

Returning the Surplus to Taxpayers

Since 2011, the Legislature has cut taxes by more than \$22 billion. However, Wisconsin still ranks 27th overall on the Tax Foundation's 2023 State Business Tax Climate Index and continues to overtax its residents as evidenced by the projected \$3.7 billion surplus at the end of the biennium. The remaining surplus should be returned to where it came from – hardworking Wisconsin taxpayers.

Last year, in the Governor's STATE of the STATE, Governor Evers made the following comments: We have a duty to create prosperity that will define our state for generations.

We agree with the Governor that we all have a duty to create prosperity for the families in WI. Today, we are **unveiling a NEW tax reform plan that includes 4 different bills and will lead the state toward prosperity and a brighter future for Wisconsin families.**

*In his own words - Governor Evers has said:
I promised cutting taxes would be part of our agenda to help working families afford rising costs—and it is. And I'm proposing we do it responsibly by targeting relief to working Wisconsinites who need help affording rising costs.*

Under my plan, if you're a single filer making less than \$100,000 or a married joint filer making less than \$150,000, the cornerstone of my tax plan will cut your taxes by 10 percent.

We have sent 3 tax plans to the Governor's desk to sign this session. Now is the time - it is the last opportunity for the Governor to stay true to his words from a year ago.

In our tax plan, we are matching the Governor's income limits of \$150,000 to make this a true middle-income tax cut that will benefit working families and seniors.

In June 2023, we passed the 2023-25 biennial state budget that funds the government for two years. The budget made strategic investments around the state and is complete. The remaining surplus should be returned to where it came from – hardworking Wisconsin taxpayers.

During inflationary times, it is our families and fixed-income seniors who are suffering the most. We believe individuals know how best to spend their OWN money – we would like to return the money that has been over-collected back to the taxpayers – it is their money.

RETURNING YOUR SURPLUS BILLS

TOTAL PACKAGE:

- This NEW set of tax reform bills helps working families, seniors on a fixed budget, and the 2nd bracket broadly reaches the entire middle-class.
- As an entire package - the bills would provide **\$2.1 Billion in tax relief** for Wisconsinites. It would apply to **54% of all tax filers** and provide an average of a **15% decrease**.

Middle Class Tax Cut

- Broadens the 2nd income tax bracket (4.4%) by increasing the upper thresholds from \$38,190 to \$150,000 (married-joint filer) and from \$28,640 to \$112,500 (single filer).
- The provision provides broad-based tax relief by expanding the amount of income that is subject to income tax in the 2nd tax bracket (4.40%) while reducing the amount of income that is subject to tax in the 3rd tax bracket (5.30%) for all types of filers.
- Average tax cut is **\$454** per filer.
- Tax withholding tables would also be updated on July 1st. Individuals would see a direct benefit with more in their paychecks beginning in August.
- The plan makes NO CHANGES to the 3rd or 4th brackets.

Retirement Income Exclusion

- For those Wisconsin residents who have reached the age of 65, this provision would exclude from taxation up to \$75,000 of retirement income for single filers and up to \$150,000 of retirement earnings for married-joint filers.
- Retirement income is defined as any distributions an individual receives from a retirement plan (such as 401(k), pension, IRA, 403(b)).
- The average tax cut for seniors would be **\$1,582** per filer.

Expanding the Married Couple Credit

- Currently, there is a penalty for joint filers who are paying more in taxes because they are married. A way to help this is through the married couple credit which is currently capped at \$480.
- The credit was established in 2001 and has never been adjusted for inflation.
- This proposal adjusts the credit for inflation to 2024 numbers, which will increase the **maximum credit to \$870**.
- This proposal will lead to an **average tax cut of \$338** for working families
- It encourages both parents to remain in the workforce and will help with the broader goals to meet demands for more workers and drive continued economic growth in WI.

Expanding the Child and Dependent Care Tax Credit

- Helping families directly to make childcare more affordable is the best way to help working families. This proposal will put money back into the pockets of WI families with children in child care to address rising costs.
- The average tax cut is **\$656**.
- The provision expands the state child and dependent care tax credit from the current 50% up to the full 100% of the federal credit.
- The plan also increases the maximum amount of allowable expenses from \$3,000 to \$10,000 for one child and from \$6,000 up to \$20,000 for two or more children.