# Wisconsin Supreme Court Catholic Ruling Shocks Tax Critics

Catholic Charities in Wisconsin will not be required to pay unemployment taxes after a ruling Monday by the Wisconsin Supreme Court, which found that the religious nonprofit is eligible for a statutory religious exemption. The decision comes in light of a June 2025 U.S. Supreme Court ruling affirming that Catholic Charities qualifies for the exemption based on its faith-based mission.

The Wisconsin case had been in legal limbo following the federal ruling, which sent the case back to the state's courts for further consideration consistent with the Supreme Court's findings. Wisconsin Attorney General Josh Kaul had asked the court to eliminate the exemption, but the state's highest court sided with Catholic Charities instead.

In its order, the Wisconsin Supreme Court wrote that Catholic Charities "is eligible for the religious purposes exemption to unemployment taxation" and directed the Wisconsin Labor and Industry Review Commission to make the nonprofit eligible for the exemption going forward.

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The case garnered national attention, with 19 state attorneys general filing a brief in support of Catholic Charities prior to the U.S. Supreme Court decision. The outcome is seen as a significant win for religious liberty advocates and faith-based service organizations across the country.

David Earleywine, associate director for education and religious liberty at the Wisconsin Catholic Conference, said the decision affirms the core identity of Catholic Charities.

“After decades of fighting for a statutorily available religious exemption, the Wisconsin Supreme Court has affirmed the religious liberty of the Diocese of Superior Catholic Charities Bureau,” he said in a statement. “As the WCC has previously stated, true Catholic charity is inherently religious and cannot be reduced to another secular social service.”

Supporters of the exemption argue that forcing faith-based groups to pay into unemployment systems they are religiously opposed to undermines their constitutionally protected rights. Critics, however, say the decision could allow large nonprofits to avoid paying into public systems that benefit workers.

Still, Monday’s ruling solidifies a broader legal precedent that religious organizations are entitled to carve-outs from state mandates that conflict with their religious mission.

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