



2023 ASSEMBLY BILL 262

May 8, 2023 - Introduced by Representatives O'CONNOR, MACCO, ALLEN, ARMSTRONG, WITTKE, MAGNAFICI, BRANDTJEN, MURPHY, DITTRICH, MOSES, GUNDRUM and BEHNKE. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 71.06 (1q) (intro.), 71.06 (2) (i) (intro.), 71.06 (2) (j) (intro.),
2 71.06 (2e) (a), 71.06 (2e) (b), 71.06 (2m), 71.06 (2s) (d), 71.125 (1), 71.125 (2),
3 71.17 (6), 71.64 (9) (b) (intro.), 71.67 (5) (a) and 71.67 (5m); and **to create** 71.06
4 (1r), 71.06 (2) (k), 71.06 (2) (km), 71.06 (2) (L), 71.06 (2) (Lm), 71.06 (2) (m), 71.06
5 (2) (mm), 71.06 (2) (n), 71.06 (2) (nn), 71.06 (2) (o), 71.06 (2) (oo), 71.06 (2e) (be),
6 71.06 (2e) (bm), 71.06 (2e) (bs), 71.06 (2e) (bt), 71.06 (2e) (bu), 71.06 (2s) (e),
7 71.06 (2s) (f), 71.06 (2s) (g), 71.06 (2s) (h), 71.06 (2s) (i) and 71.06 (4) of the
8 statutes; **relating to:** phase-in changes to individual income tax rates and
9 brackets.

Analysis by the Legislative Reference Bureau

This bill modifies the individual income tax rates and brackets beginning with the 2024 tax year and ending with the 2028 tax year. The bill decreases individual income tax rates each year for each tax bracket. Beginning with tax year 2027, the tax rate for individuals whose income is \$7,500 or less, before being adjusted for inflation, is zero. Beginning with tax year 2028, the tax rate for individuals whose income exceeds \$7,500, before being adjusted for inflation, is 4.5 percent.

Under current law, there are four income tax brackets for single individuals, certain fiduciaries, heads of households, and married persons, and the brackets are

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indexed for inflation. The rate of taxation under current law for the lowest bracket for single individuals, certain fiduciaries, heads of households, and married persons is 3.54 percent of taxable income. The rate for the second bracket is 4.65 percent. The rate for the third bracket is 5.3 percent. And the rate for the highest bracket is 7.65 percent. Before bracket indexing, the four brackets for individuals, certain fiduciaries, and heads of households, to which the above rates apply, are as follows: 1) taxable income from \$0 to \$7,500; 2) taxable income exceeding \$7,500 but not exceeding \$15,000; 3) taxable income exceeding \$15,000 but not exceeding \$225,000; and 4) taxable income exceeding \$225,000.

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:

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

2 71.06 **(1q)** FIDUCIARIES, SINGLE INDIVIDUALS, AND HEADS OF HOUSEHOLDS; AFTER
3 2012 AND BEFORE 2024. (intro.) The tax to be assessed, levied, and collected upon the
4 taxable incomes of all fiduciaries, except fiduciaries of nuclear decommissioning
5 trust or reserve funds, and single individuals and heads of households shall be
6 computed at the following rates for taxable years beginning after December 31, 2012,
7 and before January 1, 2024:

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

9 71.06 **(1r)** FIDUCIARIES, SINGLE INDIVIDUALS, AND HEADS OF HOUSEHOLDS; AFTER
10 2023. (a) The tax to be assessed, levied, and collected upon the taxable incomes of all
11 fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and
12 single individuals and heads of households shall be computed at the following rates
13 for taxable years beginning after December 31, 2023, and before January 1, 2025,
14 except as provided under s. 71.06 (4):

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- 1 1. On all taxable income from \$0 to \$7,500, 3.15 percent.
- 2 2. On all taxable income exceeding \$7,500 but not exceeding \$15,000, 4.5
- 3 percent.
- 4 3. On all taxable income exceeding \$15,000 but not exceeding \$225,000, 5
- 5 percent.
- 6 4. On all taxable income exceeding \$225,000, 7.40 percent.
- 7 (b) The tax to be assessed, levied, and collected upon the taxable incomes of all
- 8 fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and
- 9 single individuals and heads of households shall be computed at the following rates
- 10 for taxable years beginning after December 31, 2024, and before January 1, 2026,
- 11 except as provided under s. 71.06 (4):
- 12 1. On all taxable income from \$0 to \$7,500, 2.20 percent.
- 13 2. On all taxable income exceeding \$7,500 but not exceeding \$15,000, 4.5
- 14 percent.
- 15 3. On all taxable income exceeding \$15,000 but not exceeding \$225,000, 4.75
- 16 percent.
- 17 4. On all taxable income exceeding \$225,000, 6.70 percent.
- 18 (c) The tax to be assessed, levied, and collected upon the taxable incomes of all
- 19 fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and
- 20 single individuals and heads of households shall be computed at the following rates
- 21 for taxable years beginning after December 31, 2025, and before January 1, 2027,
- 22 except as provided under s. 71.06 (4):
- 23 1. On all taxable income from \$0 to \$7,500, 1.25 percent.
- 24 2. On all taxable income exceeding \$7,500 but not exceeding \$15,000, 4.5
- 25 percent.

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1 3. On all taxable income exceeding \$15,000 but not exceeding \$225,000, 4.5
2 percent.

3 4. On all taxable income exceeding \$225,000, 6 percent.

4 (d) The tax to be assessed, levied, and collected upon the taxable incomes of all
5 fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and
6 single individuals and heads of households shall be computed at the following rates
7 for taxable years beginning after December 31, 2026, and before January 1, 2028,
8 except as provided under s. 71.06 (4):

9 1. On all taxable income from \$0 to \$7,500, 0 percent.

10 2. On all taxable income exceeding \$7,500 but not exceeding \$15,000, 4.5
11 percent.

12 3. On all taxable income exceeding \$15,000 but not exceeding \$225,000, 4.5
13 percent.

14 4. On all taxable income exceeding \$225,000, 5.20 percent.

15 (e) The tax to be assessed, levied, and collected upon the taxable incomes of all
16 fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and
17 single individuals and heads of households shall be computed at the following rates
18 percent for taxable years beginning after December 31, 2027, except as provided
19 under s. 71.06 (4):

20 1. On all taxable income from \$0 to \$7,500, 0 percent.

21 2. On all taxable income exceeding \$7,500 but not exceeding \$15,000, 4.5
22 percent.

23 3. On all taxable income exceeding \$15,000 but not exceeding \$225,000, 4.5
24 percent.

25 4. On all taxable income exceeding \$225,000, 4.5 percent.

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

2 71.06 (2) (i) (intro.) For joint returns, for taxable years beginning after
3 December 31, 2012, and before January 1, 2024:

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

5 71.06 (2) (j) (intro.) For married persons filing separately, for taxable years
6 beginning after December 31, 2012, and before January 1, 2024:

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

8 71.06 (2) (k) For joint returns, for taxable years beginning after December 31,
9 2023, and before January 1, 2025, except as provided under s. 71.06 (4):

10 1. On all taxable income from \$0 to \$10,000, 3.15 percent.

11 2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 4.5
12 percent.

13 3. On all taxable income exceeding \$20,000 but not exceeding \$300,000, 5
14 percent.

15 4. On all taxable income exceeding \$300,000, 7.40 percent.

16 **SECTION 6.** 71.06 (2) (km) of the statutes is created to read:

17 71.06 (2) (km) For married persons filing separately, for taxable years
18 beginning after December 31, 2023, and before January 1, 2025, except as provided
19 under s. 71.06 (4):

20 1. On all taxable income from \$0 to \$5,000, 3.15 percent.

21 2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 4.5
22 percent.

23 3. On all taxable income exceeding \$10,000 but not exceeding \$150,000, 5
24 percent.

25 4. On all taxable income exceeding \$150,000, 7.40 percent.

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1 **SECTION 7.** 71.06 (2) (L) of the statutes is created to read:

2 71.06 (2) (L) For joint returns, for taxable years beginning after December 31,
3 2024, and before January 1, 2026, except as provided under s. 71.06 (4):

4 1. On all taxable income from \$0 to \$10,000, 2.20 percent.

5 2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 4.5
6 percent.

7 3. On all taxable income exceeding \$20,000 but not exceeding \$300,000, 4.75
8 percent.

9 4. On all taxable income exceeding \$300,000, 6.70 percent.

10 **SECTION 8.** 71.06 (2) (Lm) of the statutes is created to read:

11 71.06 (2) (Lm) For married persons filing separately, for taxable years
12 beginning after December 31, 2024, and before January 1, 2026, except as provided
13 under s. 71.06 (4):

14 1. On all taxable income from \$0 to \$5,000, 2.20 percent.

15 2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 4.5
16 percent.

17 3. On all taxable income exceeding \$10,000 but not exceeding \$150,000, 4.75
18 percent.

19 4. On all taxable income exceeding \$150,000, 6.70 percent.

20 **SECTION 9.** 71.06 (2) (m) of the statutes is created to read:

21 71.06 (2) (m) For joint returns, for taxable years beginning after December 31,
22 2025, and before January 1, 2027, except as provided under s. 71.06 (4):

23 1. On all taxable income from \$0 to \$10,000, 1.25 percent.

24 2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 4.5
25 percent.

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1 3. On all taxable income exceeding \$20,000 but not exceeding \$300,000, 4.5
2 percent.

3 4. On all taxable income exceeding \$300,000, 6 percent.

4 **SECTION 10.** 71.06 (2) (mm) of the statutes is created to read:

5 71.06 (2) (mm) For married persons filing separately, for taxable years
6 beginning after December 31, 2025, and before January 1, 2027, except as provided
7 under s. 71.06 (4):

8 1. On all taxable income from \$0 to \$5,000, 1.25 percent.

9 2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 4.5
10 percent.

11 3. On all taxable income exceeding \$10,000 but not exceeding \$150,000, 4.5
12 percent.

13 4. On all taxable income exceeding \$150,000, 6 percent.

14 **SECTION 11.** 71.06 (2) (n) of the statutes is created to read:

15 71.06 (2) (n) For joint returns, for taxable years beginning after December 31,
16 2026, and before January 1, 2028, except as provided under s. 71.06 (4):

17 1. On all taxable income from \$0 to \$10,000, 0 percent.

18 2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 4.5
19 percent.

20 3. On all taxable income exceeding \$20,000 but not exceeding \$300,000, 4.5
21 percent.

22 4. On all taxable income exceeding \$300,000, 5.20 percent.

23 **SECTION 12.** 71.06 (2) (nn) of the statutes is created to read:

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1 71.06 (2) (nn) For married persons filing separately, for taxable years
2 beginning after December 31, 2026, and before January 1, 2028, except as provided
3 under s. 71.06 (4):

4 1. On all taxable income from \$0 to \$5,000, 0 percent.

5 2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 4.5
6 percent.

7 3. On all taxable income exceeding \$10,000 but not exceeding \$150,000, 4.5
8 percent.

9 4. On all taxable income exceeding \$150,000, 5.20 percent.

10 **SECTION 13.** 71.06 (2) (o) of the statutes is created to read:

11 71.06 (2) (o) For joint returns, for taxable years beginning after December 31,
12 2027, except as provided under s. 71.06 (4):

13 1. On all taxable income from \$0 to \$10,000, 0 percent.

14 2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 4.5
15 percent.

16 3. On all taxable income exceeding \$20,000 but not exceeding \$300,000, 4.5
17 percent.

18 4. On all taxable income exceeding \$300,000, 4.5 percent.

19 **SECTION 14.** 71.06 (2) (oo) of the statutes is created to read:

20 71.06 (2) (oo) For married persons filing separately, for taxable years beginning
21 after December 31, 2027, except as provided under s. 71.06 (4):

22 1. On all taxable income from \$0 to \$5,000, 0 percent.

23 2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 4.5
24 percent.

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1 3. On all taxable income exceeding \$10,000 but not exceeding \$150,000, 4.5
2 percent.

3 4. On all taxable income exceeding \$150,000, 4.5 percent.

4 **SECTION 15.** 71.06 (2e) (a) of the statutes is amended to read:

5 71.06 (2e) (a) For taxable years beginning after December 31, 1998, and before
6 January 1, 2000, the maximum dollar amount in each tax bracket, and the
7 corresponding minimum dollar amount in the next bracket, under subs. (1m) and (2)
8 (c) and (d), and for taxable years beginning after December 31, 1999, and before
9 January 1, 2024, the maximum dollar amount in each tax bracket, and the
10 corresponding minimum dollar amount in the next bracket, under subs. (1n), (1p) (a)
11 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
12 2., shall be increased each year by a percentage equal to the percentage change
13 between the U.S. consumer price index for all urban consumers, U.S. city average,
14 for the month of August of the previous year and the U.S. consumer price index for
15 all urban consumers, U.S. city average, for the month of August 1997, as determined
16 by the federal department of labor, except that for taxable years beginning after
17 December 31, 2000, and before January 1, 2002, the dollar amount in the top bracket
18 under subs. (1p) (c) and (d), (2) (g) 3. and 4. and (h) 3. and 4. shall be increased by a
19 percentage equal to the percentage change between the U.S. consumer price index
20 for all urban consumers, U.S. city average, for the month of August of the previous
21 year and the U.S. consumer price index for all urban consumers, U.S. city average,
22 for the month of August 1999, as determined by the federal department of labor,
23 except that for taxable years beginning after December 31, 2011, the adjustment may
24 occur only if the resulting amount is greater than the corresponding amount that was
25 calculated for the previous year.

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1 **SECTION 16.** 71.06 (2e) (b) of the statutes is amended to read:

2 71.06 **(2e)** (b) For taxable years beginning after December 31, 2009, and before
3 January 1, 2024, the maximum dollar amount in each tax bracket, and the
4 corresponding minimum dollar amount in the next bracket, under subs. (1p) (d), (1q)
5 (c), and (2) (g) 4., (h) 4., (i) 3., and (j) 3., and the dollar amount in the top bracket under
6 subs. (1p) (e), (1q) (d), and (2) (g) 5., (h) 5., (i) 4., and (j) 4., shall be increased each year
7 by a percentage equal to the percentage change between the U.S. consumer price
8 index for all urban consumers, U.S. city average, for the month of August of the
9 previous year and the U.S. consumer price index for all urban consumers, U.S. city
10 average, for the month of August 2008, as determined by the federal department of
11 labor, except that for taxable years beginning after December 31, 2011, the
12 adjustment may occur only if the resulting amount is greater than the corresponding
13 amount that was calculated for the previous year.

14 **SECTION 17.** 71.06 (2e) (be) of the statutes is created to read:

15 71.06 **(2e)** (be) 1. For taxable years beginning after December 31, 2023, and
16 before January 1, 2025, the maximum dollar amount in each tax bracket, and the
17 corresponding minimum dollar amount in the next bracket, under subs. (1r) (a) 1.
18 and 2. and (2) (k) 1. and 2. and (km) 1. and 2., shall be increased by a percentage equal
19 to the percentage change between the U.S. consumer price index for all urban
20 consumers, U.S. city average, for the month of August of the previous year and the
21 U.S. consumer price index for all urban consumers, U.S. city average, for the month
22 of August 1997, as determined by the federal department of labor, except that the
23 adjustment may occur only if the resulting amount is greater than the corresponding
24 amount that was calculated for the previous year.

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1 2. For taxable years beginning after December 31, 2023, and before January
2 1, 2025, the maximum dollar amount in each tax bracket, and the corresponding
3 minimum dollar amount in the next bracket, under subs. (1r) (a) 3. and (2) (k) 3. and
4 (km) 3., and the dollar amount in the top bracket under subs. (1r) (a) 4. and (2) (k)
5 4. and (km) 4., shall be increased by a percentage equal to the percentage change
6 between the U.S. consumer price index for all urban consumers, U.S. city average,
7 for the month of August of the previous year and the U.S. consumer price index for
8 all urban consumers, U.S. city average, for the month of August 2008, as determined
9 by the federal department of labor, except that the adjustment may occur only if the
10 resulting amount is greater than the corresponding amount that was calculated for
11 the previous year.

12 **SECTION 18.** 71.06 (2e) (bm) of the statutes is created to read:

13 71.06 (2e) (bm) 1. For taxable years beginning after December 31, 2024, and
14 before January 1, 2026, the maximum dollar amount in each tax bracket, and the
15 corresponding minimum dollar amount in the next bracket, under subs. (1r) (b) 1.
16 and 2. and (2) (L) 1. and 2. and (Lm) 1. and 2. shall be increased by a percentage equal
17 to the percentage change between the U.S. consumer price index for all urban
18 consumers, U.S. city average, for the month of August of the previous year and the
19 U.S. consumer price index for all urban consumers, U.S. city average, for the month
20 of August 1997, as determined by the federal department of labor, except that the
21 adjustment may occur only if the resulting amount is greater than the corresponding
22 amount that was calculated for the previous year.

23 2. For taxable years beginning after December 31, 2024, and before January
24 1, 2026, the maximum dollar amount in each tax bracket, and the corresponding
25 minimum dollar amount in the next bracket, under subs. (1r) (b) 3. and (2) (L) 3. and

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1 (Lm) 3., and the dollar amount in the top bracket under subs. (1r) (b) 4. and (2) (L)
2 4. and (Lm) 4., shall be increased by a percentage equal to the percentage change
3 between the U.S. consumer price index for all urban consumers, U.S. city average,
4 for the month of August of the previous year and the U.S. consumer price index for
5 all urban consumers, U.S. city average, for the month of August 2008, as determined
6 by the federal department of labor, except that the adjustment may occur only if the
7 resulting amount is greater than the corresponding amount that was calculated for
8 the previous year.

9 **SECTION 19.** 71.06 (2e) (bs) of the statutes is created to read:

10 71.06 **(2e)** (bs) 1. For taxable years beginning after December 31, 2025, and
11 before January 1, 2027, the maximum dollar amount in each tax bracket, and the
12 corresponding minimum dollar amount in the next bracket, under subs. (1r) (c) 1.
13 and 2. and (2) (m) 1. and 2. and (mm) 1. and 2., shall be increased by a percentage
14 equal to the percentage change between the U.S. consumer price index for all urban
15 consumers, U.S. city average, for the month of August of the previous year and the
16 U.S. consumer price index for all urban consumers, U.S. city average, for the month
17 of August 1997, as determined by the federal department of labor, except that the
18 adjustment may occur only if the resulting amount is greater than the corresponding
19 amount that was calculated for the previous year.

20 2. For taxable years beginning after December 31, 2025, and before January
21 1, 2027, the maximum dollar amount in each tax bracket, and the corresponding
22 minimum dollar amount in the next bracket, under subs. (1r) (c) 3. and (2) (m) 3. and
23 (mm) 3., and the dollar amount in the top bracket under subs. (1r) (c) 4. and (2) (m)
24 4. and (mm) 4., shall be increased by a percentage equal to the percentage change
25 between the U.S. consumer price index for all urban consumers, U.S. city average,

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1 for the month of August of the previous year and the U.S. consumer price index for
2 all urban consumers, U.S. city average, for the month of August 2008, as determined
3 by the federal department of labor, except that the adjustment may occur only if the
4 resulting amount is greater than the corresponding amount that was calculated for
5 the previous year.

6 **SECTION 20.** 71.06 (2e) (bt) of the statutes is created to read:

7 71.06 (2e) (bt) 1. For taxable years beginning after December 31, 2026, and
8 before January 1, 2028, the maximum dollar amount in each tax bracket, and the
9 corresponding minimum dollar amount in the next bracket, under subs. (1r) (d) 1.
10 and 2. and (2) (n) 1. and 2. and (nn) 1. and 2., shall be increased by a percentage equal
11 to the percentage change between the U.S. consumer price index for all urban
12 consumers, U.S. city average, for the month of August of the previous year and the
13 U.S. consumer price index for all urban consumers, U.S. city average, for the month
14 of August 1997, as determined by the federal department of labor, except that the
15 adjustment may occur only if the resulting amount is greater than the corresponding
16 amount that was calculated for the previous year.

17 2. For taxable years beginning after December 31, 2026, and before January
18 1, 2028, the maximum dollar amount in each tax bracket, and the corresponding
19 minimum dollar amount in the next bracket, under subs. (1r) (d) 3. and (2) (n) 3. and
20 (nn) 3., and the dollar amount in the top bracket under subs. (1r) (d) 4. and (2) (n) 4.
21 and (nn) 4., shall be increased by a percentage equal to the percentage change
22 between the U.S. consumer price index for all urban consumers, U.S. city average,
23 for the month of August of the previous year and the U.S. consumer price index for
24 all urban consumers, U.S. city average, for the month of August 2008, as determined
25 by the federal department of labor, except that the adjustment may occur only if the

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1 resulting amount is greater than the corresponding amount that was calculated for
2 the previous year.

3 **SECTION 21.** 71.06 (2e) (bu) of the statutes is created to read:

4 71.06 (2e) (bu) 1. For taxable years beginning after December 31, 2027, the
5 maximum dollar amount in each tax bracket, and the corresponding minimum dollar
6 amount in the next bracket, under subs. (1r) (e) 1. and 2. and (2) (o) 1. and 2. and (oo)
7 1. and 2., shall be increased by a percentage equal to the percentage change between
8 the U.S. consumer price index for all urban consumers, U.S. city average, for the
9 month of August of the previous year and the U.S. consumer price index for all urban
10 consumers, U.S. city average, for the month of August 1997, as determined by the
11 federal department of labor, except that the adjustment may occur only if the
12 resulting amount is greater than the corresponding amount that was calculated for
13 the previous year.

14 2. For taxable years beginning after December 31, 2027, the maximum dollar
15 amount in each tax bracket, and the corresponding minimum dollar amount in the
16 next bracket, under subs. (1r) (e) 3. and (2) (o) 3. and (oo) 3., and the dollar amount
17 in the top bracket under subs. (1r) (e) 4. and (2) (o) 4. and (oo) 4., shall be increased
18 by a percentage equal to the percentage change between the U.S. consumer price
19 index for all urban consumers, U.S. city average, for the month of August of the
20 previous year and the U.S. consumer price index for all urban consumers, U.S. city
21 average, for the month of August 2008, as determined by the federal department of
22 labor, except that the adjustment may occur only if the resulting amount is greater
23 than the corresponding amount that was calculated for the previous year.

24 **SECTION 22.** 71.06 (2m) of the statutes is amended to read:

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

5 **SECTION 23.** 71.06 (2s) (d) of the statutes is amended to read:

6 71.06 **(2s)** (d) For taxable years beginning after December 31, 2000, and before
7 January 1, 2024, with respect to nonresident individuals, including individuals
8 changing their domicile into or from this state, the tax brackets under subs. (1p), (1q),
9 and (2) (g), (h), (i), and (j) shall be multiplied by a fraction, the numerator of which
10 is Wisconsin adjusted gross income and the denominator of which is federal adjusted
11 gross income. In this paragraph, for married persons filing separately “adjusted
12 gross income” means the separate adjusted gross income of each spouse, and for
13 married persons filing jointly “adjusted gross income” means the total adjusted gross
14 income of both spouses. If an individual and that individual’s spouse are not both
15 domiciled in this state during the entire taxable year, the tax brackets under subs.
16 (1p), (1q), and (2) (g), (h), (i), and (j) on a joint return shall be multiplied by a fraction,
17 the numerator of which is their joint Wisconsin adjusted gross income and the
18 denominator of which is their joint federal adjusted gross income.

19 **SECTION 24.** 71.06 (2s) (e) of the statutes is created to read:

20 71.06 **(2s)** (e) For taxable years beginning after December 31, 2023, and before
21 January 1, 2025, with respect to nonresident individuals, including individuals
22 changing their domicile into or from this state, the tax brackets under subs. (1r) (a)
23 and (2) (k) and (km) shall be multiplied by a fraction, the numerator of which is
24 Wisconsin adjusted gross income and the denominator of which is federal adjusted
25 gross income. In this paragraph, for married persons filing separately “adjusted

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1 gross income” means the separate adjusted gross income of each spouse, and for
2 married persons filing jointly “adjusted gross income” means the total adjusted gross
3 income of both spouses. If an individual and that individual’s spouse are not both
4 domiciled in this state during the entire taxable year, the tax brackets under subs.
5 (1r) (a) and (2) (k) and (km) on a joint return shall be multiplied by a fraction, the
6 numerator of which is their joint Wisconsin adjusted gross income and the
7 denominator of which is their joint federal adjusted gross income.

8 **SECTION 25.** 71.06 (2s) (f) of the statutes is created to read:

9 71.06 (2s) (f) For taxable years beginning after December 31, 2024, and before
10 January 1, 2026, with respect to nonresident individuals, including individuals
11 changing their domicile into or from this state, the tax brackets under subs. (1r) (b)
12 and (2) (L) and (Lm) shall be multiplied by a fraction, the numerator of which is
13 Wisconsin adjusted gross income and the denominator of which is federal adjusted
14 gross income. In this paragraph, for married persons filing separately “adjusted
15 gross income” means the separate adjusted gross income of each spouse, and for
16 married persons filing jointly “adjusted gross income” means the total adjusted gross
17 income of both spouses. If an individual and that individual’s spouse are not both
18 domiciled in this state during the entire taxable year, the tax brackets under subs.
19 (1r) (b) and (2) (L) and (Lm) on a joint return shall be multiplied by a fraction, the
20 numerator of which is their joint Wisconsin adjusted gross income and the
21 denominator of which is their joint federal adjusted gross income.

22 **SECTION 26.** 71.06 (2s) (g) of the statutes is created to read:

23 71.06 (2s) (g) For taxable years beginning after December 31, 2025, and before
24 January 1, 2027, with respect to nonresident individuals, including individuals
25 changing their domicile into or from this state, the tax brackets under subs. (1r) (c)

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1 and (2) (m) and (mm) shall be multiplied by a fraction, the numerator of which is
2 Wisconsin adjusted gross income and the denominator of which is federal adjusted
3 gross income. In this paragraph, for married persons filing separately “adjusted
4 gross income” means the separate adjusted gross income of each spouse, and for
5 married persons filing jointly “adjusted gross income” means the total adjusted gross
6 income of both spouses. If an individual and that individual’s spouse are not both
7 domiciled in this state during the entire taxable year, the tax brackets under subs.
8 (1r) (c) and (2) (m) and (mm) on a joint return shall be multiplied by a fraction, the
9 numerator of which is their joint Wisconsin adjusted gross income and the
10 denominator of which is their joint federal adjusted gross income.

11 **SECTION 27.** 71.06 (2s) (h) of the statutes is created to read:

12 71.06 (2s) (h) For taxable years beginning after December 31, 2026, and before
13 January 1, 2028, with respect to nonresident individuals, including individuals
14 changing their domicile into or from this state, the tax brackets under subs. (1r) (d)
15 and (2) (n) and (nn) shall be multiplied by a fraction, the numerator of which is
16 Wisconsin adjusted gross income and the denominator of which is federal adjusted
17 gross income. In this paragraph, for married persons filing separately “adjusted
18 gross income” means the separate adjusted gross income of each spouse, and for
19 married persons filing jointly “adjusted gross income” means the total adjusted gross
20 income of both spouses. If an individual and that individual’s spouse are not both
21 domiciled in this state during the entire taxable year, the tax brackets under subs.
22 (1r) (d) and (2) (n) and (nn) on a joint return shall be multiplied by a fraction, the
23 numerator of which is their joint Wisconsin adjusted gross income and the
24 denominator of which is their joint federal adjusted gross income.

25 **SECTION 28.** 71.06 (2s) (i) of the statutes is created to read:

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1 71.06 (2s) (i) For taxable years beginning after December 31, 2027, with
2 respect to nonresident individuals, including individuals changing their domicile
3 into or from this state, the tax brackets under subs. (1r) (e) and (2) (o) and (oo) shall
4 be multiplied by a fraction, the numerator of which is Wisconsin adjusted gross
5 income and the denominator of which is federal adjusted gross income. In this
6 paragraph, for married persons filing separately “adjusted gross income” means the
7 separate adjusted gross income of each spouse, and for married persons filing jointly
8 “adjusted gross income” means the total adjusted gross income of both spouses. If
9 an individual and that individual’s spouse are not both domiciled in this state during
10 the entire taxable year, the tax brackets under subs. (1r) (e) and (2) (o) and (oo) on
11 a joint return shall be multiplied by a fraction, the numerator of which is their joint
12 Wisconsin adjusted gross income and the denominator of which is their joint federal
13 adjusted gross income.

14 **SECTION 29.** 71.06 (4) of the statutes is created to read:

15 71.06 (4) PHASE-IN ADJUSTMENTS. (a) Notwithstanding subs. (1q), (1r), (2), and
16 (2e), the rates and brackets, as adjusted under sub. (2s), for taxable years beginning
17 after December 31, 2024, shall not take effect in any taxable year if in the preceding
18 fiscal year general fund tax collections, as indicated by the department’s preliminary
19 actual general fund tax collection report, are less than the amount of general fund
20 tax collections reported for fiscal year 2019-20, multiplied by the percentage change,
21 if not negative, between the U.S. consumer price index for all urban consumers, U.S.
22 city average, for the month of August of the previous year and the U.S. consumer
23 price index for all urban consumers, U.S. city average, for the month of August 2020,
24 as determined by the federal department of labor.

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1 (b) In any taxable year beginning after December 31, 2024, if in the preceding
2 fiscal year general fund tax collections, as indicated by the department's preliminary
3 actual general fund tax collection report, are less than the amount determined under
4 par. (a), the rates and brackets shall be the rates and brackets in effect for the
5 previous taxable year, as adjusted under sub. (2s), and the department shall delay
6 the implementation of the rates and brackets for taxable years beginning after
7 December 31, 2024, accordingly. For each taxable year beginning after December 31,
8 2024, the department shall make the determination under par. (a) no later than
9 September 1 following the close of the preceding fiscal year. If the department
10 determines that that a reduction in rates, as provided under subs. (1r) and (2) (k) to
11 (oo), shall take effect for the following taxable year, the department shall shall
12 update the individual income tax withholding tables under s. 71.64 (9) to reflect the
13 tax rates, brackets, and sliding scale standard deduction that are in effect on
14 January 1 of the corresponding taxable year. Rate reductions determined under this
15 subsection occur successively.

16 **SECTION 30.** 71.125 (1) of the statutes is amended to read:

17 71.125 (1) Except as provided in sub. (2), the tax imposed by this chapter on
18 individuals and the rates under s. 71.06 (1), (1m), (1n), (1p), (1q), (1r), and (2) shall
19 apply to the Wisconsin taxable income of estates or trusts, except nuclear
20 decommissioning trust or reserve funds, and that tax shall be paid by the fiduciary.

21 **SECTION 31.** 71.125 (2) of the statutes is amended to read:

22 71.125 (2) Each electing small business trust, as defined in section 1361 (e) (1)
23 of the Internal Revenue Code, is subject to tax at the highest rate under s. 71.06 (1),
24 (1m), (1n), (1p), ~~or~~ (1q), or (1r), whichever taxable year is applicable, on its income

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1 as computed under section 641 of the Internal Revenue Code, as modified by s. 71.05
2 (6) to (12), (19) and (20).

3 **SECTION 32.** 71.17 (6) of the statutes is amended to read:

4 71.17 (6) FUNERAL TRUSTS. If a qualified funeral trust makes the election under
5 section 685 of the Internal Revenue Code for federal income tax purposes, that
6 election applies for purposes of this chapter and each trust shall compute its own tax
7 and shall apply the rates under s. 71.06 (1), (1m), (1n), (1p), ~~or (1q)~~, or (1r).

8 **SECTION 33.** 71.64 (9) (b) (intro.) of the statutes is amended to read:

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

13 **SECTION 34.** 71.67 (5) (a) of the statutes is amended to read:

14 71.67 (5) (a) *Wager winnings.* A person holding a license to sponsor and
15 manage races under s. 562.05 (1) (b) or (c) shall withhold from the amount of any
16 payment of pari-mutuel winnings under s. 562.065 (3) (a) or (3m) (a) an amount
17 determined by multiplying the amount of the payment by the highest rate applicable
18 to individuals under s. 71.06 (1) (a) to (c), (1m), (1n), (1p), ~~or (1q)~~, or (1r) if the amount
19 of the payment is more than \$1,000.

20 **SECTION 35.** 71.67 (5m) of the statutes is amended to read:

21 71.67 (5m) WITHHOLDING FROM PAYMENTS TO PURCHASE ASSIGNMENT OF LOTTERY
22 PRIZE. A person that purchases an assignment of a lottery prize shall withhold from
23 the amount of any payment made to purchase the assignment the amount that is
24 determined by multiplying the amount of the payment by the highest rate applicable
25 to individuals under s. 71.06 (1) (a) to (c), (1m), (1n), (1p), ~~or (1q)~~, or (1r). Subsection

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1 (5) (b), (c) and (d), as it applies to the amounts withheld under sub. (5) (a), applies
2 to the amount withheld under this subsection.

3 (END)