**Fiscal Facts: Wisconsin State Budget Reserve Levels Hit Four-Decade High**

Wisconsin’s state budget reserves recently hit their highest level in four decades, as corporate tax collections grew in fiscal year 2019 at their fastest rate in more than a half century.

The good news comes with caveats, including the fact that state reserves were boosted by unusually high corporate tax revenues that may not be sustained. Wisconsin’s reserve levels also remain modestly below other states and are projected to fall over the next two years.

As of June 30, the state had total balances of more than $1.7 billion in two key funds, the most since the late 1970s. This amounts to a little less than 10% of state general fund expenditures in 2019, the highest level for Wisconsin since 1978.

The combined reserves are enough to cover the state’s current budgeted spending levels for about five weeks.

Though some of the growth in tax collections reflects the welcome effect of a strong economy last year, part of it stems from the 2017 federal tax overhaul and could recede going forward. In addition, the state’s main fund is already budgeted to spend more than it takes in over the next two years.

For those reasons, state officials considering new spending or tax cuts may wish to be cautious in their responses to these encouraging budget numbers. A review of state financial reports over the past several decades shows the best budget times can be followed by some of the worst in relatively short order.

*This information is a service of the Wisconsin Policy Forum, the state’s leading resource for nonpartisan state and local government research and civic education. Learn more at wispolicyforum.org.*