



2014

# Wisconsin Tax Relief & Reform



## A Report to Governor Scott Walker



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# Welcome!

Twelve months ago, Governor Walker charged us with traveling across Wisconsin to gather input and ideas from Wisconsinites about tax reform. He asked us to go everywhere, to meet with anyone, and to discuss and test different options with the people who actually pay the taxes.

Since then, we've been all over this state, from Superior to Racine, from Platteville to Rhineland, from Hudson to Green Bay. We met with Wisconsin citizens from every walk of life, with owners of businesses large and small, with industry leaders from agriculture to tourism. We heard from college students and young professionals, senior citizens, and retirees.

We want to thank everyone who showed up and spoke out, everyone who came to a roundtable or logged on to [taxreform.wi.gov](http://taxreform.wi.gov). This effort would not have been possible without the honest and open feedback we received from the many citizens who participated.

This report is the culmination of all we heard these past twelve months. It includes much of the background information which Secretary Chandler presented at each roundtable to help frame the discussion and get the creative juices flowing. The report also demonstrates the broad effort we undertook to engage taxpayers across Wisconsin on this issue. Finally, it gives the key common themes that we heard over and over again in different roundtables. These are the ideas that the people of Wisconsin offer to their government as the best ways to reform taxes to encourage economic development, create jobs, and provide relief for families.

We hope this report furthers the ongoing discussion of this important issue. Thanks for reading.

Forward,



Lt. Governor Rebecca Kleefisch



Revenue Secretary Rick Chandler



# Acknowledgments

First and foremost, thank you to the hundreds of people who participated in this discussion. Whether it was at a roundtable in your community or focused on your industry, or via [taxreform.wi.gov](http://taxreform.wi.gov), citizens across Wisconsin gave us their time and counsel, for which we're immensely grateful. It takes courage to talk openly and honestly about the finances of your family or your business, which makes us all the more appreciative of the thoughts and suggestions from everyone who contributed to this conversation.

These roundtables would not have been such a success without the support of so many community partners who helped us spread the word among their friends, colleagues, and neighbors. In every community and county, we had help from municipal officials, business leaders, and engaged citizens who invited folks to our roundtables. In particular, the American Legion (Dave Kurtz), the National Federation of Independent Businesses (Bill Smith), the Wisconsin Medical Society (Mark Grapentine), the Independent Business Association of Wisconsin (Steve Kohlmann), the Commercial Realtors Association of Wisconsin (Jim Villa), and the Dairy Business Association (Laurie Fischer) assisted us with multiple meetings. For each individual roundtable, we had help from the county Farm Bureau, the county economic development corporation, and local chambers of commerce, builders associations, realtors associations, tourism and convention bureaus, veterans posts, and other community and civic groups. All these groups helped publicize the event in each city.

Holding roundtables all across the state was made much easier thanks to the hard work and hospitality of each host location: the Beloit Chamber of Commerce, the Eau Claire Chamber of Commerce, UW-Superior, Northeast Wisconsin Technical College, Western Technical College, UW-Platteville, the Aging and Disability Resource Center of Portage County, Madison Area Technical College, Concordia University Wisconsin, the Metropolitan Milwaukee Association of Commerce, Milwaukee Area Technical College, Nicolet College, Gateway Technical College, Moraine Park Technical College, Northcentral Wisconsin Technical College, UW-Fond du Lac, Lakeshore Technical College, UW-Richland, Fox Valley Technical College, UW-River Falls Hudson Center, Rice Lake Public Library, and VJS Construction Services.

Finally, this roundtable series and report owe much to the staff in various agencies that brought the ideas and events together, including Waylon Hurlburt, Jocelyn Webster, and Justin Roethle from the Governor's Office; Casey Himebauch, Daniel Suhr, Robert Schlaeger, Tierney Gill, and Charles Nichols from the Lt. Governor's Office; Jack Jablonski, Jennifer Western, and Laurel Patrick from the Department of Revenue; and Mary Ann Lippert from the Department of Administration.



# Wisconsin Tax Climate

## A Historical and Comparative Perspective

“Unequal, illegal, and highly oppressive—large sums of money are collected in each county, but few if any improvements are constructed, and the people very justly complain that they are burdened with heavy taxes, without receiving any apparent benefit from their expenditure.” This is how Wisconsin Governor James Doty once described the property tax when addressing members of the state legislature in 1842, six years before Wisconsin even joined the Union. Yet Governor Doty’s statement sounds contemporary as taxes have continued to be a troublesome problem for Wisconsinites.

This section provides a brief historical and comparative perspective of taxes in Wisconsin. It will include a discussion of individual income taxes, property taxes, and Wisconsin’s overall tax burden.

### State and Local Government Tax Burden

For the past three decades Wisconsin has been among the top ten most-taxed states in the country. In the 35 years studied since 1977, the Badger State has left the ranks of the top five only six times. From 1990 to 2011, total Wisconsin state and local taxes grew from \$10 billion to \$24.1 billion, an annualized growth rate of 4.3%. However, during this same period, per capita personal income only grew at an annual rate of 3.9%. Table 1 provides a look at Wisconsin’s state and local tax burden since 2000 in comparison to our neighboring states. Table 2 details state and local tax collections as a percentage of personal income.

**Table 1: State and Local Tax Burden (2000-2011)**

State Rankings (1 is highest)					
Year	Wisconsin	Iowa	Minnesota	Illinois	Michigan
2011	5	29	6	13	21
2010	5	22	7	16	18
2009	4	23	7	8	15
2008	5	32	12	20	23
2007	6	34	12	24	26
2006	7	31	13	21	25
2005	6	29	15	22	23
2004	5	27	18	21	23
2003	6	26	19	23	22
2002	6	24	17	19	26
2001	6	25	14	26	21
2000	2	26	12	28	21

Source: Tax Foundation. Note: The Tax Foundation updates its rankings annually and therefore these data do not reflect recent Walker Administration tax relief. Compare U.S. Census Bureau Surveys of State and Local Government Finances.

**Table 2: Wisconsin State and Local Taxes, FY91 – FY10**

Fiscal Year	Wisconsin State and Local Taxes		Fiscal Year	Wisconsin State and Local Taxes	
	Amount (\$ millions)	As % Of Personal Income		Amount (\$ millions)	As % Of Personal Income
FY91	10,781.5	12.2%	FY01	17,931.1	11.0%
FY92	11,515.3	12.5%	FY02	17,482.0	11.2%
FY93	12,520.4	12.7%	FY03	18,484.7	11.0%
FY94	13,268.3	12.8%	FY04	19,414.8	11.2%
FY95	13,931.7	12.6%	FY05	20,528.4	11.4%
FY96	14,591.1	12.6%	FY06	21,365.0	11.5%
FY97	14,704.3	12.0%	FY07	22,263.3	11.2%
FY98	15,862.3	12.2%	FY08	23,172.1	11.2%
FY99	16,690.1	11.8%	FY09	22,537.2	10.5%
FY00	17,919.3	12.2%	FY10	23,018.8	11.0%

Source: Wisconsin Department of Revenue

### Individual Income and Property Tax

The individual income and property tax are the two principal sources of state and local tax revenue in Wisconsin. For the past two decades, income and property taxes in Wisconsin have run more than 20% above the national average. In fiscal year 2012, individual income tax collections totaled \$7.04 billion, while property tax collections totaled \$9.6 billion and accounted for nearly 40% of all taxes paid by Wisconsin residents.

Wisconsin's individual income tax is the state's largest tax source at the state level, generating 52% of state general purpose revenue in this past year. Wisconsin currently imposes an individual income tax at rates ranging from 4% to 7.65% on a tax base that conforms closely to the base for the federal personal income tax. First imposed in 1911, it is the oldest income tax in the nation, preceding the federal tax by two years. The original tax imposed 13 rates, ranging from 1% to 6%. Since then, the tax brackets and rates have changed over 25 times, with as many as 16 separate tax brackets. Despite frequent rate increases and bracket additions, a basic structure of three brackets was established in 1986. In 2000, and then again in 2009, additional tax brackets were added. In 2013, the number of brackets was trimmed from five to four. Table 3 provides a look at changes in Wisconsin's income tax rates and brackets since 1990.

**Table 3: Wisconsin Individual Income Tax Rates (1990 – present)**

	FY1990	FY1998	FY2000	FY2008	FY2010	FY2014
<b>Bottom Rate</b>	4.9%	4.77%	4.73%	4.60%	4.60%	4.00%
<b>2<sup>nd</sup> Rate</b>	6.55%	6.37%	6.33%	6.15%	6.15%	5.84%
<b>3<sup>rd</sup> Rate</b>			6.55%	6.50%	6.50%	6.27%
<b>4<sup>th</sup> Rate</b>					6.75%	
<b>Top Rate</b>	6.93%	6.77%	6.75%	6.75%	7.75%	7.65%

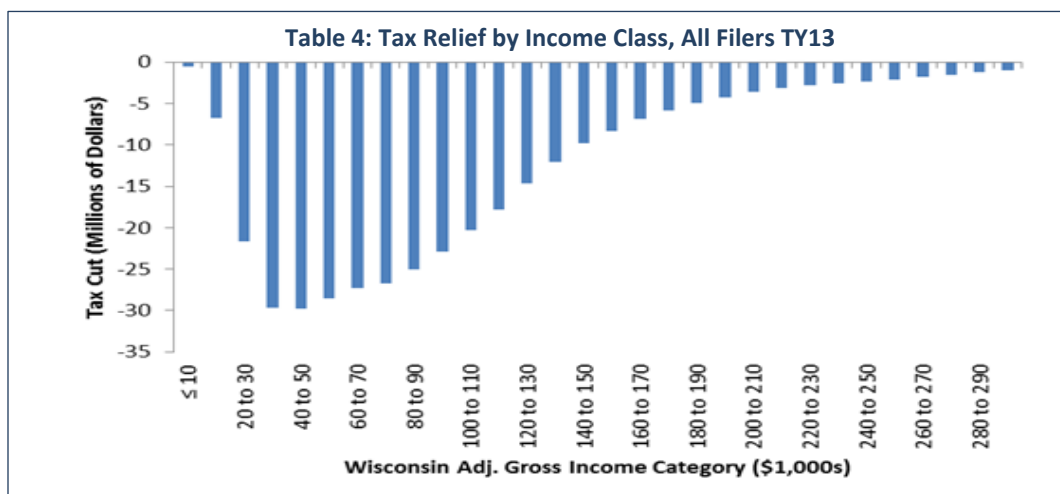
# Wisconsin Tax Climate

## Taxes under Governor Walker (2011-present)

Upon taking office in 2011, the Walker administration faced a serious economic and fiscal crisis. Through a series of bold reforms and tough but prudent decisions we were able to help the people of Wisconsin create more jobs and keep more of their hard-earned money. Lowering the tax burden in Wisconsin has contributed to a stronger economy and a better fiscal situation for our future. We have moved on from the days of ever increasing taxes, substantial state deficits, uncontrollable spending, and high unemployment. By leaving these failed policies in the past, we have entered a new era of substantial tax cuts, new private sector job growth, common-sense governing, and the lowest unemployment rate since November 2008. In fact, since taking office, the Walker administration has provided roughly \$2 billion in total tax relief. Appendix A provides the estimated fiscal effects in the 2011-13 and 2013-15 biennia of changes enacted since January 2011 to general fund taxes and property taxes.

### Income Tax Reform Initiative

During the 2013 legislative session, Governor Walker oversaw the passage of two tax reform bills that reduced income tax rates and compressed the state's previous five tax brackets into four. The top marginal income tax rate was reduced from 7.75 percent to 7.65 percent, the two bracket rates of 6.5 percent and 6.75 percent were compressed and reduced to a single bracket with a rate of 6.27 percent, and the remaining two bracket rates were reduced below 6 percent at rates of 5.84 percent and 4.0 percent, respectively. This broad-based rate reduction provided \$750 million in tax relief. While the income tax burden was reduced for taxpayers at all income levels, middle-class taxpayers saw the greatest relief. A typical Wisconsin family will see income tax savings of \$403 for tax years 2013 and 2014. This means middle class families will pay at the lowest tax rates since 1984. Table 4 provides a breakdown of the total tax relief by income level.





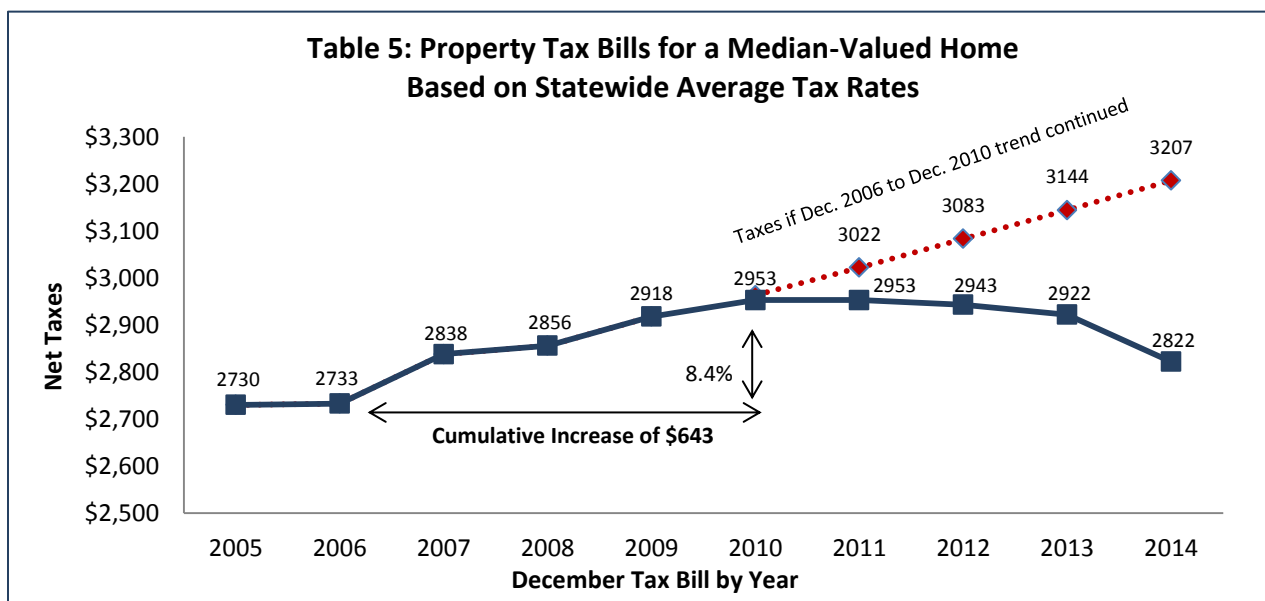
Governor Walker has also made significant progress in simplifying the code so paying taxes is less taxing. More than 80 updates have been made to the Wisconsin Internal Revenue Code since 2011, including the elimination of 17 credits and deductions and the adoption of federal depreciation and Section 179 expensing provisions. Appendix B highlights all of the provisions of the federal Internal Revenue Code that have been incorporated into our laws, which simplifies the process for both tax preparers and taxpayers.

In addition, the Walker administration also reduced the state’s excessive tax withholding, which was previously designed to withhold 120 percent of projected tax liability. This change will provide \$323 million in income tax withholding reductions. This means that a typical working family of four will get about \$58 more in their paychecks each month.

### Property Tax Cuts

Reducing the property tax burden has been a top priority of Governor Walker. Since taking office in 2011, the Walker administration has provided more than \$500 million in total property tax relief by replacing property taxes with state aids. As part of Governor Walker’s Blueprint for Prosperity, this year’s property tax cut of over \$406 million – which added to the property tax cut passed in 2013 – will see the average homeowner receive a reduction of \$100 dollars on their next bill.

Overall, property taxes on a median value home have gone down for each of the last three years, and will continue to go down in 2014. This contrasts with a 27% rise in the decade prior to 2011. Table 5 demonstrates the decrease in net property tax bills for a median-valued home since 2010.



# Tax Reform Roundtable Tour

In December 2013, Governor Walker asked Lt. Governor Rebecca Kleefisch and Revenue Secretary Rick Chandler to lead a series of Tax Reform Roundtable discussions across the State of Wisconsin. The purpose of this initiative was to start a conversation with Wisconsinites and gather information and input from taxpayers on the real impact of Wisconsin taxes as policymakers consider future tax reform.

Over the course of the next seven months Lt. Governor Kleefisch and Secretary Chandler traveled border to border, hosting in total twenty-three roundtable discussions across the state, in order to learn what the hardworking citizens of Wisconsin would like to see done with the tax system. The events were designed to gather opinions across geographic locations and demographics. At each stop, area residents, small business owners, retirees, parents, local elected officials, and economic development professionals were all welcome to contribute to the discussion.

The events consisted of 10-30 participants offering their thoughts and ideas about Wisconsin's current tax climate and their suggestions and hopes for their tax future in Wisconsin. In total, more than 500 individuals took part in the discussions. For those who wanted to participate in the discussion but were unable to attend in person, an online tax reform roundtable website was also created. Taxreform.wi.gov contained information on the roundtable tour, a presentation on Wisconsin's tax structure, and the ability for users to submit their own comments and suggestions. The website was a digital tool designed to facilitate an open dialogue with Wisconsin citizens, allowing more than 330 online users to contribute their ideas on tax reform.

The Lt. Governor and Secretary did not advocate any particular proposal but instead let attendees drive the topics of conversation. Many attendees shared stories of their own personal struggles with the tax system, while others simply offered their insights and suggestions. Most importantly, all participants, from members of local area chambers of commerce and small business owners to front-line employees, were given the opportunity to voice their opinions on Wisconsin's tax climate and offer suggestions on future tax reform.

## Roundtable Locations

Beloit – December 2013  
Eau Claire – December 2013  
Superior – December 2013  
Green Bay – January 2014  
La Crosse – January 2014  
Platteville – January 2014  
Stevens Point – February 2014  
Madison – February 2014  
Mequon – February 2014 (2)  
Milwaukee – February 2014  
Oak Creek – February 2014  
Rhineland – March 2014  
Racine – March 2014  
Fond du Lac – March 2014  
West Bend – April 2014  
Richland Center – May 2014  
Wausau – May 2014  
Cleveland – May 2014  
Appleton – June 2014  
Hudson – June 2014  
Rice Lake – June 2014  
Pewaukee – June 2014



## What We Heard

*“Each story and every opinion is important to direct the decisions on tax reform.”*

*Lt. Gov. Kleefisch*

While each roundtable discussion was unique and brought to light different points of view and concerns, there was one consensus that virtually all could agree on: taxes in Wisconsin are just too high.

Five main topics arose consistently, with commenters generally united in their opinions regardless of geography or gender, profession or property ownership. The following sections analyze each of these issues.

### Property Tax

The most common concern was the property tax burden faced by all of our working families and small businesses. Of the various topics discussed at each roundtable event, the need for property tax relief was the most often emphasized. Many participants are concerned that Wisconsin property taxes are a barrier to competitiveness and that the high property tax could negatively offset a good price on a home.

The real effect of this barrier was demonstrated at our Superior roundtable.

Despite working in Superior, several of the participants still lived in Duluth, Minnesota, right across the border, because Wisconsin’s property taxes were prohibitively high. One participant told a story of a couple who built their dream home in Superior. The couple did most of



the construction themselves over a number of years to save money. They imagined retiring in their special home, frugally crafted by their own hands, tailored to their dreams. But in an

ironic twist, the beautiful home they had built cheaply over time had to be sold to pay the property taxes. For this Superior couple, property taxes were, literally, a

dream-killer.

This story is just one of many that demonstrate the need for an ongoing effort to lower Wisconsin’s property tax burden. Many participants stated that the property tax relief passed in recent years has helped;

all agreed that more relief is needed. It is clear that with the continued increase in the cost of living, further property tax relief is vitally important to protect Wisconsin’s working families, senior citizens, farmers, and small businesses.

One particular area of concern for many small businesses was the property tax on personal property. It is complex and time

#### Top 5 Areas of Concern

1. Property Tax Burden
2. Personal Income Tax
3. Complexity of Tax Laws
4. Taxes on Small Business
5. The Cost of Government

consuming to administer for businesses and local assessors. Businesses view it as unfair because they pay taxes on their personal property while personal property owned by individuals is completely exempt.

### **Personal Income Tax**

Personal income tax rates were the next major concern of roundtable participants. Wisconsinites work hard for their income and for many it's painful to have to give so much of it to government. Tax relief that can be seen in their paychecks is a priority for many middle-class families.

Some suggested that Wisconsin should eliminate the income tax altogether. They pointed out that many Badgers move to Texas or Florida for six months and a day each year in order to live in a state without an income tax. Other attendees and online contributors pointed out that replacement of some or all of the income tax with sales tax would make Wisconsin's tax system more competitive with other states, because our income tax is above average and our sales tax is below average, but could create winners and losers across various sections of the population.

### **Complexity of Tax Laws**

*"Just make it simple."*

*-Roundtable Participant*

We heard it in every single roundtable meeting: the people of Wisconsin want a simpler tax code.

For most taxpayers, corporate or individual, tax compliance is costly and time-consuming. At each event we asked

for a show of hands between two options: more credits, exemptions, and deductions to incentivize certain socially beneficial behavior, or lower flatter rates without the credits, exemptions, and deductions. People preferred the second option 23 out of 24 times.



### **Small Business Tax Help**

Business owners and employees alike expressed concerns about the tax and regulatory burdens being placed on Wisconsin businesses. Since small business are the vital key to creating more jobs and more opportunity in Wisconsin, Roundtable participants want a permanent and predictable tax system that encourages businesses to grow, invest, and hire.

### **Controlling the Cost of Government**

*"We want to make sure our money is being spent wisely."*

*-Roundtable Participant*

Wisconsinites recognize that taxes fund the public services which contribute to our state's high quality of life. But as with all things in life, they want a good value for their hard-earned dollars. They expect government to tax them for those things only government can and should do. And they further expect government to perform its duties efficiently and cost effectively.

State and local government agencies must continually strive to lower costs, root out fraud, and adopt cost-saving techniques to reduce the tax burden necessary to fund those programs.

## Media Coverage



*“Ask Wisconsinites about taxes and they can agree: less please.”*

*Appleton Post-Crescent*

The tax reform conversation was covered in every major news market in the state, with each individual roundtable event creating its own media coverage as well. Media played a key role in promoting the roundtable events, directing people to the tax reform website, and just generally letting the public know that the Walker administration was ready to start the discussion about taxes.

From television to radio to opinion columns in area newspapers, Lt. Governor Kleefisch took advantage of every opportunity to spread the word that Wisconsin taxpayers were being solicited for their tax reform ideas.

Below is a list of every media outlet that covered the Tax Reform Roundtable events. In total, the tour received coverage in forty

newspaper stories, twenty-three radio interviews, and fourteen television reports. In addition, Lt. Governor Kleefisch authored seven opinion columns discussing tax reform and various aspects of the roundtable tour.

### Roundtable Media Coverage

#### Newspapers

Antigo Daily Journal  
 Appleton Post-Crescent  
 Beaver Dam Daily Citizen  
 Beloit Daily News  
 Bloomberg BNA  
 Daily Jefferson County Union  
 Dubuque Telegraph Herald  
 Eau Claire Country Today  
 Green Bay Press Gazette  
 Greendale Now  
 Hudson Star-Observer  
 Isthmus  
 Kenosha Daily News  
 La Crosse Tribune  
 MacIver News Service  
 Manitowoc Herald Times  
 Marshfield News Herald  
 Milwaukee Journal Sentinel  
 Monroe Times  
 Northwoods River News  
 Oshkosh Northwestern  
 Platteville Journal  
 Portage Daily Register  
 Racine Journal Times  
 Sheboygan Press  
 Stevens Point City Times  
 Stevens Point Journal  
 Sun Prairie Star  
 Superior Telegram  
 SWNews4u  
 Watertown Daily Times  
 Waukesha Freeman  
 Wausau Daily Herald  
 WI State Farmer Weekly  
 Wisconsin Ag Connection  
 Wisconsin Rapids Tribune  
 Wisconsin State Journal  
 UW-Stevens Point Student

#### Television

Fox-55 (Wausau)  
 NBC-15 (Madison)  
 ABC-9 (Wausau)  
 CBS-7 (Wausau)  
 NBC-12 (Rhineland)  
 CBS-8 (La Crosse)  
 ABC-12 (Milwaukee)  
 ABC-18 (Eau Claire)  
 Fox-21 (Duluth)

#### Radio

KFIZ (Fond du Lac)  
 WACD (Eagle River)  
 WATK (Antigo)  
 WBAY (Green Bay)  
 WBEV (Beaver Dam)  
 WCLO (Janesville)  
 WCUB (Manitowoc)  
 WDLB (Marshfield)  
 WFHR (Wisconsin Rapids)  
 WGLR (Platteville)  
 WHBL (Sheboygan)  
 WIBA (Madison)  
 WIFC (Wausau)  
 WISN (Milwaukee)  
 WIZM (La Crosse)  
 WLFN (La Crosse)  
 WOMT (Manitowoc)  
 WOSH (Oshkosh)  
 WPCN (Portage)  
 WPRE (Prairie du Chien)  
 WRCO (Richland Center)  
 WRJC (Mauston)  
 WRJN (Racine)  
 WRJO (Eagle River)  
 WSAU (Wausau)  
 WTAQ (Green Bay)  
 WUWM (Milwaukee)  
 WXCO (Wausau)  
 WXOW (La Crosse)  
 WXPB (Rhineland)  
 Wisconsin Public Radio  
 National Public Radio

## Conclusion

Painted on the ceiling in the Governor's Conference Room in our majestic State Capitol are words of wisdom for the incumbents of our state's highest office. One panel reads: *"The will of the people is the law of the land."* In a democratic republic like ours, we take that principle seriously. Our job as policy-makers is to listen to the people as we formulate the laws that govern all of us. This tax reform tour took that concept to a new level as we asked citizens what they wanted to see as their tax code.



This report sketched a broad outline and common themes from their answers. Taxes are too high and too complicated. They hinder economic growth, discourage job creation, and burden family budgets. And though we've made great progress in the last four years, we still have a long way to go. After all, tax reform and relief are not only paramount to a clear and strategic path to economic growth, but also to the prosperity of our state and the happiness of our citizens.

The Walker administration has already made significant strides in lowering the tax burden on Wisconsin citizens. But even with these recent accomplishments, Wisconsin remains one of the ten highest taxed states in the nation. That is why we need to continue the tax reform conversation.

Moving forward, we will build off our recent successes and continue to propose budgets that will lower property taxes in Wisconsin, allow more discretionary income for our citizens, and create a tax climate that will not only encourage existing businesses to move to our state, but will also provide the setting necessary for new start-ups to grow and succeed in Wisconsin.

We will continue our commitment to lower the tax burden so our families can find work here, so our businesses can grow here, and so our seniors can stay here in the homes and communities they love. We believe Wisconsin citizens deserve not just the opportunity for employment but the opportunity for happiness.



# Appendices



**Appendix A: General Fund Tax, Economic Development Surcharge, and  
Property Tax Changes Enacted Since January 2011  
(Millions)**

	<u>Legislation</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Four-Year Total</u>
<b><i>Income and Franchise Taxes</i></b>						
Health Savings Accounts	2011 Act 1	-\$21.20	-\$28.00	-\$28.00	-\$28.00	\$105.20
Relocated Business Credit/Deduction	2011 Act 3	-0.50	-0.50	-0.50	-0.50	-2.00
Economic Development Zone Increase	2011 Act 4	0.00	0.00	0.00	-6.25	-6.25
Deduction for New Hires	2011 Act 5	-33.50	-33.50	-33.50	-33.50	-134.00
Extend Dairy/Livestock Credit	2011 Act 15	0.00	-0.16	-1.58	-1.58	-4.74
Manufacturing and Agriculture Credit	2011 Act 32	0.00	-10.10	-44.20	-72.30	-126.60
Combined Reporting--Pre-2009 Loss Sharing	2011 Act 32	-9.20	-37.20	-40.00	-40.00	-126.40
Capital Gains Deferral for WI Investments	2011 Act 32	-16.10	-20.20	-20.20	-20.20	-76.70
Capital Gains Exclusion for WI Investments	2011 Act 32	0.00	0.00	0.00	0.00	0.00
Internal Revenue Code Update	2011 Act 32	0.23	-0.35	-0.35	-0.35	-0.81
Beloit Development Opportunity Zone	2011 Act 37	0.00	-1.00	-1.00	-1.00	-3.00
Health Insurance for Independent Children	2011 Act 49	-2.70	-1.80	-1.80	-1.80	-8.10
Credit for Hiring Disabled Veterans	2011 Act 212	-0.30	-1.30	-2.00	-2.40	-6.00
Income Tax Rate Cut	2013 Act 20	0.00	0.00	-327.80	-320.10	-647.90
Internal Revenue Code Update	2013 Act 20	0.00	0.00	15.50	18.20	33.70
Private School Tuition Deduction	2013 Act 20	0.00	0.00	0.00	-30.00	-30.00
Increased Economic Development Credit	2013 Act 20	0.00	0.00	-3.70	-9.00	-12.70
Sunset Dairy and Livestock Investment Credit	2013 Act 20	0.00	0.00	2.40	9.80	12.20
Extend Research Credits to Non-corporate Filers	2013 Act 20	0.00	0.00	-1.90	-7.50	-9.40
Net Operation Losses	2013 Act 20	0.00	0.00	-1.70	-6.80	-8.50
Delete Cap on Angel Credit	2013 Act 20	0.00	0.00	0.00	-5.00	-5.00
Depreciation, Depletion, Section 179 Expensing	2013 Act 20	0.00	0.00	-1.20	-3.80	-5.00
Phase-out Medical Records Credit	2013 Act 20	0.00	0.00	0.00	5.00	5.00
Sunset Relocated Business Credit/Exclusion	2013 Act 20	0.00	0.00	1.50	2.20	3.70
Increase Historic Rehabilitation Credit	2013 Act 20	0.00	0.00	-1.70	-1.70	-3.40
Small Business Stock	2013 Act 20	0.00	0.00	-0.80	-2.30	-3.10
Sunset Super Research and Development Credit	2013 Act 20	0.00	0.00	0.50	2.00	2.50
Index Tuition Deduction	2013 Act 20	0.00	0.00	-0.67	-1.53	-2.20
Tax Reform Interaction effects	2013 Act 20	0.00	0.00	-0.30	-1.20	-1.50
Farm Loss Limits	2013 Act 20	0.00	0.00	-0.20	-0.70	-0.90
Sunset Water Consumption Credit	2013 Act 20	0.00	0.00	0.10	0.30	0.40
Difference in Basis of Assets	2013 Act 20	0.00	0.00	0.00	0.20	0.20
Sunset Biodiesel Fuel Pump Credit	2013 Act 20	0.00	0.00	0.00	0.10	0.10
Limit Econ. Dev. Surcharge to Corp. Filers	2013 Act 20	0.00	0.00	-8.00	-8.00	-16.00
Historic Rehabilitation Credit Expansion	2013 Act 62	0.00	0.00	-1.00	-3.80	-4.80
Reduce Bottom Income Tax Rate	2013 Act 145	0.00	0.00	-2.10	-96.50	-98.60
PTRC Offset From Lower Property Taxes	2013 Act 145	0.00	0.00	0.00	2.64	2.64
Allow Research Credit against AMT	2013 Act 145	0.00	0.00	0.00	-1.00	-1.00
Allow Historic Rehab. Credit against AMT	2013 Act 145	0.00	0.00	0.00	-0.50	-0.50
Relocated Business Exclusion/Credit	2013 Act 145	0.00	0.00	-0.11	-0.14	-0.25
Subtotal--Income and Franchise Taxes		-\$83.27	-\$135.53	-\$504.32	-\$667.41	-\$1,390.51



## Appendix A (continued)

### General Fund Tax, Economic Development Surcharge, and Property Tax Changes Enacted Since January 2011 (Millions)

	<u>Legislation</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Four-Year Total</u>
<b><i>Other General Fund Taxes</i></b>						
Sales Tax Exemption for Modular Home	2011 Act 32	\$-0.20	\$-0.26	\$-0.26	\$-0.26	\$-0.98
Sales Tax Exemption for Direct Mail	2011 Act 32	0.00	0.00	-0.50	-0.50	-1.00
Sales Tax Exemption for Snow-Making Equipment	2011 Act 32	0.00	0.00	-0.15	-0.15	-0.30
Sales Tax Exemption for Property Sold and Services	2013 Act 20	0.00	0.00	-0.46	-0.58	-1.04
Sales Tax Exemption for Printers	2013 Act 20	0.00	0.00	-1.00	-1.30	-2.30
Sales Tax Exemption for Manufacturing and Biotech Research	2013 Act 20	0.00	0.00	-0.90	-0.90	-1.80
Sunset HIRSP Assessment Credit	2013 Act 20	0.00	0.00	0.60	3.00	3.60
HIRSP Credit Extension	2013 Act 116	0.00	0.00	0.00	-1.25	-1.25
Sales Tax Exemption for Aircraft Parts and Services	2013 Act 185	0.00	0.00	-0.24	-2.90	-3.14
Sales Tax Exemption for Fertilizer Blending Equipment	2013 Act 324	0.00	0.00	-0.38	-1.50	-1.88
Sales Tax Exemptions for Radio/TV Stations	2013 Act 346	0.00	0.00	0.00	-2.20	-2.20
Subtotal – Other		\$-0.20	\$-0.26	\$-3.59	\$-8.54	\$-12.29
<b><i>Property Taxes</i></b>						
Increase Lottery Tax Credit	2013 Act 20	0.00	0.00	-14.85	-14.85	-29.70
Increase School Aids	2013 Act 46	0.00	0.00	-40.00	-60.00	-100.00
Increase WTCS Funding	2013 Act 145	0.00	0.00	0.00	-406.00	-406.00
Subtotal – Property Taxes		\$0.00	\$0.00	\$-54.85	\$-480.85	\$-535.70
Grand Total		-\$83.47	-\$135.79	-\$562.45	-\$1,156.80	-\$1,938.50

## Appendix B: Internal Revenue Code Updates since January 2011

Provision Summary	Enacting Legislation
1. Health Savings Accounts (primarily Section 223 of the IRC)	2011 Wisconsin Act 1
2. Long-term care insurance provided as part of an annuity or life insurance contract (P.L. 109-280)	2011 Wisconsin Act 32
3. Rollovers from deferred compensation plans into Roth accounts (P.L. 111-240)	2011 Wisconsin Act 32
4. Partial annuitization of nonqualified annuity contracts (P.L. 111-240)	2011 Wisconsin Act 32
5. Qualified tax credit and Build America Bonds (P.L. 110-246)	2011 Wisconsin Act 32
6. Treatment of below-market loans for continuing care facilities (P.L. 109-222, Section 209 and P.L. 109-432, Section 425 of Division A)	2011 Wisconsin Act 32
7. Archer Medical Savings Accounts (P.L. 109-432)	2011 Wisconsin Act 32
8. Deductions allowed for whistleblowers (P.L. 109-432, Section 406 of Division A)	2011 Wisconsin Act 32
9. Treatment of sale or exchange of self-created musical works (P.L. 109-432, Section 412 of Division A)	2011 Wisconsin Act 32
10. Exclusion of gain on sale of a principal residence by a member of the intelligence community and Peace Corps volunteers (P.L. 109-432, Section 417 of Division A and P.L. 110-245 Divisions 110 and 113)	2011 Wisconsin Act 32
11. Non-recognition of gain provisions relating to sales of property due to conflicts of interest extended to judicial officers (P.L. 109-432, Section 418 of Division A)	2011 Wisconsin Act 32
12. Unrelated business income for charitable remainder trust (P.L. 109-432, Section 424 of Division A)	2011 Wisconsin Act 32
13. Exclusion of gain from conservation sale (P.L. 109-432, Division 403 of Division C)	2011 Wisconsin Act 32
14. Income exclusion for Hokie Spirit Memorial Fund (P.L. 110-141)	2011 Wisconsin Act 32
15. Capital gain exclusion on the sale of principal residence by surviving spouse (P.L. 110-142, Section 7)	2011 Wisconsin Act 32
16. Capital gain exclusion for primary residence (P.L. 110-289, Section 3092)	2011 Wisconsin Act 32
17. Repeal limitation on funeral trusts (P.L. 110-317, Section 9)	2011 Wisconsin Act 32
18. Transportation fringe benefit to bicycle commuters (P.L. 110-343, Section 211 of Division B)	2011 Wisconsin Act 32
19. Amounts received in connection with Exxon Valdez Litigation (P.L. 110-343, Section 504 of Division C)	2011 Wisconsin Act 32

