Income tax relief is coming to residents in at least two Midwestern states this biennium, while in a third state, legislators took the first step this year toward a major tax overhaul. In Wisconsin, under AB 56 [2] and AB 251 [3], rate reductions are being made to the state’s bottom two income-tax brackets. (Wisconsin’s graduated system has four tax brackets.) According to Gov. Tony Evers, a total of $518 million in income-tax relief will be provided over the biennium. In signing his state’s new budget, Ohio Gov. Mike DeWine said personal income taxes would be cut by $668 million. HB 166 [4] eliminates the state’s two bottom brackets (which were for income up to $21,750) and includes across-the-board rate cuts of 4 percent in Ohio’s remaining five tax brackets. Along with Wisconsin and Ohio, five other Midwestern states have some form of a graduated income tax system: Iowa, Kansas, Minnesota, Nebraska and North Dakota. South Dakota has no income tax, and Illinois, Indiana and Michigan have a flat income tax.

In 2020, Illinois voters will decide whether to ditch the constitutionally mandated flat tax in favor of a graduated system. The statewide vote will occur as the result of a constitutional amendment approved this year by the General Assembly [5].

By:
Monday, September 23, 2019 at 01:49 PM

Attachment

Tags: