.1
Dane	1,099.2	13.7	Richland	13.8	0.2
Dodge	99.3	1.2	Rock	201.2	2.5
Door	41.4	0.5	Rusk	9.1	0.1
Douglas	29.7	0.4	Sauk	97.4	1.2
Dunn	43.9	0.5	Sawyer	78.3	1.0
Eau Claire	136.3	1.7	Shawano	14.1	0.2
Florence	4.1	0.1	Sheboygan	36.1	0.5
Fond du Lac	129.7	1.6	St. Croix	148.3	1.8
Forest	7.1	0.1	Taylor	19.0	0.2
Grant	38.8	0.5	Trempealeau	28.9	0.4
Green	48.8	0.6	Vernon	26.1	0.3
Green Lake	19.3	0.2	Vilas	23.7	0.3
Iowa	29.7	0.4	Walworth	138.9	1.7
Iron	5.2	0.1	Washburn	14.7	0.2
Jackson	16.4	0.2	Washington	231.5	2.9
Jefferson	100.9	1.3	Waukesha	952.0	11.9
Juneau	22.6	0.3	Waupaca	55.9	0.7
Kenosha	212.4	2.6	Waushara	19.8	0.2
Kewaunee	22.5	0.3	Winnebago	229.9	2.9
La Crosse	149.2	1.9	Wood	<u>81.0</u>	<u>1.0</u>
Lafayette	14.0	0.2			
Langlade	16.7	0.2	Total Allocated		
Lincoln	28.7	0.4	to Counties*	\$8,017.0	100.0%
Manitowoc	87.6	1.1			
Marathon	184.8	2.3			
Marinette	\$37.4	0.5			
Marquette	13.6	0.2			
Menominee	1.6	0.0			

\*The total shown here is lower than the total FY21 individual income tax collections of \$9,283.4 million. Data from returns for which the filer's county of residence is missing or indeterminate, and from all returns of filers who are not residents of Wisconsin, would not appear in Attachment 1, but would appear in fiscal year collections data

Source: Wisconsin Municipal Income per Return Report for 2020 from DOR.

## ATTACHMENT 2

### State Sales and Use Tax Collections by County (\$ in Millions), Fiscal Year 2020-21

<u>County</u>	<u>State Sales and Tax Collections</u>	<u>% of Total</u>	<u>County</u>	<u>State Sales and Use Tax Collections</u>	<u>% of Total</u>
Adams	\$19.20	0.3%	Milwaukee	\$826.9	14.0%
Ashland	16.2	0.3	Monroe	40.9	0.7
Barron	52.6	0.9	Oconto	25.7	0.4
Bayfield	14.4	0.2	Oneida	57.2	1.0
Brown	312.1	5.3	Outagamie	210.5	3.6
Buffalo	8.9	0.1	Ozaukee	99.1	1.7
Burnett	13.7	0.2	Pepin	6.3	0.1
Calumet	46.4	0.8	Pierce	25.2	0.4
Chippewa	66.9	1.1	Polk	40.6	0.7
Clark	24.7	0.4	Portage	73.4	1.2
Columbia	57.1	1.0	Price	11.5	0.2
Crawford	17.0	0.3	Racine	168.3	2.8
Dane	636.8	10.8	Richland	13.9	0.2
Dodge	77.6	1.3	Rock	170.3	2.9
Door	51.4	0.9	Rusk	10.7	0.2
Douglas	46.2	0.8	Sauk	102.2	1.7
Dunn	36.3	0.6	Sawyer	24.2	0.4
Eau Claire	118.0	2.0	Shawano	33.7	0.6
Florence	3.0	0.1	Sheboygan	110.8	1.9
Fond du Lac	97.1	1.6	St. Croix	94.7	1.6
Forest	6.7	0.1	Taylor	15.5	0.3
Grant	38.7	0.7	Trempealeau	23.3	0.4
Green	32.1	0.5	Vernon	22.1	0.4
Green Lake	18.0	0.3	Vilas	32.8	0.6
Iowa	23.1	0.4	Walworth	119.2	2.0
Iron	5.7	0.1	Washburn	16.2	0.3
Jackson	16.0	0.3	Washington	142.4	2.4
Jefferson	73.1	1.2	Waukesha	514.9	8.7
Juneau	22.1	0.4	Waupaca	43.5	0.7
Kenosha	173.1	2.9	Waushara	17.8	0.3
Kewaunee	13.7	0.2	Winnebago	157.7	2.7
La Crosse	143.3	2.4	Wood	<u>68.6</u>	<u>1.2</u>
Lafayette	10.7	0.2			
Langlade	20.6	0.3	Total Allocated		
Lincoln	24.9	0.4	to Counties*	\$5,912.60	100.0
Manitowoc	57.4	1.0			
Marathon	142.9	2.4			
Marinette	42.5	0.7			
Marquette	11.3	0.2			
Menominee	1.0	<0.1			

\*The total shown here is lower than the total FY21 state sales and use tax collections of \$6,373.5 million. Amounts for counties are derived from the county portion of sales tax collections reported on the sales tax return, which excludes audits that may be attributable counties.

Source: County Sales and Use Tax Collection Data from DOR

### ATTACHMENT 3

#### 2020 Shared Revenues and General Transportation Aids to Municipal and County Governments by County

<u>County</u>	<u>County Government</u>	<u>Municipal Governments</u>	<u>Total</u>	<u>Percent of Total</u>
Adams	\$8,232,100	\$5,325,500	\$13,557,600	0.5%
Ashland	7,248,300	10,459,700	17,708,000	0.6
Barron	14,654,000	12,944,500	27,598,400	0.9
Bayfield	7,352,200	8,662,200	16,014,400	0.5
Brown	69,572,000	50,033,900	119,605,900	4.0
Buffalo	7,502,100	4,147,100	11,649,200	0.4
Burnett	6,048,100	5,059,400	11,107,500	0.4
Calumet	14,550,500	7,492,200	22,042,700	0.7
Chippewa	31,640,300	16,376,800	48,017,100	1.6
Clark	11,537,900	12,925,100	24,463,100	0.8
Columbia	18,666,600	15,461,700	34,128,300	1.2
Crawford	7,718,700	6,989,800	14,708,600	0.5
Dane	164,001,200	86,127,500	250,128,600	8.5
Dodge	15,847,800	18,861,400	34,709,200	1.2
Door	10,525,800	5,321,900	15,847,700	0.5
Douglas	14,798,600	25,710,500	40,509,100	1.4
Dunn	12,979,100	11,096,900	24,076,000	0.8
Eau Claire	30,449,200	19,791,900	50,241,000	1.7
Florence	3,313,400	1,588,100	4,901,600	0.2
Fond du Lac	35,635,300	21,639,300	57,274,500	1.9
Forest	3,685,500	4,004,400	7,689,900	0.3
Grant	11,982,700	20,054,400	32,037,100	1.1
Green	10,630,100	8,293,500	18,923,600	0.6
Green Lake	7,504,400	5,146,200	12,650,600	0.4
Iowa	4,031,800	6,938,000	10,969,800	0.4
Iron	2,837,700	3,177,600	6,015,300	0.2
Jackson	8,810,700	6,087,500	14,898,200	0.5
Jefferson	18,479,400	16,791,700	35,271,100	1.2
Juneau	14,633,000	9,033,700	23,666,700	0.8
Kenosha	55,964,700	33,427,800	89,392,500	3.0
Kewaunee	6,767,900	4,987,000	11,754,900	0.4
La Crosse	40,446,900	33,421,600	73,868,500	2.5
Lafayette	5,794,000	6,711,700	12,505,600	0.4
Langlade	8,657,700	7,543,600	16,201,200	0.5
Lincoln	6,979,900	10,714,300	17,694,200	0.6
Manitowoc	25,529,600	24,330,300	49,859,900	1.7
Marathon	22,053,600	34,726,600	56,780,200	1.9
Marinette	13,907,400	20,181,900	34,089,200	1.2
Marquette	5,343,900	2,912,700	8,256,700	0.3
Menominee	4,742,400	440,900	5,183,300	0.2

<u>County</u>	<u>County Government</u>	<u>Municipal Governments</u>	<u>Total</u>	<u>Percent of Total</u>
Milwaukee	\$202,930,100	\$349,182,800	\$552,112,900	18.7%
Monroe	10,488,500	12,612,000	23,100,500	0.8
Oconto	10,122,800	10,044,500	20,167,300	0.7
Oneida	8,337,000	7,763,700	16,100,600	0.5
Outagamie	42,008,700	39,552,400	81,561,100	2.8
Ozaukee	17,711,800	13,416,400	31,128,200	1.1
Pepin	4,142,700	1,747,500	5,890,300	0.2
Pierce	10,626,800	9,260,000	19,886,800	0.7
Polk	13,177,600	9,822,600	23,000,200	0.8
Portage	18,482,500	16,122,700	34,605,200	1.2
Price	6,651,600	6,586,700	13,238,300	0.4
Racine	36,074,500	52,417,600	88,492,100	3.0
Richland	8,376,300	5,644,500	14,020,900	0.5
Rock	14,574,800	44,205,800	58,780,600	2.0
Rusk	8,505,500	5,318,300	13,823,800	0.5
Sauk	26,001,700	14,725,900	40,727,600	1.4
Sawyer	6,437,700	5,556,100	11,993,800	0.4
Shawano	12,400,500	10,287,200	22,687,800	0.8
Sheboygan	23,407,100	23,262,700	46,669,800	1.6
St Croix	15,776,200	10,995,600	26,771,800	0.9
Taylor	8,033,900	6,919,300	14,953,200	0.5
Trempealeau	9,579,700	8,788,000	18,367,700	0.6
Vernon	9,676,900	10,806,500	20,483,500	0.7
Vilas	6,223,000	5,279,000	11,502,000	0.4
Walworth	25,526,800	16,283,200	41,809,900	1.4
Washburn	4,606,200	4,685,000	9,291,100	0.3
Washington	24,966,300	14,541,000	39,507,300	1.3
Waukesha	65,019,800	43,817,300	108,837,000	3.7
Waupaca	15,892,800	13,672,800	29,565,600	1.0
Waushara	6,990,100	4,744,700	11,734,800	0.4
Winnebago	41,429,700	36,640,300	78,070,000	2.6
Wood	<u>25,250,900</u>	<u>23,894,000</u>	<u>49,144,900</u>	<u>1.7</u>
Total	\$1,510,487,000	\$1,443,536,900	\$2,954,023,600	100.0%

Source: Department of Revenue, County and Municipal Financial Report Form, 2020.