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## **Testimony in Support of Assembly Bill 39**

*Assembly Committee on Ways and Means*

March 2, 2021

Mr. Chairman and committee members, thank you for holding this public hearing today for Assembly Bill (AB) 39. I would like to thank Senator Jacque for working with me on this important legislation.

Under current law, of the 41 states that have a state income tax, Wisconsin is 1 of only 15 states that have no income tax exemption for active duty pay. 11 states, including our neighbors in Illinois, Iowa, Michigan, and Minnesota, do not tax active duty military pay at all. The remaining 15 states either exempt some active duty pay or all active duty pay in certain circumstances such as being stationed outside of the state.

Because Wisconsin is in the minority of states that provide no income tax exemption for active duty pay, many Wisconsin service members change their legal residence to a more tax-friendly state while they are stationed out of the state. However, when these folks transition back to civilian life, it is more difficult for them to reestablish themselves in Wisconsin after they have officially relocated to another state.

AB 39 sunsets the armed forces member tax credit and instead exempts active duty military pay from state income tax, bringing Wisconsin in line with our neighboring states. By providing this exemption we are not only saying thank you to those who are willing to serve our nation in the armed forces, we are also making it more likely that our servicemen and women will return home when they complete their military service by encouraging them to keep their legal residence in Wisconsin.

I would like to thank Chairman Macco and his staff for bringing a technical correction to our attention that can be found in the form of Assembly Amendment 1. This amendment simply deletes a portion of the statutes that is no longer necessary if this bill is enacted into law.

Mr. Chairman and members, I ask for your support of this legislation and thank you again for the opportunity to testify before you today.