



Legislative Fiscal Bureau

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September 12, 2017

TO: Representative Robin Vos
Room 211 West, State Capitol

FROM: Rob Reinhardt, Program Supervisor

SUBJECT: Tax Law Changes Since 2011

At your request, this memorandum provides information regarding tax law changes that have been adopted since January, 2011. The attached table shows the estimated fiscal effects in fiscal years 2011-12 through and 2018-19 of changes enacted since January, 2011, to general fund taxes, the economic development surcharge, and property taxes. The table also includes tax provisions included in the version of the 2017-19 biennial budget bill adopted by the Joint Committee on Finance.

With limited exceptions, the amounts shown in the table are the fiscal estimates that were prepared at the time the applicable legislation was passed. These amounts generally have not been adjusted to reflect actual collection data or economic growth that has occurred since the time of enactment of the applicable legislation. The table only includes provisions that would directly increase or decrease a taxpayer's tax liability. It does not include tax enforcement provisions, income tax withholding table changes, the effect of the recent Illinois income tax increase, or the impact on general fund tax collections of the changes to state and local government employee compensation included in 2011 Act 10. The table also does not include refundable credits or provisions that have a minimal fiscal effect.

The fiscal effects of several provisions will increase over time due to delayed effective dates and phase-ins. The income tax exclusion for capital gains on Wisconsin-based assets created in 2011 Act 32, will increase to an estimated revenue loss of \$73.4 million in 2019-20 and to \$79.4 million in 2020-21 and thereafter. The impact of repealing the alternative minimum tax will increase to \$7.0 million annually beginning in 2019-20, and the fiscal effect of changing the apportionment rules for broadcasters will increase to \$13.0 million annually beginning in that year. The estimated revenue increase from limiting the state historic rehabilitation credit will increase to nearly \$6.0 million annually by 2024-25. Two other provisions adopted by the Finance Committee will first have fiscal effects in later years. A sales tax exemption for broadcast equipment is estimated to reduce revenues by \$0.9 million annually beginning in 2019-20. In addition,

beginning July 1, 2020, federal law will prohibit Wisconsin from imposing the sales and use tax on internet access services. The Joint Finance budget would amend state law to repeal imposition of the tax on that date. The estimated revenue loss of this provision is \$166 million annually, beginning in 2020-21

I hope this information is helpful. Please contact me if you have additional questions.

RR/sas
Attachment

ATTACHMENT

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

Legislation	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Eight-Year Total
Income and Franchise Taxes									
Health Savings Accounts	-\$21.20	-\$28.00	-\$28.00	-\$28.00	-\$28.00	-\$28.00	-\$28.00	-\$28.00	-\$217.20
Relocated Business Credit/Deduction	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-4.00
Economic Development Zone Increase	0.00	0.00	0.00	-6.25	-6.25	-6.25	-6.25	0.00	-25.00
Deduction for New Hires	-2.70	-2.70	-2.70	-2.70	-2.70	-2.70	-2.70	-2.70	-21.60
Extend Dairy/Livestock Credit	0.00	-1.58	-1.58	-1.58	-1.58	-1.58	-1.58	-1.58	-11.06
Manufacturing and Agriculture Credit (MAC)	0.00	-15.60	-81.70	-152.70	-235.20	-299.00	-40.00	-334.00	-1,438.40
Combined Reporting--Pre-2009 Loss Sharing	-9.20	-37.20	-40.00	-40.00	-40.00	-40.00	-40.00	-40.00	-286.40
Capital Gains Deferral for WI Investments	-16.10	-20.20	-20.20	-20.20	-20.20	-20.20	-20.20	-20.20	-157.50
Capital Gains Exclusion for WI Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-85.40
Internal Revenue Code Update	0.23	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-2.20
Beloit Development Opportunity Zone	0.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-7.00
Health Insurance for Independent Children	-2.70	-1.80	-1.80	-1.80	-1.80	-1.80	-1.80	-1.80	-15.30
Credit for Hiring Disabled Veterans	-0.30	-1.30	-2.00	-2.40	-2.40	-2.40	-2.40	-2.40	-15.60
Income Tax Rate Cut	0.00	0.00	-\$27.80	-\$20.10	-\$20.10	-\$20.10	-\$20.10	-\$20.10	-1,928.30
Internal Revenue Code Update	0.00	0.00	15.50	18.20	18.20	18.20	18.20	18.20	106.50
Private School Tuition Deduction	0.00	0.00	0.00	-30.00	-30.00	-30.00	-30.00	-30.00	-150.00
Increase Economic Development Credit	0.00	0.00	-3.70	-9.00	-6.88	-0.56	-0.56	-0.56	-21.25
Sunset Dairy and Livestock Investment Credit	0.00	0.00	2.40	9.80	9.80	9.80	9.80	9.80	51.40
Extend Research Credits to Non-corporate Filers	0.00	0.00	-1.90	-7.50	-7.50	-7.50	-7.50	-7.50	-39.40
Net Operating Losses	0.00	0.00	-1.70	-6.80	-6.80	-6.80	-6.80	-6.80	-35.70
Delete Cap on Angel Credit	0.00	0.00	0.00	-5.00	-5.00	-5.00	-5.00	-5.00	-25.00
Depreciation, Depletion, Section 179 Expensing	0.00	0.00	-1.20	-3.80	-3.80	-3.80	-3.80	-3.80	-20.20
Phase-out Medical Records Credit	0.00	0.00	0.00	5.00	7.50	10.00	10.00	10.00	42.50
Sunset Relocated Business Credit/Exclusion	0.00	0.00	1.50	2.20	2.20	2.20	2.20	2.20	12.50
Increase Historic Rehabilitation Credit	0.00	0.00	-1.70	-1.70	-1.70	-1.70	-1.70	-1.70	-10.20
Small Business Stock	0.00	0.00	-0.80	-2.30	-2.30	-2.30	-2.30	-2.30	-12.30
Sunset Super Research and Development Credit	0.00	0.00	0.50	2.00	2.00	2.00	2.00	2.00	10.50
Index Tuition Deduction	0.00	0.00	-0.67	-1.53	-1.53	-1.53	-1.53	-1.53	-8.32
Tax Reform Interaction effects	0.00	0.00	-0.30	-1.20	-1.20	-1.20	-1.20	-1.20	-6.30
Farm Loss Limits	0.00	0.00	-0.20	-0.70	-0.70	-0.70	-0.70	-0.70	-3.70
Sunset Water Consumption Credit	0.00	0.00	0.10	0.30	0.30	0.30	0.30	0.30	1.60
Difference in Basis of Assets	0.00	0.00	0.00	0.20	0.20	0.20	0.20	0.20	1.00
Sunset Biodiesel Fuel Pump Credit	0.00	0.00	0.00	0.10	0.10	0.10	0.10	0.10	0.50
End Econ. Dev. Surcharge on Individuals, Partnerships, & Farms	0.00	0.00	-8.00	-8.00	-8.00	-8.00	-8.00	-8.00	-48.00
Historic Rehabilitation Credit Expansion	0.00	0.00	-1.00	-3.80	-3.80	-3.80	-3.80	-3.80	-20.00
Reduce Bottom Income Tax Rate	0.00	0.00	-2.10	-96.50	-96.50	-96.50	-96.50	-96.50	-484.60
PTRC Offset From Lower Property Taxes	0.00	0.00	0.00	2.64	2.64	2.64	2.64	2.64	13.20
Allow Research Credit against AMT	0.00	0.00	0.00	-0.50	-0.50	-0.50	-0.50	-0.50	-2.50
Allow Historic Rehab. Credit against AMT	0.00	0.00	0.00	-1.00	-1.00	-1.00	-1.00	-1.00	-5.00
One-Time Extension of Relocated Business Exclusion/Credit	0.00	0.00	-0.11	-0.14	0.00	0.00	0.00	0.00	-0.25
Index EdVest Deduction	0.00	0.00	0.00	-0.40	-0.40	-0.40	-0.40	-0.40	-2.00
Federalize Minimum Tax Exemption Amounts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-61.30
Increase Standard Deduction for Married Filers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-62.70
Deduction for Teachers' Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-4.40
ABLE Accounts	0.00	0.00	0.00	0.00	-1.10	-1.10	-1.10	-1.10	-4.40
Edvest Modifications	0.00	0.00	0.00	0.00	-0.31	-0.70	-0.70	-0.70	-2.41
Historic Rehabilitation Credit for Green Bay Project	0.00	0.00	0.00	0.00	-0.20	-0.90	-0.90	-0.90	-2.90
	0.00	0.00	0.00	0.00	-0.50	-0.50	-0.50	-0.50	-2.00

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Eight-Year Total
Legislation									
Repeal Economic Development Tax Credit*	\$0.00	\$0.00	\$0.00	\$0.00	\$2.25	\$7.50	\$7.50	\$7.50	\$24.75
Decrease MAC in 2015	0.00	0.00	0.00	0.00	16.80	0.00	0.00	0.00	16.80
Repeal Deduction for New Hires	0.00	0.00	0.00	0.00	2.70	2.70	2.70	2.70	10.80
Exclusion for Income from Disaster Repair	0.00	0.00	0.00	0.00	-0.10	-0.28	-0.28	-0.28	-0.94
Delete Working Families Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.40	0.40	0.80
Eliminate Minimum Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.75	-1.75
Calculation of Itemized Deduction Credit for Nonresidents	0.00	0.00	0.00	0.00	0.00	0.00	0.58	0.59	1.17
MAC/Other States Tax Credit Interaction	0.00	0.00	0.00	0.00	0.00	0.00	9.70	9.70	19.40
Limit Historic Rehabilitation Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.30	0.30
Internal Revenue Code Update	0.00	0.00	0.00	0.00	0.00	0.00	-0.60	-0.80	-1.40
Direct Contributions from IRAs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-4.80	-4.80
Other States' Tax Credit	0.00	0.00	0.00	0.00	0.00	0.00	11.30	9.00	20.30
Treatment of Net Operating Losses	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	2.00
Eliminate Payment of Interest on Tax Credits	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.50	1.00
Apportionment for Broadcasters--Income/Franchise Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-3.20	-3.20
Apportionment for Broadcasters--Econ. Dev. Surcharge	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.12	-0.12
Subtotal--Income and Franchise taxes	-\$52.47	-\$110.23	-\$511.01	-\$717.01	-\$775.20	-\$875.90	-\$910.42	-\$968.33	-\$4,920.58
Other General Fund Taxes									
Sales Tax Exemption for Modular Homes	-\$0.20	-\$0.26	-\$0.26	-\$0.26	-\$0.26	-\$0.26	-\$0.26	-\$0.26	-\$2.02
Sales Tax Exemption for Direct Mail	0.00	0.00	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-3.00
Sales Tax Exemption for Snow-Making Equipment	0.00	0.00	-0.15	-0.15	-0.15	-0.15	-0.15	-0.15	-0.90
Sales Tax on Lump Sum Contracts	0.00	0.00	-0.46	-0.58	-0.58	-0.58	-0.58	-0.58	-3.36
Sales Tax Exemptions for Printers	0.00	0.00	-1.00	-1.30	-1.30	-1.30	-1.30	-1.30	-7.50
Sales Tax Exemption for Manufacturing and Biotech Research	0.00	0.00	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-5.40
Sunset HIRSP Assessment Credit	0.00	0.00	0.60	3.00	3.00	3.00	3.00	3.00	15.60
HIRSP Credit Extension	0.00	0.00	0.00	-1.25	0.00	0.00	0.00	0.00	-1.25
Sales Tax Exemption for Aircraft Parts and Services	0.00	0.00	-0.24	-2.90	-2.90	-2.90	-2.90	-2.90	-14.74
Sales Tax Refunds--Private Label Credit Cards	0.00	0.00	0.00	0.00	-1.50	-1.50	-1.50	-1.50	-7.88
Sales Tax Exemption for Fertilizer Blending Equipment	0.00	0.00	-0.38	-2.20	-2.20	-2.20	-2.20	-2.20	-11.00
Sales Tax Exemptions for Radio/TV Stations	0.00	0.00	0.00	0.00	11.00	11.00	0.00	0.00	22.00
Delay Private Label Credit Card Provision	0.00	0.00	0.00	0.00	-0.07	-0.14	-0.14	-0.14	-0.49
Sales Tax Exemption for Deer	0.00	0.00	0.00	0.00	-0.13	-0.25	-0.25	-0.25	-0.88
Impose Hard Cider Tax on Pear Cider	0.00	0.00	0.00	0.00	-0.05	-0.11	-0.11	-0.11	-0.38
Sales Tax Exemption for Disaster Repair	0.00	0.00	0.00	0.00	-3.20	-6.40	-6.40	-6.40	-22.40
Sales Tax Exemption for Contractors' Purchases	0.00	0.00	0.00	0.00	-0.02	-0.23	-0.23	-0.23	-0.71
Sales Tax Exemption for Jukebox Music	0.00	0.00	0.00	0.00	-0.23	-0.56	-0.56	-0.56	-1.91
Sales Tax Exemption for Federal Excise Tax on Trucks	0.00	0.00	0.00	0.00	-0.30	-0.59	-0.59	-0.59	-2.07
Increase Occasional Sales Thresholds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.04	-0.09
Sales Tax on Beekeepers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	-0.07
Sales Tax on Fish Farms	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales Tax on Broadcast Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Construction Materials for UW and WTCS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales Tax on Motorcycles	0.00	0.00	0.00	0.00	0.00	0.00	0.22	0.22	0.43
Delay Credit Card Bad Debt Provisions	0.00	0.00	0.00	0.00	0.00	0.00	10.15	0.00	10.15
Sales Tax on Occasional Sales	0.00	0.00	0.00	0.00	0.00	0.00	-0.08	-0.16	-0.25
Sales Tax on Food Prepared Off-Site	0.00	0.00	0.00	0.00	0.00	0.00	-1.15	-1.20	-2.35
Sales Tax on Lump Sum Contracts	0.00	0.00	0.00	0.00	0.00	0.00	-1.25	-1.50	-2.75
Cigarette Discount	0.00	0.00	0.00	0.00	0.00	0.00	-0.30	-0.60	-0.90
Subtotal--Other General Fund Taxes	-\$0.20	-\$0.26	-\$3.29	-\$8.54	-\$11.28	-\$15.57	-\$19.07	-\$32.39	-\$90.59

	Legislation	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Eight-Year Total
Property Taxes										
Increase Lottery Tax Credit	2013 Act 20	\$0.00	\$0.00	-\$14.85	-\$14.85	-\$14.85	-\$14.85	-\$14.85	-\$14.85	-\$89.10
Increase School Aids	2013 Act 46	0.00	0.00	-40.00	-60.00	-60.00	-60.00	-60.00	-60.00	-340.00
Increase WTCS Funding	2013 Act 145	0.00	0.00	0.00	-406.00	-406.00	-406.00	-406.00	-406.00	-2,030.00
Increase School Aids	2015 Act 55	0.00	0.00	0.00	0.00	0.00	-108.14	-108.14	-108.14	-324.42
Increase School Levy Tax Credit	2015 Act 55	0.00	0.00	0.00	0.00	0.00	-105.60	-105.60	-105.60	-316.80
Increase School Aids	Sept. 2017 JFC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-72.75	-72.75
Increase Lottery Tax Credit	Sept. 2017 JFC	0.00	0.00	0.00	0.00	0.00	0.00	-8.00	-40.00	-48.00
Increase School Levy Tax Credit	Sept. 2017 JFC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-87.00	-87.00
Repeal Forestry Mill Tax	Sept. 2017 JFC	0.00	0.00	0.00	0.00	0.00	0.00	-89.26	-91.64	-180.90
Expand Personal Property Tax Exemptions	Sept. 2017 JFC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-74.40	-74.40
Subtotal-Property Taxes		\$0.00	\$0.00	-\$54.85	-\$480.85	-\$480.85	-\$694.59	-\$791.85	-\$1,060.38	-\$3,563.37
Grand Total		-\$52.67	-\$110.49	-\$569.15	-\$1,206.40	-\$1,267.33	-\$1,586.06	-\$1,721.34	-\$2,061.11	-\$8,574.54

*2015 Act 55 repealed the economic development tax credit and the jobs tax credit, beginning in tax year 2016, and created a new business development credit in that year. The jobs credit and the business development credit are refundable, so they are not included in the table.

