



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1174/P3
JK:ahe&amn

DOA:.....Quinn, BB0166 - Modify automatic individual income tax rate reductions

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

1. *Lowest bracket rate reduction*

This bill modifies the requirement that individual income tax rates for the taxable year ending on December 31, 2019, be decreased in proportion to the increase in sales and use tax collections from October 1, 2018, to September 30, 2019, due to the expansion of the state's authority to collect sales and use taxes from out-of-state retailers, pursuant to the U.S. Supreme Court decision, *South Dakota v. Wayfair, Inc.*, 585 U.S. ___ (2018). The bill uses the increase in sales and use tax revenue to decrease the rate of the lowest tax bracket rather than the rate of all tax brackets.

For further information see the *state* 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:

SECTION 1. 73.03 (71) (b) of the statutes is amended to read:

73.03 (71) (b) After the department makes the determination under par. (a), the department shall determine how much the lowest individual income tax rates rate under s. 71.06 (1q) (a) and (2) (i) 1. and (j) 1. may be reduced for the taxable year ending on December 31, 2019, in order to decrease individual income tax revenue by the amount determined under par. (a). ~~For purposes of this paragraph, the tax rate reductions shall be calculated in proportion to the share of gross tax attributable to each of the tax brackets under s. 71.06 in effect during the most recently completed taxable year.~~

(END)