



State of Wisconsin
2025 - 2026 LEGISLATURE

LRB-1475/P1

KP:amn

DOA:.....Quinn, BB0318 - High earner tax bracket

FOR 2025-2027 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Adding a fifth income tax bracket

The bill adds a fifth income tax bracket having a rate of 9.80 percent for individuals and married joint filers with taxable income exceeding \$1,000,000 and for married separate filers with taxable income exceeding \$500,000. Under current law, there are four income tax brackets for single individuals, certain fiduciaries, heads of households, and married persons. The brackets are indexed for inflation.

Under the bill, which first applies to taxable year 2025, there are five income tax brackets for single individuals, certain fiduciaries, heads of households, and married persons. The brackets are indexed for inflation. The rate of taxation under the bill for the five brackets for single individuals, certain fiduciaries, and heads of households is as follows:

1. For taxable income not exceeding \$7,500, 3.5 percent.
2. For taxable income exceeding \$7,500, but not \$15,000, 4.40 percent.
3. For taxable income exceeding \$15,000, but not \$225,000, 5.3 percent.
4. For taxable income exceeding \$225,000, but not \$1,000,000, 7.65 percent.
5. For taxable income exceeding \$1,000,000, 9.80 percent.

The rates that apply to married joint filers under the bill are the same as the rates that apply to single individuals, fiduciaries, and heads of households, but the income limitations are higher. The lowest bracket applies to taxable income not exceeding \$10,000; the second bracket applies to taxable income exceeding \$10,000, but not \$20,000; the third bracket applies to taxable income exceeding \$20,000, but not \$300,000; the fourth bracket applies to taxable income exceeding \$300,000, but not \$1,000,000; and the fifth bracket applies to taxable income exceeding \$1,000,000.

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

BILL

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

SECTION 1. 71.06 (1q) (intro.) of the statutes is amended to read:

71.06 (1q) FIDUCIARIES, SINGLE INDIVIDUALS, AND HEADS OF HOUSEHOLDS;
~~AFTER 2012~~ 2013 TO 2024. (intro.) The tax to be assessed, levied, and collected upon the taxable incomes of all fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and single individuals and heads of households shall be computed at the following rates for taxable years beginning after December 31, 2012, and before January 1, 2025:

SECTION 2. 71.06 (1r) of the statutes is created to read:

71.06 (1r) FIDUCIARIES, SINGLE INDIVIDUALS, AND HEADS OF HOUSEHOLDS;
AFTER 2024. The tax to be assessed, levied, and collected upon the taxable incomes of all fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and single individuals and heads of households shall be computed at the following rates for taxable years beginning after December 31, 2024:

- (a) On all taxable income from \$0 to \$7,500, 3.5 percent.
- (b) On all taxable income exceeding \$7,500 but not exceeding \$15,000, 4.40 percent.
- (c) On all taxable income exceeding \$15,000 but not exceeding \$225,000, 5.3 percent.
- (d) On all taxable income exceeding \$225,000 but not exceeding \$1,000,000, 7.65 percent.
- (e) On all taxable income exceeding \$1,000,000, 9.80 percent.

SECTION 3. 71.06 (2) (i) (intro.) of the statutes is amended to read:

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71.06 (2) (i) (intro.) For joint returns, for taxable years beginning after December 31, 2012, and before January 1, 2025:

SECTION 4. 71.06 (2) (j) (intro.) of the statutes is amended to read:

71.06 (2) (j) (intro.) For married persons filing separately, for taxable years beginning after December 31, 2012, and before January 1, 2025:

SECTION 5. 71.06 (2) (k) of the statutes is created to read:

71.06 (2) (k) For joint returns, for taxable years beginning after December 31, 2024:

1. On all taxable income from \$0 to \$10,000, 3.5 percent.
2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 4.40 percent.
3. On all taxable income exceeding \$20,000 but not exceeding \$300,000, 5.3 percent.
4. On all taxable income exceeding \$300,000 but not exceeding \$1,000,000, 7.65 percent.
5. On all taxable income exceeding \$1,000,000, 9.80 percent.

SECTION 6. 71.06 (2) (L) of the statutes is created to read:

71.06 (2) (L) For married persons filing separately, for taxable years beginning after December 31, 2024:

1. On all taxable income from \$0 to \$5,000, 3.5 percent.
2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 4.40 percent.

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3. On all taxable income exceeding \$10,000 but not exceeding \$150,000, 5.3 percent.

4. On all taxable income exceeding \$150,000 but not exceeding \$500,000, 7.65 percent.

5. On all taxable income exceeding \$500,000, 9.80 percent.

SECTION 7. 71.06 (2e) (a) of the statutes is amended to read:

71.06 **(2e)** (a) For taxable years beginning after December 31, 1998, and before January 1, 2000, the maximum dollar amount in each tax bracket, and the corresponding minimum dollar amount in the next bracket, under subs. (1m) and (2) (c) and (d), and for taxable years beginning after December 31, 1999, and before January 1, 2025, the maximum dollar amount in each tax bracket, and the corresponding minimum dollar amount in the next bracket, under subs. (1n), (1p) (a) to (c), (1q) (a) and (b), and (2) (e), (f), (g) 1. to 3., (h) 1. to 3., (i) 1. and 2., and (j) 1. and 2., 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 1997, as determined by the federal department of labor, except that for taxable years beginning after December 31, 2000, and before January 1, 2002, the dollar amount in the top bracket under subs. (1p) (c) and (d), (2) (g) 3. and 4. and (h) 3. and 4. shall be increased 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

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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.

SECTION 8. 71.06 (2e) (b) of the statutes is amended to read:

71.06 (2e) (b) For taxable years beginning after December 31, 2009, and before January 1, 2025, the maximum dollar amount in each tax bracket, and the corresponding minimum dollar amount in the next bracket, under subs. (1p) (d), (1q) (c), and (2) (g) 4., (h) 4., (i) 3., and (j) 3., and the dollar amount in the top bracket under subs. (1p) (e), (1q) (d), and (2) (g) 5., (h) 5., (i) 4., and (j) 4., 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 2008, 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.

SECTION 9. 71.06 (2e) (bg) of the statutes is created to read:

71.06 (2e) (bg) 1. For taxable years beginning after December 31, 2024, the maximum dollar amount in each tax bracket under subs. (1r) (a) and (b) and (2) (k) 1. and 2. and (L) 1. and 2., and the corresponding minimum dollar amount in the next tax bracket under subs. (1r) (b) and (c) and (2) (k) 2. and 3. and (L) 2. and 3. shall be increased each year by a percentage equal to the percentage change

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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 1997, as determined by the federal department of labor, except that for taxable years beginning after December 31, 2024, the adjustment may occur only if the resulting amount is greater than the corresponding amount that was calculated for the previous year.

2. For taxable years beginning after December 31, 2024, the maximum dollar amount in each tax bracket under subs. (1r) (c) and (2) (k) 3. and (L) 3., and the corresponding minimum dollar amount in the next tax bracket under subs. (1r) (d) and (2) (k) 4. and (L) 4. 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 2008, as determined by the federal department of labor, except that the adjustment may occur only if the resulting amount is greater than the corresponding amount that was calculated for the previous year.

3. For taxable years beginning after December 31, 2025, the maximum dollar amount in the tax bracket under subs. (1r) (d) and (2) (k) 4. and (L) 4. and the corresponding dollar amount in the top bracket under subs. (1r) (e) and (2) (k) 5. and (L) 5. 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

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index for all urban consumers, U.S. city average, for the month of August 2024, as determined by the federal department of labor, except that the adjustment may occur only if the resulting amount is greater than the corresponding amount that was calculated for the previous year.

SECTION 10. 71.06 (2m) of the statutes is amended to read:

71.06 **(2m)** RATE CHANGES. If a rate under sub. (1), (1m), (1n), (1p), (1q), (1r), or (2) changes during a taxable year, the taxpayer shall compute the tax for that taxable year by the methods applicable to the federal income tax under section 15 of the Internal Revenue Code.

SECTION 11. 71.06 (2s) (d) of the statutes is amended to read:

71.06 **(2s)** (d) For taxable years beginning after December 31, 2000, with respect to nonresident individuals, including individuals changing their domicile into or from this state, the tax brackets under subs. (1p), (1q), (1r), and (2) (g), (h), (i), ~~and~~ (j), (k), and (L) shall be multiplied by a fraction, the numerator of which is Wisconsin adjusted gross income and the denominator of which is federal adjusted gross income. In this paragraph, for married persons filing separately “adjusted gross income” means the separate adjusted gross income of each spouse, and for married persons filing jointly “adjusted gross income” means the total adjusted gross income of both spouses. If an individual and that individual’s spouse are not both domiciled in this state during the entire taxable year, the tax brackets under subs. (1p), (1q), (1r), and (2) (g), (h), (i), ~~and~~ (j), (k), and (L) on a joint return shall be multiplied by a fraction, the numerator of which is their joint Wisconsin adjusted

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gross income and the denominator of which is their joint federal adjusted gross income.

SECTION 12. 71.125 (1) of the statutes is amended to read:

71.125 (1) Except as provided in sub. (2), the tax imposed by this chapter on individuals and the rates under s. 71.06 (1), (1m), (1n), (1p), (1q), (1r), and (2) shall apply to the Wisconsin taxable income of estates or trusts, except nuclear decommissioning trust or reserve funds, and that tax shall be paid by the fiduciary.

SECTION 13. 71.125 (2) of the statutes is amended to read:

71.125 (2) Each electing small business trust, as defined in section [1361](#) (e) (1) of the Internal Revenue Code, is subject to tax at the highest rate under s. 71.06 (1), (1m), (1n), (1p), ~~or~~ (1q), or (1r), whichever taxable year is applicable, on its income as computed under section [641](#) of the Internal Revenue Code, as modified by s. 71.05 (6) to (12), (19) and (20).

SECTION 14. 71.17 (6) of the statutes is amended to read:

71.17 (6) FUNERAL TRUSTS. If a qualified funeral trust makes the election under section [685](#) of the Internal Revenue Code for federal income tax purposes, that election applies for purposes of this chapter and each trust shall compute its own tax and shall apply the rates under s. 71.06 (1), (1m), (1n), (1p), ~~or~~ (1q), or (1r).

SECTION 15. 71.64 (9) (b) (intro.) of the statutes is amended to read:

71.64 (9) (b) (intro.) The department shall from time to time adjust the withholding tables to reflect any changes in income tax rates, any applicable surtax or any changes in dollar amounts in s. 71.06 (1), (1m), (1n), (1p), (1q), (1r), and (2) resulting from statutory changes, except as follows:

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SECTION 16. 71.67 (5) (a) of the statutes is amended to read:

71.67 (5) (a) *Wager winnings.* A person holding a license to sponsor and manage races under s. 562.05 (1) (b) or (c) shall withhold from the amount of any payment of pari-mutuel winnings under s. 562.065 (3) (a) or (3m) (a) an amount determined by multiplying the amount of the payment by the highest rate applicable to individuals under s. 71.06 (1) (a) to (c), (1m), (1n), (1p), ~~or (1q)~~, or (1r) if the amount of the payment is more than \$1,000.

SECTION 17. 71.67 (5m) of the statutes is amended to read:

71.67 (5m) WITHHOLDING FROM PAYMENTS TO PURCHASE ASSIGNMENT OF LOTTERY PRIZE. A person that purchases an assignment of a lottery prize shall withhold from the amount of any payment made to purchase the assignment the amount that is determined by multiplying the amount of the payment by the highest rate applicable to individuals under s. 71.06 (1) (a) to (c), (1m), (1n), (1p), ~~or (1q)~~, or (1r). Subsection (5) (b), (c) and (d), as it applies to the amounts withheld under sub. (5) (a), applies to the amount withheld under this subsection.

SECTION 9137. Nonstatutory provisions; Revenue.

(1) PASSAGE. This act may become law notwithstanding s. 13.085 (1).

(END)