



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873  
Email: [fiscal.bureau@legis.wisconsin.gov](mailto:fiscal.bureau@legis.wisconsin.gov) • Website: <http://legis.wisconsin.gov/lfb>

February 18, 2022

TO: Senator Devin LeMahieu  
Room 211 South, State Capitol

FROM: Sean Moran, 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, through 2021 Act 139. The Attachment provides a table that shows the estimated fiscal effects in fiscal years 2011-12 through 2022-23 of changes to general fund taxes, the economic development surcharge, and property taxes.

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: (a) tax enforcement provisions; (b) income tax withholding table changes; (c) estimated expenditures related to the 2018 sales tax rebate; (d) the impact on general fund tax collections of the changes to state and local government employee compensation included in 2011 Act 10; (e) increased sales tax revenues resulting from the 2018 Supreme Court case, *South Dakota v. Wayfair, Inc.*, including estimated revenue from the 2019 Act 9 requirement that marketplace providers collect and remit sales tax on behalf of marketplace sellers; (f) reduced vapor products tax revenue as a result of the Supreme Court case, *Bartlett v. Evers*; and (g) reduced sales tax revenues resulting from the repeal of sales tax imposition on internet access services to reflect federal preemption of state taxing authority beginning July 1, 2020. The table also does not include refundable credits or provisions that have a minimal fiscal effect.

As shown in the table, tax law changes adopted since January, 2011, are estimated to have reduced tax liability that would otherwise be owed by taxpayers in 2022-23 by \$4,121.88 million, comprised of: (a) \$2,551.02 million in income and franchise taxes and economic development surcharges; (b) \$28.48 million in other general fund taxes; and (c) \$1,542.38 million in property taxes.

For the 12-year period beginning in 2011-12 through 2022-23, the table shows that tax law changes adopted since January, 2011, are estimated to have reduced cumulative taxes that would otherwise have been, and would be, owed by taxpayers by \$21,927.85 million, comprised of: (a) \$13,094.96 million in income and franchise taxes and economic development surcharges; (b) \$184.17 million in other general fund taxes; and (c) \$8,648.72 million in property taxes. For property taxes, general school aid increases in years where revenue limits were also increased are excluded from the attached table. If a different beginning year or ending year had been selected for this analysis, the cumulative tax reduction shown in the table would be different.

The fiscal effects of several provisions will change over time due to delayed effective dates and phase-ins. The estimated revenue increase from limiting the state historic rehabilitation credit under 2017 Act 59 will increase to \$46.5 million by 2025-26. However, the estimated revenue reduction under 2017 Act 280, which increased the annual limit for the state historic rehabilitation credit that was enacted under Act 59, is estimated to reduce revenues by \$29.4 million annually, beginning in 2023-24. The Internal Revenue Code (IRC) update under 2017 Act 231 is estimated to change from a revenue reduction of \$23.8 million in 2018-19 to a revenue increase of \$71.0 million in 2025-26 and \$63.6 million beginning in 2026-27. The low-income housing credit under 2017 Act 176 is estimated to phase in over a seven-year period and reduce revenues by \$42.0 million beginning in 2025-26. The exemption from the state ad valorem tax on telephone companies for certain equipment used to provide broadband service to rural areas under 2019 Act 128 is estimated to phase in over a five-year period to reduce revenues by \$18.0 million beginning in 2025-26. The income and franchise tax exclusion provided for gains attributable to investments in Wisconsin-based opportunity zones under 2019 Act 136 is estimated to reduce revenues by \$4.5 million annually, beginning in 2023-24. The fiscal effect of the IRC update under 2019 Act 185 is estimated to increase from a revenue reduction of \$0.3 million in 2022-23 to a reduction of \$6.0 million beginning in 2026-27. Under 2021 Act 1, the exemption for economic support programs is estimated to reduce revenue by \$260.0 million in 2020-21 before declining to a minimal amount in 2024-25. The revenue reduction of the IRC update under Act 1 decreases from \$29.5 million in 2021-22 to \$8.4 million in 2023-24, before gradually increasing to \$12.6 million in 2027-28.

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

SM/lb  
Attachment





	<u>Legislation</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>12-Year Total</u>
<b>Other General Fund Taxes (continued)</b>														
Sales Tax Exemption for Contractors' Purchases	2015 Act 126	\$0.00	\$0.00	\$0.00	\$0.00	-\$3.20	-\$6.40	-\$6.40	-\$6.40	-\$6.40	-\$6.40	-\$6.40	-\$6.40	-\$48.00
Sales Tax Exemption for Jukebox Music	2015 Act 251	0.00	0.00	0.00	0.00	-0.02	-0.23	-0.23	-0.23	-0.23	-0.23	-0.23	-0.23	-1.63
Sales Tax Exemption for Federal Excise Tax on Trucks	2015 Act 361	0.00	0.00	0.00	0.00	-0.23	-0.56	-0.56	-0.56	-0.56	-0.56	-0.56	-0.56	-4.15
Increase Occasional Sales Thresholds	2015 Act 364	0.00	0.00	0.00	0.00	-0.30	-0.59	-0.59	-0.59	-0.59	-0.59	-0.59	-0.59	-4.43
Sales Tax Exemption for Beekeepers	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	-0.04	-0.09	-0.09	-0.09	-0.09	-0.09	-0.49
Sales Tax Exemption for Fish Farms	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	-0.07	-0.07	-0.07	-0.07	-0.07	-0.38
Sales Tax Exemption for Certain Construction Materials	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2.50	-2.50	-2.50	-2.50	-2.50	-12.50
Sales Tax on Motorcycles	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	-0.22	-0.22	-0.22	-0.22	-0.22	-0.22	-1.32
Sales Tax on Occasional Sales	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	-0.08	-0.16	-0.16	-0.16	-0.16	-0.16	-0.88
Sales Tax Exemption for Food Prepared Off-Site	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	-1.15	-1.20	-1.20	-1.20	-1.20	-1.20	-7.15
Sales Tax Exemption for Lump Sum Contracts	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	-1.25	-1.50	-1.50	-1.50	-1.50	-1.50	-8.75
Cigarette Discount	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	-0.30	-0.60	-0.60	-0.60	-0.60	-0.60	-3.30
Sales Tax Exemption for Veterans Organizations	2017 Act 190	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.60	-0.60	-0.60	-0.60	-0.60	-3.00
Sales Tax Exemption for Holding Co. Purchases from Charities	2017 Act 231	0.00	0.00	0.00	0.00	0.00	0.00	-0.10	-0.12	-0.12	-0.12	-0.12	-0.12	-0.70
August 2018 Sales Tax Holiday	2017 Act 367	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-14.00	0.00	0.00	0.00	0.00	-14.00
Create Vapor Products Tax	2019 Act 9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.30	3.20	3.20	3.20	11.90
Limit Transfer Fee Exception Between Related Entities	2019 Act 9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.54	0.72	0.72	0.72	2.70
Rural Broadband Exemption for Telephone Companies	2019 Act 128	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.64	-8.35	-9.99
Sales Tax Exemption for Temporary Storage	2019 Act 181	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.08	-0.92	-0.92	-0.92	-2.84
Sales Tax Exemption for Sweetened Dried Fruit	2021 Act 58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.40	-0.50	-0.90
Subtotal--Other General Fund Taxes		-\$0.20	-\$0.26	-\$3.29	-\$8.54	-\$11.29	-\$15.57	-\$18.74	-\$36.63	-\$19.87	-\$19.63	-\$21.67	-\$28.48	-\$184.17
	<u>Legislation</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>12-Year Total</u>
<b>Property Taxes</b>														
Increase Lottery Tax Credit	2013 Act 20	\$0.00	\$0.00	-\$14.85	-\$14.85	-\$14.85	-\$14.85	-\$14.85	-\$14.85	-\$14.85	-\$14.85	-\$14.85	-\$14.85	-\$148.50
Increase General School Aids	2013 Act 46	0.00	0.00	-40.00	-60.00	-60.00	-60.00	-60.00	-60.00	-60.00	-60.00	-60.00	-60.00	-580.00
WTCS Property Tax Relief Aid	2013 Act 145	0.00	0.00	0.00	-406.00	-406.00	-406.00	-406.00	-406.00	-406.00	-406.00	-406.00	-406.00	-3,654.00
Increase General School Aids	2015 Act 55	0.00	0.00	0.00	0.00	0.00	-108.14	-108.14	-108.14	-108.14	-108.14	-108.14	-108.14	-756.98
Increase School Levy Tax Credit	2015 Act 55	0.00	0.00	0.00	0.00	0.00	-105.60	-105.60	-105.60	-105.60	-105.60	-105.60	-105.60	-739.20
Increase General School Aids	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-72.75	-72.75	-72.75	-72.75	-72.75	-363.75
Increase Lottery Tax Credit	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	-8.00	-40.00	-40.00	-40.00	-40.00	-40.00	-208.00
Increase School Levy Tax Credit	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-87.00	-87.00	-87.00	-87.00	-87.00	-435.00
Repeal Forestry Mill Tax	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	-89.26	-93.26	-98.57	-104.05	-111.12	-115.54	-611.80
Expand Personal Property Tax Exemptions	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-75.35	-74.73	-74.73	-74.73	-74.73	-374.27
Increase Lottery Tax Credit	2019 Act 9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-31.70	-33.08	-33.08	-33.08	-130.94
Lottery Tax Credit Standard Budget Adjustment	2021 Act 58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.21	0.21	0.42
Increase General School Aids	2021 Act 58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-110.00	-298.00	-408.00
Delete Independent Charter School Aid Reduction	2021 Act 58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-82.80	-83.90	-166.70
Increase WTCS Property Tax Relief Aid	2021 Act 58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-29.00	-43.00	-72.00
Subtotal--Property Taxes		\$0.00	\$0.00	-\$54.85	-\$480.85	-\$480.85	-\$694.59	-\$791.85	-\$1,062.95	-\$1,099.34	-\$1,106.20	-\$1,334.86	-\$1,542.38	-\$8,648.72
 Grand Total		-\$52.67	-\$110.69	-\$569.25	-\$1,206.10	-\$1,260.45	-\$1,554.07	-\$1,701.02	-\$2,099.02	-\$2,347.21	-\$2,867.56	-\$4,037.93	-\$4,121.88	-\$21,927.85