

2019 SENATE BILL 821

February 14, 2020 – Introduced by Senators FITZGERALD, ROTH and DARLING, cosponsored by Representatives Vos, STEINEKE and NYGREN. Referred to Joint Committee on Finance.

1	AN ACT to renumber 70.111 (27) (b); to renumber and amend 79.096 (1) and
2	79.096 (2) (a); <i>to amend</i> 16.518 (title), 16.518 (3) (b) 1., 71.05 (22) (dp) (title),
3	$71.05\ (22)\ (dp)\ 1.,\ 71.05\ (22)\ (dp)\ 2.,\ 71.05\ (22)\ (dt),\ 71.05\ (22)\ (f)\ 4.\ b.\ and\ 79.096$
4	(3); and <i>to create</i> 16.518 (4), 70.111 (27) (b) 2., 71.05 (22) (dq), 79.096 (1) (b),
5	$79.096\ (2)\ (a)\ 1.$ and $79.096\ (2)\ (a)\ 2.$ of the statutes; relating to: a property tax
6	exemption for all machinery, tools, and patterns; a reduction of state general
7	obligation and variable rate debt supported by general purpose revenue; and
8	increasing the maximum deduction under the individual income tax sliding
9	scale standard deduction.

Analysis by the Legislative Reference Bureau PERSONAL PROPERTY TAX EXEMPTION

Machinery, tools, and patterns, not including such items used in manufacturing, are exempt from the personal property tax under current law and the state reimburses the taxing jurisdictions where this property is located for the the loss of property tax revenue. The reimbursement amount is based on the assessed value of such property in the last year in which the property was taxable.

This bill exempts all other machinery, tools, and patterns from the personal property tax and reimburses the taxing jurisdictions where this property is located

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for the loss of property tax revenue, based on the 2019 assessed values of such property. The bill also clarifies that following the termination of a tax incremental district the amount that would have been paid to the tax incremental district under current law and under the bill is distributed to the other applicable taxing jurisdictions.

SLIDING SCALE STANDARD DEDUCTION

This bill increases the maximum individual income tax sliding scale standard deduction (SSSD) by 13.2 percent for each type of income tax filer, increases the income levels for beginning the deduction phaseout by 11.4 percent, and modifies each of the phaseout percentages so they are closer together. These changes first apply to taxable year 2020. The indexing provisions that apply to the current SSSD continue to apply to the new standard deduction amounts.

DEBT REDUCTION

Under current law, the secretary of administration annually calculates the difference between the amount of tax revenues projected to be deposited in the general fund during the fiscal year and the amount of tax revenues actually deposited in the general fund during the fiscal year. If the projected amount is less than the amount of tax revenues actually deposited in the general fund during the fiscal year. If the projected amount is less than the amount of tax revenues actually deposited in the general fund during the fiscal year, i.e., there is a surplus, the secretary of administration is required to transfer from the general fund to the budget stabilization fund 50 percent of the surplus.

However, current law further provides that if the balance of the budget stabilization fund on June 30 of the fiscal year is at least equal to five percent of the estimated expenditures from the general fund during the fiscal year, the secretary may not make the transfer to the budget stabilization fund.

Under this bill, if the secretary of administration does not make a transfer to the budget stabilization fund because the balance of the budget stabilization fund on June 30 of the fiscal year is at least equal to five percent of the estimated expenditures from the general fund during the fiscal year, 50 percent of the surplus must be used to reduce the state's general obligation and variable rate debt supported by general purpose revenue.

The bill further requires that the state's general obligation and variable rate debt supported by general purpose revenue be reduced by \$100,000,000 in the 2020-21 fiscal year.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

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1	SECTION 1. 16.518 (title) of the statutes is amended to read:
2	16.518 (title) Transfers to the budget stabilization fund; general
3	obligation and variable rate debt reduction.
4	SECTION 2. 16.518 (3) (b) 1. of the statutes is amended to read:
5	16.518 (3) (b) 1. If the balance of the budget stabilization fund on June 30 of
6	the fiscal year is at least equal to 5 percent of the estimated expenditures from the
7	general fund during the fiscal year, as reported in the summary, the secretary may
8	not make the transfer under par. (a) <u>but shall certify to the building commission for</u>
9	purposes of sub. (4) 50 percent of the amount calculated under sub. (2).
10	SECTION 3. 16.518 (4) of the statutes is created to read:
11	16.518 (4) In the fiscal year following each fiscal year for which the secretary
12	certifies an amount to the building commission under sub. (3) (b) 1., the secretary
13	shall, in coordination with the building commission and from the appropriate
14	general purpose revenue debt service appropriations, reduce by that certified
15	amount unpaid indebtedness in which general obligation or variable rate debt is paid
16	from general purpose revenue.
17	SECTION 4. 70.111 (27) (b) of the statutes is renumbered 70.111 (27) (b) 1.
18	SECTION 5. 70.111 (27) (b) 2. of the statutes is created to read:
19	70.111 (27) (b) 2. Beginning with the property tax assessments as of January
20	1, 2020, machinery, tools, and patterns that are not exempt under subd. 1.
21	SECTION 6. 71.05 (22) (dp) (title) of the statutes is amended to read:
22	71.05 (22) (dp) (title) Deduction limits, 2000 and thereafter to 2019.
23	SECTION 7. 71.05 (22) (dp) 1. of the statutes is amended to read:
24	71.05 (22) (dp) 1. Except as provided in par. (f), and subject to subd. 2., for
25	taxable years beginning after December 31, 1999, and before January 1, 2020, the

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1 Wisconsin standard deduction is whichever of the following amounts is appropriate. $\mathbf{2}$ For a single individual who has a Wisconsin adjusted gross income of less than \$10,380, the standard deduction is \$7,200. For a single individual who has a 3 4 Wisconsin adjusted gross income of at least \$10,380, the standard deduction is the 5 amount obtained by subtracting from \$7,200 12 percent of Wisconsin adjusted gross 6 income in excess of \$10.380 but not less than \$0. For a head of household who has 7 a Wisconsin adjusted gross income of less than \$10,380, the standard deduction is 8 \$9,300. For a head of household who has a Wisconsin adjusted gross income of at 9 least \$10,380, the standard deduction is the amount obtained by subtracting from 10 \$9,300 22.515 percent of Wisconsin adjusted gross income in excess of \$10,380, but 11 not less than \$0, until the adjusted gross income amount at which the standard 12deduction is equal to the standard deduction for a single individual at the same 13adjusted gross income amount. For a head of household who has a Wisconsin 14adjusted gross income of more than this amount, the standard deduction shall be 15calculated as if the head of household were a single individual. For a married couple 16 filing jointly that has an aggregate Wisconsin adjusted gross income of less than 17\$14,570, the standard deduction is \$12,970. For a married couple filing jointly that 18 has an aggregate Wisconsin adjusted gross income of at least \$14,570, the standard 19 deduction is the amount obtained by subtracting from \$12,970 19.778 percent of 20aggregate Wisconsin adjusted gross income in excess of \$14,570 but not less than \$0. 21For a married individual filing separately who has a Wisconsin adjusted gross 22income of less than \$6.920, the standard deduction is \$6,160. For a married 23individual filing separately who has a Wisconsin adjusted gross income of at least $\mathbf{24}$ \$6,920, the standard deduction is the amount obtained by subtracting from \$6,160 2519.778 percent of Wisconsin adjusted gross income in excess of \$6,920 but not less

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than \$0. The secretary of revenue shall prepare a table under which deductions
under this subdivision shall be determined. That table shall be published in the
department's instructional booklets.

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SECTION 8. 71.05 (22) (dp) 2. of the statutes is amended to read:

571.05 (22) (dp) 2. Except as provided in par. (f), for taxable years beginning after December 31, 2015, and before January 1, 2020, the Wisconsin standard 6 7 deduction is whichever of the following amounts is appropriate. For a married couple 8 filing jointly that has an aggregate Wisconsin adjusted gross income of less than 9 \$21,360, the standard deduction is \$19,010. For a married couple filing jointly that 10 has an aggregate Wisconsin adjusted gross income of at least \$21,360, the standard 11 deduction is the amount obtained by subtracting from \$19,010 19.778 percent of 12aggregate Wisconsin adjusted gross income in excess of \$21,360 but not less than \$0. 13 For a married individual filing separately who has a Wisconsin adjusted gross 14 income of less than \$10,140, the standard deduction is \$9,030. For a married individual filing separately who has a Wisconsin adjusted gross income of at least 1516 \$10,140, the standard deduction is the amount obtained by subtracting from \$9,030 1719.778 percent of Wisconsin adjusted gross income in excess of \$10,140 but not less 18 than \$0. The secretary of revenue shall prepare a table under which deductions 19 under this subdivision shall be determined. That table shall be published in the 20 department's instructional booklets.

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SECTION 9. 71.05 (22) (dq) of the statutes is created to read:

71.05 (22) (dq) Deduction limits, 2020 and thereafter. Except as provided in par.
(f), for taxable years beginning after December 31, 2019, the Wisconsin standard
deduction is whichever of the following amounts is appropriate. For a single
individual who has a Wisconsin adjusted gross income of less than \$17,760, the

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1 standard deduction is \$12,510. For a single individual who has a Wisconsin adjusted $\mathbf{2}$ gross income of at least \$17,760, the standard deduction is the amount obtained by 3 subtracting from \$12,510 12.193 percent of Wisconsin adjusted gross income in 4 excess of \$17,760 but not less than \$0. For a head of household who has a Wisconsin 5 adjusted gross income of less than \$17,760, the standard deduction is \$16,170. For 6 a head of household who has a Wisconsin adjusted gross income of at least \$17,760. 7 the standard deduction is the amount obtained by subtracting from \$16,170 22.154 8 percent of Wisconsin adjusted gross income in excess of \$17,760, but not less than \$0, 9 until the adjusted gross income amount at which the standard deduction is equal to 10 the standard deduction for a single individual at the same adjusted gross income 11 amount. For a head of household who has a Wisconsin adjusted gross income of more 12than this amount, the standard deduction shall be calculated as if the head of household were a single individual. For a married couple filing jointly that has an 1314 aggregate Wisconsin adjusted gross income of less than \$25,610, the standard 15deduction is \$23,170. For a married couple filing jointly that has an aggregate 16 Wisconsin adjusted gross income of at least \$25,610, the standard deduction is the amount obtained by subtracting from \$23,170 19.461 percent of aggregate Wisconsin 1718 adjusted gross income in excess of \$25,610 but not less than \$0. For a married individual filing separately who has a Wisconsin adjusted gross income of less than 19 20\$12,160, the standard deduction is \$11,000. For a married individual filing separately who has a Wisconsin adjusted gross income of at least \$12,160, the 2122standard deduction is the amount obtained by subtracting from \$11,000 19.461 23percent of Wisconsin adjusted gross income in excess of \$12,160 but not less than \$0. 24The secretary of revenue shall prepare a table under which deductions under this

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paragraph shall be determined. That table shall be published in the department's
 instructional booklets.

SECTION 10. 71.05 (22) (dt) of the statutes is amended to read:

4 71.05 (22) (dt) Standard deduction indexing, 2001 and thereafter. For taxable $\mathbf{5}$ vears beginning after December 31, 2000, the dollar amounts of the standard 6 deduction that is allowable under par. pars. (dp) and (dq) and all of the dollar 7 amounts of Wisconsin adjusted gross income under par. pars. (dp) and (dq) shall be 8 increased each year by a percentage equal to the percentage change between the U.S. 9 consumer price index for all urban consumers, U.S. city average, for the month of 10 August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August 1999, as determined by the 11 12 federal department of labor, except that for taxable years beginning after December 13 31, 2011, the adjustment may occur only if the resulting amount is greater than the 14 corresponding amount that was calculated for the previous year, and except that the 15base year for the adjustments to the dollar amounts of the standard deduction and 16 all of the dollar amounts of Wisconsin adjusted gross income under par. (dp) 2. shall be 2015, and except that the base year for the adjustments to the dollar amounts of 17the standard deduction and all of the dollar amounts of Wisconsin adjusted gross 18 19 income under par. (dg) shall be 2019. Each amount that is revised under this 20 paragraph shall be rounded to the nearest multiple of \$10 if the revised amount is 21not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount 22shall be increased to the next higher multiple of \$10. The department of revenue 23shall annually adjust the changes in dollar amounts required under this paragraph 24and incorporate the changes into the income tax forms and instructions.

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SECTION 11. 71.05 (22) (f) 4. b. of the statutes is amended to read:

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1	71.05 (22) (f) 4. b. The standard deduction that may be claimed by an individual
2	under par. (dm) or, (dp), <u>or (dq)</u> , based on the individual's filing status.
3	SECTION 12. 79.096 (1) of the statutes is renumbered 79.096 (1) (a) and
4	amended to read:
5	79.096 (1) (a) Beginning in 2019, and in each year thereafter, the department
6	of administration shall pay to each taxing jurisdiction, as defined in s. 79.095 (1) (c),
7	an amount equal to the property taxes levied on the items of personal property
8	described under s. 70.111 (27) (b) $\underline{1.}$ for the property tax assessments as of January
9	1, 2017.
10	SECTION 13. 79.096 (1) (b) of the statutes is created to read:
11	79.096 (1) (b) Beginning in 2021, and in each year thereafter, the department
12	of administration shall pay to each taxing jurisdiction, as defined in s. 79.095 (1) (c),
13	an amount equal to the property taxes levied on the items of personal property
14	described under s. 70.111 (27) (b) 2. for the property tax assessments as of January
15	1, 2019.
16	SECTION 14. 79.096 (2) (a) of the statutes is renumbered 79.096 (2) (a) (intro.)
17	and amended to read:
18	79.096 (2) (a) (intro.) Each municipality shall report to the department of
19	revenue, in the time and manner determined by the department, the amount of the
20	property taxes levied on the items of personal property described under s. 70.111 (27)
21	(b) for the property tax assessments as of January 1, 2017, <u>following</u> on behalf of the
22	municipality and on behalf of other taxing jurisdictions.:
23	SECTION 15. 79.096 (2) (a) 1. of the statutes is created to read:
24	79.096 (2) (a) 1. Items of personal property described under s. 70.111 (27) (b)
25	1. for the property tax assessments as of January 1, 2017.

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1	SECTION 16. 79.096 (2) (a) 2. of the statutes is created to read:
2	79.096 (2) (a) 2. Items of personal property described under s. 70.111 (27) (b)
3	2. for the property tax assessments as of January 1, 2019.
4	SECTION 17. 79.096 (3) of the statutes is amended to read:
5	79.096 (3) Each taxing jurisdiction shall attribute to each tax incremental
6	district within the taxing jurisdiction the district's proportionate share of the amount
7	the taxing jurisdiction receives under sub. (1), except that, with regard to amounts
8	received under sub. (1) (a), this subsection does not apply after the district closes.
9	The amount that would have been paid to a tax incremental district under sub. (1)
10	(b) shall be distributed to the municipality and applicable taxing jurisdictions in the
11	year following the termination of the tax incremental district and in each year
12	thereafter.
13	SECTION 18. Nonstatutory provisions.
14	(1) In the 2020-21 fiscal year, the secretary of administration shall, in
15	coordination with the building commission and from the appropriate general

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15 coordination with the building commission and from the appropriate general 16 purpose revenue debt service appropriations, reduce by \$100,000,000 unpaid 17 indebtedness in which general obligation or variable rate debt is paid from general 18 purpose revenue.

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(END)