

Badger Institute: Commends new flat tax proposal for Wisconsin

Posted on Friday, Jan 13, 2023

>> **WisPolitics is now on the State Affairs network. Get custom keyword notifications, bill tracking and all WisPolitics content. [Get the app or access via desktop.](#)**

Jan. 13, 2022 – The Badger Institute today commended Senate Majority Leader Devin LeMahieu (R-Oostburg) for introducing flat tax legislation that will produce long-term economic growth and opportunity.

The Badger Institute and the Tax Foundation recently jointly released [Tax Reform Options to Improve Wisconsin's Competitiveness](#), an explanation of why moving to a single rate for individual income tax payers would benefit all Wisconsinites.

The state's top rate of 7.65% is now the highest individual income tax rate of any state, save one, between New York and California. As a memo Friday from LeMahieu and Rep. Rob Brooks (R-Saukville), pointed out, citing the Badger Institute's "[Mandate for Madison](#)," that rate makes Wisconsin's tax code "uncompetitive and mediocre."

LeMahieu's proposal reduces taxes for all taxpayers and will be beneficial for almost all businesses, 95% of which are taxed on their owners' personal returns. There are numerous options for moving toward a flat tax contained in the [Mandate for Madison](#), the Institute's landmark policy recommendation playbook, most of which include altering the state's sliding scale standard deduction in a way that helps taxpayers at the lowest end of the economic spectrum.

"Moving toward a flat tax with a low rate will benefit everyone – small business owners who create jobs, individuals looking to earn more or keep more, folks who aspire to start businesses themselves and would like to do it in Wisconsin," said Badger Institute President Mike Nichols. "Right now, we're nowhere close to competitive. Fourteen states have or are shifting to a flat tax, including Iowa, Indiana, Illinois and Michigan. Others have no individual income tax at all. Our

neighbors will be thrilled if we remain complacent. They'll gladly steal our companies, our jobs and our tax revenue.”

Reductions to Wisconsin's top marginal individual income tax rate would be a “game changer for many of the state's small businesses,” wrote the Tax Foundation's Katherine Loughead in [Tax Reform Options to Improve Wisconsin's Competitiveness](#). Research is clear that single-rate taxes are linked to stronger wage growth and a more robust economy.

You can learn more about the Badger Institute and Tax Foundation tax reform recommendations [here](#).

The Badger Institute, formerly the Wisconsin Policy Research Institute, is a nonpartisan, not-for-profit institute established in 1987 working to engage and energize Wisconsinites and others in discussions and timely action on key public policy issues critical to the state's future, growth and prosperity. The institute's research and public education activities are directed to identify and promote public policies in Wisconsin that are fair, accountable and cost-effective.