



Legislative Fiscal Bureau

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TO: Senator Howard Marklein, Senate Chair
Representative Mark Born, Assembly Chair
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Preliminary 2021-22 General Fund Tax Collections

2021-22 General Fund Tax Collections

Preliminary information regarding general fund tax collections for the 2021-22 fiscal year is now available. According to the Department of Revenue (DOR), collections totaled \$20,548.4 million in 2021-22, which was 5.0% higher than the previous year.

The final estimate of 2021-22 tax collections (projected on January 25 and adjusted for subsequent law changes) was \$18,927.7 million. Actual collections were \$1,620.7 million, or 8.6%, above the estimated amount.

Collections were significantly higher than previously estimated for the individual income tax (\$1,004.5 million) and the corporate income/franchise tax (\$545.5 million). These two taxes comprise \$1,550.0 million, or 95.6%, of the higher tax collections for 2021-22. Strength in individual and corporate estimated payments in April and June reflect higher than previously anticipated payments from businesses and investors over the first six months of 2022, including higher estimated payments from taxpayers that requested an extension to file their return for 2021. Fewer individual income tax refunds paid in April reflect higher than previously estimated personal income in 2021.

Withholding table changes, as directed by DOR for implementation by January 1, 2022, were expected to result in lower withholding tax collections of 6.4% over the last six months of 2021-22. However, withholding collections were only 4.1% lower during the last six months of 2021-22.

The attached table shows a comparison of the estimated and preliminary actual general fund tax collections, along with the differences between the estimated and preliminary actual amounts. The figures in the table are based on preliminary reports of 2021-22 tax revenues provided by DOR. Final general fund tax collections, along with departmental revenues and expenditures for 2021-22,

will be available in mid-October when the state's Annual Fiscal Report is released by the Department of Administration.

Budget Stabilization Fund

Under s. 16.518 of the statutes, half of any excess of actual general fund tax collections in a fiscal year over the amount estimated at the time of enactment of the biennial budget must be deposited into the budget stabilization fund at the close of the fiscal year. However, if the balance in the budget stabilization fund prior to the transfer exceeds 5% of estimated general fund expenditures for that fiscal year, as reported in the Chapter 20 summary in the biennial budget act, no transfer is made.

As budgeted under 2021 Act 58, the 2021-23 biennial budget act, 5% of net appropriations were \$1,041.4 million for 2021-22 ($\$20,827,154,700 \times 5\% = \$1,041,357,735$). The budget stabilization fund currently has a balance of \$1,733.5 million. Because the fund balance exceeds 5% of budgeted net appropriations for 2021-22, no transfer to the budget stabilization fund will occur.

BL/SM/lb

Attachment

cc: Members, Wisconsin Legislature

ATTACHMENT

**Preliminary Information on Actual General Fund
Tax Collections for the 2021-22 Fiscal Year
(\$ in Millions)**

	Fiscal Year 2021-22		Difference	
	<u>General Fund Tax Revenues</u> <u>Estimated</u>	<u>Actual</u>	<u>Actual from Estimate</u> <u>Difference</u>	<u>Percent</u>
Individual Income	\$8,209.9	\$9,214.4	\$1,004.5	12.2%
General Sales and Use	6,925.0	6,978.3	53.3	0.8
Corporate Income/Franchise	2,414.5	2,960.0	545.5	22.6
Public Utility	369.0	383.6	14.6	4.0
Excise				
Cigarette	498.0	482.4	-15.6	-3.1
Tobacco Products	95.0	94.4	-0.6	-0.6
Vapor Products	3.6	4.1	0.5	13.9
Liquor and Wine	61.0	64.9	3.9	6.4
Beer	8.7	8.9	0.2	2.3
Insurance Company	211.0	221.8	10.8	5.1
Miscellaneous	<u>132.0</u>	<u>135.6</u>	<u>3.6</u>	2.7
TOTAL	\$18,927.7	\$20,548.4	\$1,620.7	8.6%