

**State of Wisconsin
Office of the Governor**

April 14, 2016

The Honorable, the Senate:

I have approved Senate Bill 798 as 2017 Wisconsin Act 367 and have deposited it in the Office of the Secretary of State. I have exercised the partial veto in Section 1f, as it relates to s. 77.54 (67)(b), and Section 2, as it relates to s. 77.68 (1)(f)2.

Senate Bill 798 provides relief to taxpayers with children through two mechanisms. First, the bill provides a sales and use tax holiday for school-related items including school supplies where each item is no more than \$75, clothing where each item is no more than \$75, computers where each item is no more than \$750 and computer supplies where each item is no more than \$250. The holiday will occur on two days during the first weekend in August and will not recur in future years. The second mechanism by which the bill provides tax relief is by creating a sales and use tax rebate for claimants with dependent children who were under the age of 18 for the entirety of 2017. For each qualified dependent child, a taxpayer may file a claim with the Department of Revenue for a \$100 sales and use tax rebate. The rebate is not available for years after 2018.

I have exercised the partial veto in Section 2, as it relates to s. 77.68 (1)(f)2, because I object to the definition of a qualified child excluding children under the care of grandparents and other relatives. With this partial veto, a qualified child must be under the age of 18 for all of 2017 and must also be the claimant's dependent. These two definitions adequately ensure that only those with qualified dependent children may claim the rebate. The bill's language specifying that the qualified child must also be the claimant's child inadvertently would exclude cases where other family members are raising a child who lost his or her parents to death, incapacitation or incarceration, or other factors. This would exclude grandparents, aunts, uncles and other relatives from being eligible for claiming the rebate for children in their care.

This partial veto corrects an inadvertent error and ensures at least 75,000 children are eligible, as was the original intent of this proposal. Since this modification restores the original intent of the rebate, the fiscal effect of the child sales and use tax rebate remains unchanged at \$122.1 million GPR and is unaffected by the partial veto.

I have also exercised the partial veto in Section 1f, as it relates to s. 77.54 (67)(b), because I object to limiting the sales tax holiday to only two days, which may deny hardworking taxpayers with children the chance to take advantage of this sales tax holiday. This partial veto would extend the sales tax holiday to the period starting on August 1, 2018, and extend it to the following Sunday, August 5, 2018. By extending the period of the sales tax holiday to these five days instead of two days, more parents and students will have the flexibility to save on critical purchases during the back-to-school season. Extending the applicable period by three days is estimated to reduce general fund tax revenues by an additional \$3 million relative to the bill's initial fiscal estimate of \$11.8 million.

With these vetoes, all taxpayers with dependent children under age 18 will be able to claim this year's sales and use tax rebate, providing meaningful tax relief to families with children, and taxpayers will have a longer period to benefit from the sales tax holiday this August.

Respectfully submitted,
SCOTT WALKER
Governor

