



TIP MCGUIRE

WISCONSIN STATE REPRESENTATIVE

April 20, 2021

Senate Committee on Labor and Regulatory Reform

2021 Senate Bill 267

Representative Tip McGuire

Chairman Nass, Vice Chairman Wanggaard, and members of the Senate Committee on Labor and Regulatory Reform; thank you for holding a public hearing on 2021 Senate Bill 267, providing a temporary tax exemption for unemployment compensation. This bipartisan bill will go a long way towards helping the families that have been so negatively impacted by this pandemic.

As you are no doubt aware, this past year was a tremendously difficult one for families across our state. The economic effects of COVID-19 were vast, causing shutdowns and layoffs across the country, and Wisconsin was no exception. Early on in the pandemic, the federal government enacted the Paycheck Protection Program (PPP), recognizing that a clear trend was emerging and that job losses would soon skyrocket. Hundreds of billions of dollars in PPP loans went out across the country, and in large part they were successful in saving jobs. However, not every business received PPP funds, nor every worker was so lucky to have their job preserved by the program.

Despite the best efforts of the federal government, unemployment spiked across the nation and in Wisconsin as well. Here, like in states across the country, unemployment systems were filled up with claims of working people, who in many cases found themselves without a job for the first time in their adult lives through no fault of their own.

Earlier this year, the Legislature took action to match the Consolidated Appropriations Act, providing deductions for businesses that took PPP loans, and the Governor signed this into law. Federalizing our tax code was essential to providing Wisconsin businesses with the funds they needed to help our economy recover. Despite the \$400 million dollar price tag, the Legislature determined that supporting businesses that had struggled during the Covid-19 pandemic was an essential funding opportunity and enacted legislation to ensure those businesses could survive and thrive.

Similarly, this bill seeks to put our Wisconsin tax code in sync with the federal tax code changes found in the American Rescue Plan. This bill would provide workers who were unemployed this past year with support by federalizing our tax code and providing a temporary exemption of the first \$10,200 of unemployment compensation. As with the PPP, many states across the country (such as our neighboring state Iowa) have an automatic adoption of the federal tax code, and so will be including this exemption in their tax policy. However, here in Wisconsin, we must pass legislation to bring our tax code in line, which is why we have offered Senate Bill 267. Other states, such as Maine, have worked to ensure that this exemption is available to their constituents. Some states with automatic conformity, such as Delaware and Maryland, have even signed legislation that goes above and beyond federalization

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of the tax code. Certainly, here in Wisconsin, we can make a similar investment in the working men and women who have found themselves unemployed through no fault of their own.

Once again, thank you for your consideration of this important piece of legislation. The working men and women of Wisconsin who have found themselves on hard times through no fault of their own certainly have earned our support. I support AB 267, and I am hopeful that this committee will agree that this legislation is essential for our working families.



WISCONSIN STATE ASSEMBLY
Christine Sinicki
STATE REPRESENTATIVE

April 20, 2021

Re: Senate Bill 267

Chairman Nass, Vice-Chairman Wanggaard, and members of the Senate Committee on Labor and Regulatory Reform,

Good morning. I submit this written testimony today in support of Senate Bill 267, a bill that I am proud to co-author. SB 267 would exempt up to \$10,200 in unemployment compensation from the state income tax for 2020-2021.

We are all well aware of how difficult this past year has been and the financial toll that job losses have taken on Wisconsin's families. During this ongoing pandemic, in which hardworking Wisconsinites all across the state have had to face the hardships of losing their jobs, it is imperative that individuals who have gotten unemployment compensation be able to receive the money they need in full. With so many families still struggling to pay the cost of housing, groceries, medications, and other necessities, it is crucial that they be given a temporary tax exemption for their income from unemployment compensation.

It is only fair to the people of Wisconsin that state law on this issue align with the standards set at the federal level through the American Rescue Plan Act. As we work to provide support to Wisconsinites and help lift them up during these challenging times, we must ensure that they are receiving every dollar owed to them. It is important that as legislators, we come together on bills like this one that can provide much needed relief. That is why I support SB 267 and am hopeful that I will be able to eventually vote for its passage.

Thank you for your time and consideration of SB 267.

Christine Sinicki

State Representative
20th Assembly District



WISCONSIN STATE SENATOR
TIM CARPENTER
SENATOR – 3RD DISTRICT

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April 20, 2021

Senate Committee on Labor and Regulatory Reform
2021 Senate Bill 267
Senator Tim Carpenter Testimony

Chairman Nass, and members of the Senate Committee on Labor and Regulatory Reform, I would like to thank you for scheduling this public hearing today to discuss 2021 Wisconsin Senate Bill 267 which would provide a temporary tax exemption for unemployment compensation.

This bill would exempt, for state income tax purposes, the first \$10,200 of Unemployment Compensation benefits that an individual received for tax years 2020 and 2021. This exemption would be limited to those individuals whose federal adjusted gross income is less than \$150,000. This would be in line with the exemption created at the federal level in the American Rescue Plan Act.

2020 was one of the hardest years in our memory. The Coronavirus pandemic has created the deadliest year in American history, and the economic effects have been devastating. After having lost their job through no fault of their own, many Wisconsinites needed to rely on our state's unemployment system for the first time. We have all heard the difficult situations that families have faced, and this bill is one way that we can help reduce the burden that they have had to bear during these difficult times.

Many programs were created to address the economic turmoil that our state and nation faced during the past year, including new unemployment programs such as Pandemic Unemployment Assistance. Programs were also created to aid businesses that were facing new and difficult hurdles as they learned to navigate a new business environment and saw declining patronage.

Earlier this year, the legislature followed the lead of the federal government in creating a tax exemption for the funding provided by several programs that were designed to aid struggling businesses, such as the Paycheck Protection Program. When added together, the total fiscal effect of exempting those programs is currently estimated to be \$484.9 million. To provide a similar exemption to the unemployment benefits that Wisconsinites relied upon during the same uncertain times would cost the state \$121 million for tax year 2020, and is expected to be smaller for tax year 2021.

I believe that it would be consistent of the legislature to take the actions that we are proposing in Senate Bill 267, and would put our tax code in line with the federal tax code changes that were approved in the American Rescue Plan. Doing so would provide relief to the Wisconsinites who have faced one of the most difficult years imaginable at an estimated average tax benefit of about \$250, in addition to the effect that the federal tax code change has provided.

Thank you again for scheduling a hearing for this important piece of legislation, and allowing me to testify in support of Senate Bill 267. I hope that the legislature will take quick action to adopt this proposal in order to provide much needed relief to working families, and relieve the uncertainty that our state's tax professionals are currently facing.