



## Legislative Fiscal Bureau

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February 1, 2024

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Interactive Effect of Multiple Individual Income Tax Reduction Bills

Bill summaries have been prepared by this office describing provisions of Assembly Bills 1020, 1021, 1022, and 1023, as well as the companion bills (Senate Bills 977, 978, 979, and 976, respectively).

Together, the four bills, if enacted in their current forms, are estimated to reduce individual income tax collections by \$2,062.4 million in 2024-25 and \$1,406.8 million annually thereafter, as shown in the table below. The table includes interactive effects, which can occur when multiple provisions affecting tax liability are adopted simultaneously. As shown in the table, the interactive effects reduce the combined revenue decreases under these bills by \$71.6 million in 2024-25 and \$51.3 million annually thereafter.

### Estimated Fiscal Effect of Bills (Millions)

Bill	2024-25	2025-27 Biennium	
		2025-26	2026-27
AB 1020/SB 977	-\$1,233.9	-\$751.9	-\$751.9
AB 1021/SB 978	-658.2	-472.4	-472.4
AB 1022/SB 979	-169.0	-160.9	-160.9
AB 1023/SB 976	-72.9	-72.9	-72.9
Interactive Effect	<u>71.6</u>	<u>51.3</u>	<u>51.3</u>
Total	-\$2,062.4	-\$1,406.8	-\$1,406.8

Given the magnitude of the proposed tax reductions, if all four Assembly/Senate bills were enacted, it is estimated that interest earnings on the balance in the general fund would be reduced by \$47 million in 2024-25.

The Attachment presents a distributional table displaying the estimated impact of adopting each of the four bills simultaneously. As displayed in the table, it is estimated that 1.78 million filers would receive total tax decreases of \$1,391.4 million in tax year 2024 under the bill, for an average decrease of \$781.

Prepared by: Dan Spika  
Attachment

## ATTACHMENT

### Estimated Distribution of Combined Tax Decreases under Four Bills: (a) Exempt First \$75,000 of Retirement Income if Aged 65 or Older (up to \$150,000 Married-Joint); (b) Increase Married Couple Credit to \$870; (c) Expand Child and Dependent Care Expenses Credit to 100% of the Federal Credit and Increase Creditable Expenses to \$10,000 (One Child/Dependent) or \$20,000 (Two or More Children/Dependents); and (d) Expand Second Bracket to \$150,000 Married-Joint, \$112,500 Single/Head-of-Household, and \$75,000 Married-Separate, Tax Year 2024\*

Wisconsin Adjusted Gross Income	Taxpayers with a Tax Decrease					Tax Decrease as % of Net Tax	Count of All Returns	% of all Returns in AGI Class
	Count	% of Count	Amount of Tax Decrease	% of Decrease	Average Decrease			
Under \$5,000	18,737	1.1%	\$180,905	<0.1%	\$10	5.4%	466,270	4.0%
5,000 to 10,000	10,776	0.6	301,540	<0.1	28	5.4	207,100	5.2
10,000 to 15,000	7,975	0.4	362,200	<0.1	45	5.0	167,800	4.8
15,000 to 20,000	9,213	0.5	699,913	<0.1	76	4.9	147,620	6.2
20,000 to 25,000	17,289	1.0	1,848,137	0.1	107	6.6	143,830	12.0
25,000 to 30,000	22,699	1.3	4,339,519	0.3	191	8.7	150,890	15.0
30,000 to 40,000	60,614	3.4	17,564,411	1.3	290	9.7	301,040	20.1
40,000 to 50,000	231,957	13.0	40,818,133	2.9	176	13.9	276,640	83.8
50,000 to 60,000	200,996	11.3	63,639,317	4.6	317	17.7	230,640	87.1
60,000 to 70,000	178,757	10.0	74,616,433	5.4	417	20.5	179,180	99.8
70,000 to 80,000	144,810	8.1	83,522,068	6.0	577	23.1	145,160	99.8
80,000 to 90,000	114,785	6.4	84,518,860	6.1	736	24.9	115,060	99.8
90,000 to 100,000	97,636	5.5	86,977,120	6.3	891	26.0	97,920	99.7
100,000 to 125,000	195,635	11.0	217,011,767	15.6	1,109	26.0	196,500	99.6
125,000 to 150,000	139,377	7.8	194,226,939	14.0	1,394	25.2	140,440	99.2
150,000 to 200,000	154,827	8.7	245,700,176	17.7	1,587	22.0	156,570	98.9
200,000 to 250,000	67,541	3.8	108,743,030	7.8	1,610	16.6	68,550	98.5
250,000 to 300,000	33,128	1.9	52,979,423	3.8	1,599	13.1	33,720	98.2
300,000 to 500,000	47,444	2.7	74,317,565	5.3	1,566	8.9	48,260	98.3
500,000 to 1,000,000	19,318	1.1	29,300,160	2.1	1,517	4.2	19,700	98.1
1,000,000 and over	7,712	0.4	9,773,136	0.7	1,267	0.7	8,010	96.3
<b>Total</b>	<b>1,781,226</b>	<b>100.0%</b>	<b>\$1,391,440,752</b>	<b>100.0%</b>	<b>\$781</b>	<b>15.4%</b>	<b>3,300,900</b>	<b>54.0%</b>

--In tax year 2024, it is estimated that 1,781,226 filers (54.0% of all filers) would receive tax decreases totaling \$1,391.4 million, for an average decrease of \$781.

--Taxpayers with Wisconsin AGI under \$100,000 would represent 62.7% of all filers with a tax decrease, and would receive 33.0% of the decrease. Their estimated average decrease would be \$412 in tax year 2024.

--Taxpayers with Wisconsin AGI of \$100,000 or more would represent 37.3% of all filers with a tax decrease, and would receive 67.0% of the decrease. Their estimated average decrease would be \$1,402 in tax year 2024.

--Taxpayers receiving a decrease would experience an estimated reduction in net tax liability of 15.4% in tax year 2024 relative to current law. The estimated average decrease for filers with Wisconsin AGI between \$80,000 and \$150,000 is 25.6%.

--In general, the estimated average tax decrease rises with Wisconsin AGI, until AGI reaches \$250,000.

--Filers without a decrease would generally be those: (a) with no net tax liability (28.1% of all filers); (b) with no state-taxable retirement income; (c) who are unmarried or whose spouse does not have earned income; (d) who do not claim any creditable child/dependent care expenses; or (e) with no taxable income above the current threshold for the second bracket.

Based on a simulation of tax year 2024 by the Department of Revenue.

\* This table does not reflect the one-time revenue decrease (estimated at \$439.0 million) resulting from updating the withholding tables on July 1, 2024.