

DUEY STROEBEL

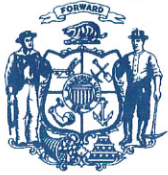
STATE REPRESENTATIVE • 60TH DISTRICT

AB 593 Testimony

Colleagues of the State and Local Finance Committee, I am here today testifying on behalf of AB 593. AB 593 came out of the Right the Rules process we in the Assembly undertook this session. The State and Local Finance Committee held committee meetings on many different chapters of the Administrative Code. We spoke with stakeholders, experts and among our fellow committee members to see what could be improved. AB 593 removes two chapters of the Tax code that are obsolete.

I will let the Department of Revenue testify later in greater specificity about the technical details of Tax Chapters 10 and 21, but the Department of Revenue will testify that both chapters are obsolete.

Obsolete chapters of the Administrative Code should be removed as a matter of good government. Ordinary citizens and businesses should be able to refer to the Administrative Code and presume that what they read is actually law and in force. For the inheritance tax and the county tax levy rate limit this is not currently true. Judging by the many co-sponsors to this bill from both parties, the desire to have a well-functioning government is something on which we can find broad agreement. I urge you to support AB 593. Thank you.



STATE REPRESENTATIVE
GORDON HINTZ

WISCONSIN STATE ASSEMBLY

54th DISTRICT

January 8, 2014

Dear Chair and Members of the Assembly Committee on State and Local Finance,

Thank you for the opportunity to submit testimony today regarding Assembly Bill 593, relating to DOR regulatory reform.

It is in everyone's best interest that we regularly review and update our rules promulgated by the Department of Revenue. While regulatory reform is certainly not glamorous, and will not gain us any press hits, it is a very important part of our job as legislators to streamline our laws.

In this case, this "Right the Rules" update is necessary to address two very specific obsolete rules. First, we are removing a rule (Tax 10) regarding inheritance tax, since Wisconsin does not impose an estate tax. The second item repeals the administrative rules that relate to the county operating levy rate limits (Tax 21) since this does not apply post December 2011. These are both simple clean-up items that bring these sections up to date.

I appreciate the bipartisan support and spirit that have resulted in this "Right the Rules" reform legislation. I am proud of the work our committee has done and look forward to seeing this bipartisan legislation become law.

Thank you for your consideration,

A handwritten signature in cursive script that reads "Gordon Hintz".

Gordon Hintz
State Representative-54th Assembly District



Scott Walker
Governor

Richard G. Chandler
Secretary of Revenue

January 8, 2013

**DOR Testimony in Support of Assembly Bill 593
Assembly Committee on State and Local Finance**

Chairman Stroebel and members of the Assembly Committee on State and Local Finance, thank you for the opportunity to provide comment on Assembly Bill 593.

Assembly Bill 593 repeals obsolete administrative code chapters Tax 10 and Tax 21.

Chapter Tax 10 of DOR administrative code regulates the administration of Wisconsin's inheritance and estate tax. The inheritance tax was imposed directly on property transferred at death and was based on who the beneficiary is, while the estate tax is levied on the net total value of the estate. When repealed in 1987, the Wisconsin inheritance tax identified four classes of beneficiaries (based on relational and familial closeness to the deceased), and the tax rates differed between classes of beneficiaries. Also, the tax used progressive rates based on the size of the inheritance. The inheritance tax also allowed numerous credits and exemptions to be written into the law, while the estate tax contained no similar deductions. Under the inheritance tax, the state may have collected tax dollars in excess of the federal credit, while the estate tax merely reserved to the state an amount equal to the maximum federal credit. However, because the estate and inheritance taxes existed concurrently for several years, the state obtained at least the full value of the federal credit in state tax revenue. The federal credit was annually suspended since the mid-2000s and, as a result, the estate tax in Wisconsin has equaled \$0 for several years. Congress passed the American Taxpayer Relief Act of 2012 and permanently repealed the federal credit. Therefore, Wisconsin's estate tax is now obsolete.

Chapter Tax 21 regulates the administration of the county tax levy rate limit. This limit was permanently sunset in the biennial budget act this session. Therefore, this rule is now obsolete.

DOR supports the repeal of these chapters of administrative code.

Thank you again for the opportunity to discuss AB 593.