



Legislative Fiscal Bureau

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September 17, 2019

TO: Representative Robin Vos
Room 217 West, 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 2019 Act 18. The attached table shows the estimated fiscal effects in fiscal years 2011-12 through 2020-21 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 recent 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; or (g) reduced sales tax revenues resulting from 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 attached table, tax law changes that have been adopted since January, 2011, are estimated to have reduced tax liability that would otherwise be owed by taxpayers in 2020-21 by \$2,356.97 million, comprised of: (a) \$1,233.34 million in income and franchise taxes and economic development surcharges; (b) \$18.27 million in other general fund taxes; and (c) \$1,105.36 million in property taxes.

For the ten-year period beginning in 2011-12 through 2020-21, the attached 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 \$13,122.73 million, comprised of: (a) \$7,220.22 million in income and franchise taxes and economic development surcharges; (b) \$131.26 million in other general fund taxes; and (c) \$5,771.26 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 attached 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 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 increase in the investment limit for qualified new business ventures under 2017 Act 280 is estimated to phase-down to \$2.0 million beginning in 2021-22. The low-income housing credit under 2017 Act 176 is estimated to reduce revenues by \$42.0 million beginning in 2027-28. The exclusion for certain Wisconsin Health and Educational Facilities Authority (WHEFA) bonds under 2019 Act 10 is estimated to reduce revenues by \$0.4 million beginning in 2022-23.

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

SM/lb
Attachment

	Legislation	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Ten-Year Total
Income and Franchise Taxes (continued)												
Historic Rehabilitation Credit for Green Bay Project	2015 Act 55	\$0.00	\$0.00	\$0.00	\$0.00	-\$0.50	-\$0.50	\$0.00	\$0.00	\$0.00	\$0.00	-\$1.00
Repeat Economic Development Tax Credit	2015 Act 55	0.00	0.00	0.00	0.00	2.25	7.50	7.50	7.50	7.50	7.50	39.75
Decrease MAC in 2015	2015 Act 55	0.00	0.00	0.00	0.00	16.80	0.00	0.00	0.00	0.00	0.00	16.80
Repeat Deduction for New Hires	2015 Act 55	0.00	0.00	0.00	0.00	2.70	2.70	2.70	2.70	2.70	2.70	16.20
Exclusion for Income from Disaster Repair	2015 Act 84	0.00	0.00	0.00	0.00	-0.10	-0.28	-0.28	-0.28	-0.28	-0.28	-1.50
Eliminate AMT	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.75	-7.00	-7.00	-15.75
Calculation of Itemized Deduction Credit for Nonresidents	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	0.58	0.59	0.59	0.59	2.35
MAC/Other States Tax Credit Interaction	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	9.70	9.70	9.70	9.70	38.80
Limit Historic Rehabilitation Credit	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.30	11.80	23.80	37.90
Internal Revenue Code Update	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	-0.60	-0.80	-0.80	-0.80	-3.00
Direct Contributions from IRAs	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	11.30	4.80	4.80	4.80	-14.40
Other States' Tax Credit	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.00	9.00	9.00	38.30
Treatment of Net Operating Losses	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	4.00
Eliminate Payment of Interest on Tax Credits	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.50	0.50	0.50	2.00
Apportionment for Broadcasters--Income/Franchise Tax	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-3.20	-13.00	-13.00	-29.20
Appointment for Broadcasters--Econ. Dev. Surcharge	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.12	-0.47	-0.47	-1.06
Low-Income Housing Credit	2017 Act 176	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.66	-8.18	-9.84
Internal Revenue Code Update	2017 Act 231	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-23.80	17.40	28.90	22.50
Increase Qualified New Business Venture Investment Limit	2017 Act 234	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-5.00	-7.70	-10.60	-23.30
Increase Historic Rehabilitation Credit Limit	2017 Act 280	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-3.50	-8.30	-10.60	-22.40
Accelerate and Make One-Time Automatic Tax Rate Reduction	2017 Act 368	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-60.00	60.00	0.00
Limit Deduction for Out-of-State Moving Expenses	2019 Act 7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.50	1.00
Reduce Second Income Tax Rate	2019 Act 9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-168.90	-152.60	-321.50
Exclusion for Certain WHEFA Bonds	2019 Act 9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.13	-0.13
Automatic Income Tax Rate Reductions	2019 Act 10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-119.30	-119.30
Tax Reform Interactive Effect	2019 Act 9, 10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	4.00	6.00
Subtotal--Income and Franchise taxes		-\$52.47	-\$110.33	-\$510.71	-\$714.21	-\$762.00	-\$829.60	-\$861.62	-\$956.83	-\$1,189.09	-\$1,233.34	-\$7,220.22
Other General Fund Taxes												
Sales Tax Exemption for Modular Homes	2011 Act 32	-\$0.20	-\$0.26	-\$0.26	-\$0.26	-\$0.26	-\$0.26	-\$0.26	-\$0.26	-\$0.26	-\$0.26	-\$2.54
Sales Tax Exemption for Direct Mail	2011 Act 32	0.00	0.00	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-4.00
Sales Tax Exemption for Snow-Making Equipment	2011 Act 32	0.00	0.00	-0.15	-0.15	-0.15	-0.15	-0.15	-0.15	-0.15	-0.15	-1.20
Sales Tax on Lump Sum Contracts	2013 Act 20	0.00	0.00	-0.46	-0.58	-0.58	-0.58	-0.58	-0.58	-0.58	-0.58	-4.52
Sales Tax Exemptions for Printers	2013 Act 20	0.00	0.00	-1.00	-1.30	-1.30	-1.30	-1.30	-1.30	-1.30	-1.30	-10.10
Sales Tax Exemption for Manufacturing and Biotech Research	2013 Act 20	0.00	0.00	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-7.20
Sunset HIRSP Assessment Credit	2013 Act 20	0.00	0.00	0.60	3.00	3.00	3.00	3.00	3.00	3.00	3.00	21.60
HIRSP Credit Extension	2013 Act 116	0.00	0.00	0.00	-1.25	0.00	0.00	0.00	0.00	0.00	0.00	-1.25
Sales Tax Exemption for Aircraft Parts and Services	2013 Act 185	0.00	0.00	-0.24	-2.90	-2.90	-2.90	-2.90	-2.90	-2.90	-2.90	-20.54
Sales Tax Exemption for Fertilizer Blending Equipment	2013 Act 324	0.00	0.00	-0.38	-1.50	-1.50	-1.50	-1.50	-1.50	-1.50	-1.50	-10.88
Sales Tax Exemptions for Radio/TV Stations	2013 Act 346	0.00	0.00	-2.20	-2.20	-2.20	-2.20	-2.20	-2.20	-2.20	-2.20	-15.40
Sales Tax Exemption for Deer	2015 Act 55	0.00	0.00	0.00	0.00	-0.14	-0.14	-0.14	-0.14	-0.14	-0.14	-0.77
Impose Hard Cider Tax on Pear Cider	2015 Act 55	0.00	0.00	0.00	0.00	-0.07	-0.25	-0.25	-0.25	-0.25	-0.25	-1.38
Sales Tax Exemption for Disaster Repair	2015 Act 84	0.00	0.00	0.00	0.00	-0.05	-0.11	-0.11	-0.11	-0.11	-0.11	-0.60
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	-35.20
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	-1.17
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	-3.03
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	-3.25
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	-0.31
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	-0.23
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	-7.50
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	0.86
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	-0.57

	Legislation	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Ten-Year Total
Other General Fund Taxes (continued)												
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	-\$4.75
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	-5.75
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	-2.10
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	-1.80
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	-0.46
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	-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	5.50
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	1.26
Subtotal--Other General Fund Taxes		-\$0.20	-\$0.26	-\$3.29	-\$8.54	-\$11.28	-\$15.57	-\$18.32	-\$36.19	-\$19.35	-\$18.27	-\$131.26
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	-\$14.85	-\$14.85	-\$118.80
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	-460.00
Increase WTCS Funding	2013 Act 145	0.00	0.00	0.00	-406.00	-406.00	-406.00	-406.00	-406.00	-406.00	-406.00	-2,842.00
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	-540.70
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	-528.00
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	-218.25
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	-128.00
Repeal 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	-261.00
Repeal Foresry Mill Tax	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	-89.26	-93.26	-98.57	-102.59	-383.68
Expand Personal Property Tax Exemptions	2017 Act 59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-75.35	-75.35	-75.35	-226.05
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	-64.78
Subtotal--Property Taxes		\$0.00	\$0.00	-\$54.85	-\$480.85	-\$480.85	-\$694.59	-\$791.85	-\$1,062.95	-\$1,099.96	-\$1,105.36	-\$5,771.26
Grand Total		-\$52.67	-\$110.59	-\$568.85	-\$1,203.60	-\$1,254.13	-\$1,539.76	-\$1,671.79	-\$2,055.97	-\$2,308.40	-\$2,356.97	-\$13,122.73

