2019 ASSEMBLY BILL 4


AN ACT to amend 71.05 (22) (dp) 1., 71.05 (22) (dp) 2. and 71.05 (22) (dt); and to create 71.05 (22) (dq) and 71.64 (9) (b) 3. of the statutes; relating to: increasing the maximum deduction under the individual income tax sliding scale standard deduction.

Analysis by the Legislative Reference Bureau

This bill increases the maximum individual income tax sliding scale standard deduction (SSSD) by 20.6 percent for each type of income tax filer, 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.

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 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. 71.05 (22) (dp) 1. of the statutes is amended to read:
71.05 (22) (dp) 1. Except as provided in par. (f), and subject to subd. 2., for taxable years beginning after December 31, 1999, and before January 1, 2020, 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 $10,380, the standard deduction is $7,200. For a single individual who has a Wisconsin adjusted gross income of at least $10,380, the standard deduction is the amount obtained by subtracting from $7,200 12 percent of Wisconsin adjusted gross income in excess of $10,380 but not less than $0. For a head of household who has a Wisconsin adjusted gross income of less than $10,380, the standard deduction is $9,300. For a head of household who has a Wisconsin adjusted gross income of at least $10,380, the standard deduction is the amount obtained by subtracting from $9,300 22.515 percent of Wisconsin adjusted gross income in excess of $10,380, but not less than $0, until the adjusted gross income amount at which the standard deduction is equal to the standard deduction for a single individual at the same adjusted gross income amount. For a head of household who has a Wisconsin adjusted gross income of more than 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 aggregate Wisconsin adjusted gross income of less than $14,570, the standard deduction is $12,970. For a married couple filing jointly that has an aggregate Wisconsin adjusted gross income of at least $14,570, the standard deduction is the amount obtained by subtracting from $12,970 19.778 percent of aggregate Wisconsin adjusted gross income in excess of $14,570 but not less than $0.

For a married individual filing separately who has a Wisconsin adjusted gross income of less than $6,920, the standard deduction is $6,160. For a married individual filing separately who has a Wisconsin adjusted gross income of at least
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$6,920, the standard deduction is the amount obtained by subtracting from $6,160 19.778 percent of Wisconsin adjusted gross income in excess of $6,920 but not less 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.

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

71.05 (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 deduction is whichever of the following amounts is appropriate. For a married couple filing jointly that has an aggregate Wisconsin adjusted gross income of less than $21,360, the standard deduction is $19,010. For a married couple filing jointly that has an aggregate Wisconsin adjusted gross income of at least $21,360, the standard deduction is the amount obtained by subtracting from $19,010 19.778 percent of aggregate Wisconsin adjusted gross income in excess of $21,360 but not less than $0. For a married individual filing separately who has a Wisconsin adjusted gross 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 $10,140, the standard deduction is the amount obtained by subtracting from $9,030 19.778 percent of Wisconsin adjusted gross income in excess of $10,140 but not less 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.

SECTION 3. 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 $18,790, the
standard deduction is $13,360. For a single individual who has a Wisconsin adjusted
gross income of at least $18,790, the standard deduction is the amount obtained by
subtracting from $13,360 12.300 percent of Wisconsin adjusted gross income in
excess of $18,790 but not less than $0. For a head of household who has a Wisconsin
adjusted gross income of less than $18,790, the standard deduction is $17,260. For
a head of household who has a Wisconsin adjusted gross income of at least $18,790,
the standard deduction is the amount obtained by subtracting from $17,260 21.952
percent of Wisconsin adjusted gross income in excess of $18,790, but not less than $0,
until the adjusted gross income amount at which the standard deduction is equal to
the standard deduction for a single individual at the same adjusted gross income
amount. For a head of household who has a Wisconsin adjusted gross income of more
than 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
aggregate Wisconsin adjusted gross income of less than $27,120, the standard
deduction is $24,740. For a married couple filing jointly that has an aggregate
Wisconsin adjusted gross income of at least $27,120, the standard deduction is the
amount obtained by subtracting from $24,740 19.284 percent of aggregate Wisconsin
adjusted gross income in excess of $27,120 but not less than $0. For a married
individual filing separately who has a Wisconsin adjusted gross income of less than
$12,880, the standard deduction is $11,750. For a married individual filing
separately who has a Wisconsin adjusted gross income of at least $12,880, the
standard deduction is the amount obtained by subtracting from $11,750 19.284
percent of Wisconsin adjusted gross income in excess of $12,880 but not less than $0.
The secretary of revenue shall prepare a table under which deductions under this paragraph shall be determined. That table shall be published in the department’s instructional booklets.

**SECTION 4.** 71.05 (22) (dt) of the statutes is amended to read:

71.05 (22) (dt) *Standard deduction indexing, 2001 and thereafter.* For taxable years beginning after December 31, 2000, the dollar amounts of the standard deduction that is allowable under par. pars. (dp) and (dq) and all of the dollar amounts of Wisconsin adjusted gross income under par. pars. (dp) and (dq) shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of 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 federal department of labor, except that for taxable years beginning after December 31, 2011, the adjustment may occur only if the resulting amount is greater than the corresponding amount that was calculated for the previous year, and except that the base year for the adjustments to the dollar amounts of the standard deduction and 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 the standard deduction and all of the dollar amounts of Wisconsin adjusted gross income under par. (dq) shall be 2019. Each amount that is revised under this paragraph shall be rounded to the nearest multiple of $10 if the revised amount is not a multiple of $10 or, if the revised amount is a multiple of $5, such an amount shall be increased to the next higher multiple of $10. The department of revenue shall annually adjust the changes in dollar amounts required under this paragraph and incorporate the changes into the income tax forms and instructions.
SECTION 5. 71.64 (9) (b) 3. of the statutes is created to read:

71.64 (9) (b) 3. Not later than January 1, 2020, the department shall adjust the withholding tables to reflect the changes in the standard deduction limits under s. 71.05 (22) (dq).

(END)