

STATE OF WISCONSIN

REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS

1999 ASSEMBLY BILL 442

[Introduced by Representatives Gunderson, Jensen, Ladwig, Porter, Spillner, Kedzie, Albers, Olsen, Kestell, Staskunas, M. Lehman, Pettis, F. Lasee, Ainsworth, Musser, Klusman, Stone, Goetsch, Hahn, Plouff, J. Lehman, Jeskewitz, Grothman, Hasenohrl and Seratti; cosponsored by Senators Farrow, Schultz, Huelsman, Roessler, Cowles and Drzewiecki.]

General Nature of Proposal

Generally, under current law, every employer must deduct and withhold from wages paid to an employe an amount of money for state income tax purposes determined in accordance with withholding tables prepared by the Department of Revenue. Current law exempts from this requirement the following: (a) the employer of any employe domiciled in a state with which Wisconsin has reciprocity under Wisconsin's income tax laws; (b) a county fair association with respect to any employe receiving less than \$100 annually in wages or salary from the association; and (c) the Department of Corrections for wages paid to an inmate working in a state prison.

The bill increases the exemption for county fair associations to \$300. Thus, under the bill, a county fair association would not be required to withhold moneys for state income tax purposes from the wages of an employe receiving less than \$300 annually in wages or salary from the association.

The bill first applies to taxable years beginning on January 1 of the year in which the bill takes effect, except that if the bill takes effect after July 31, the provisions of the bill first apply to taxable years beginning on January 1 of the year following the year in which it takes effect.

Legality Involved

There are no questions of legality involved.

Fiscal Effect Upon the State and its Subdivisions

The Department of Revenue estimates the fiscal effect of this bill as follows:

This bill would increase, from \$100 to \$300, the level of wages below which a county fair association would not be required to withhold income tax for an employe. The bill would not have a significant effect on state individual income tax revenues and would have no effect on Department of Revenue costs. The bill's

only effect would be to delay the receipt of taxes on wages paid to county fair employees who earn between \$100 and \$300 to the time when they file their income tax returns. This shift in the timing of the receipt of the taxes is not expected to have a significant effect.

Public Policy Involved

This bill is good public policy.