



State of Wisconsin
2019 - 2020 LEGISLATURE

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2019 SENATE BILL 821

February 14, 2020 - Introduced by Senators FITZGERALD, ROTH and DARLING, cosponsored by Representatives VOS, STEINEKE and NYGREN. Referred to Joint Committee on Finance.

1 **AN ACT** *to renumber* 70.111 (27) (b); *to renumber and amend* 79.096 (1) and
2 79.096 (2) (a); *to amend* 16.518 (title), 16.518 (3) (b) 1., 71.05 (22) (dp) (title),
3 71.05 (22) (dp) 1., 71.05 (22) (dp) 2., 71.05 (22) (dt), 71.05 (22) (f) 4. b. and 79.096
4 (3); and *to create* 16.518 (4), 70.111 (27) (b) 2., 71.05 (22) (dq), 79.096 (1) (b),
5 79.096 (2) (a) 1. and 79.096 (2) (a) 2. of the statutes; **relating to:** a property tax
6 exemption for all machinery, tools, and patterns; a reduction of state general
7 obligation and variable rate debt supported by general purpose revenue; and
8 increasing the maximum deduction under the individual income tax sliding
9 scale standard deduction.

Analysis by the Legislative Reference Bureau

PERSONAL PROPERTY TAX EXEMPTION

Machinery, tools, and patterns, not including such items used in manufacturing, are exempt from the personal property tax under current law and the state reimburses the taxing jurisdictions where this property is located for the loss of property tax revenue. The reimbursement amount is based on the assessed value of such property in the last year in which the property was taxable.

This bill exempts all other machinery, tools, and patterns from the personal property tax and reimburses the taxing jurisdictions where this property is located

SENATE BILL 821

for the the loss of property tax revenue, based on the 2019 assessed values of such property. The bill also clarifies that following the termination of a tax incremental district the amount that would have been paid to the tax incremental district under current law and under the bill is distributed to the other applicable taxing jurisdictions.

SLIDING SCALE STANDARD DEDUCTION

This bill increases the maximum individual income tax sliding scale standard deduction (SSSD) by 13.2 percent for each type of income tax filer, increases the income levels for beginning the deduction phaseout by 11.4 percent, and modifies each of the phaseout percentages so they are closer together. These changes first apply to taxable year 2020. The indexing provisions that apply to the current SSSD continue to apply to the new standard deduction amounts.

DEBT REDUCTION

Under current law, the secretary of administration annually calculates the difference between the amount of tax revenues projected to be deposited in the general fund during the fiscal year and the amount of tax revenues actually deposited in the general fund during the fiscal year. If the projected amount is less than the amount of tax revenues actually deposited in the general fund during the fiscal year, i.e., there is a surplus, the secretary of administration is required to transfer from the general fund to the budget stabilization fund 50 percent of the surplus.

However, current law further provides that if the balance of the budget stabilization fund on June 30 of the fiscal year is at least equal to five percent of the estimated expenditures from the general fund during the fiscal year, the secretary may not make the transfer to the budget stabilization fund.

Under this bill, if the secretary of administration does not make a transfer to the budget stabilization fund because the balance of the budget stabilization fund on June 30 of the fiscal year is at least equal to five percent of the estimated expenditures from the general fund during the fiscal year, 50 percent of the surplus must be used to reduce the state's general obligation and variable rate debt supported by general purpose revenue.

The bill further requires that the state's general obligation and variable rate debt supported by general purpose revenue be reduced by \$100,000,000 in the 2020-21 fiscal year.

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 and local* 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:

SENATE BILL 821

1 **SECTION 1.** 16.518 (title) of the statutes is amended to read:

2 **16.518** (title) **Transfers to the budget stabilization fund; general**
3 **obligation and variable rate debt reduction.**

4 **SECTION 2.** 16.518 (3) (b) 1. of the statutes is amended to read:

5 16.518 **(3)** (b) 1. If the balance of the budget stabilization fund on June 30 of
6 the fiscal year is at least equal to 5 percent of the estimated expenditures from the
7 general fund during the fiscal year, as reported in the summary, the secretary may
8 not make the transfer under par. (a) but shall certify to the building commission for
9 purposes of sub. (4) 50 percent of the amount calculated under sub. (2).

10 **SECTION 3.** 16.518 (4) of the statutes is created to read:

11 16.518 **(4)** In the fiscal year following each fiscal year for which the secretary
12 certifies an amount to the building commission under sub. (3) (b) 1., the secretary
13 shall, in coordination with the building commission and from the appropriate
14 general purpose revenue debt service appropriations, reduce by that certified
15 amount unpaid indebtedness in which general obligation or variable rate debt is paid
16 from general purpose revenue.

17 **SECTION 4.** 70.111 (27) (b) of the statutes is renumbered 70.111 (27) (b) 1.

18 **SECTION 5.** 70.111 (27) (b) 2. of the statutes is created to read:

19 70.111 **(27)** (b) 2. Beginning with the property tax assessments as of January
20 1, 2020, machinery, tools, and patterns that are not exempt under subd. 1.

21 **SECTION 6.** 71.05 (22) (dp) (title) of the statutes is amended to read:

22 71.05 **(22)** (dp) (title) *Deduction limits, 2000 and thereafter to 2019.*

23 **SECTION 7.** 71.05 (22) (dp) 1. of the statutes is amended to read:

24 71.05 **(22)** (dp) 1. Except as provided in par. (f), and subject to subd. 2., for
25 taxable years beginning after December 31, 1999, and before January 1, 2020, the

SENATE BILL 821

1 Wisconsin standard deduction is whichever of the following amounts is appropriate.
2 For a single individual who has a Wisconsin adjusted gross income of less than
3 \$10,380, the standard deduction is \$7,200. For a single individual who has a
4 Wisconsin adjusted gross income of at least \$10,380, the standard deduction is the
5 amount obtained by subtracting from \$7,200 12 percent of Wisconsin adjusted gross
6 income in excess of \$10,380 but not less than \$0. For a head of household who has
7 a Wisconsin adjusted gross income of less than \$10,380, the standard deduction is
8 \$9,300. For a head of household who has a Wisconsin adjusted gross income of at
9 least \$10,380, the standard deduction is the amount obtained by subtracting from
10 \$9,300 22.515 percent of Wisconsin adjusted gross income in excess of \$10,380, but
11 not less than \$0, until the adjusted gross income amount at which the standard
12 deduction is equal to the standard deduction for a single individual at the same
13 adjusted gross income amount. For a head of household who has a Wisconsin
14 adjusted gross income of more than this amount, the standard deduction shall be
15 calculated as if the head of household were a single individual. For a married couple
16 filing jointly that has an aggregate Wisconsin adjusted gross income of less than
17 \$14,570, the standard deduction is \$12,970. For a married couple filing jointly that
18 has an aggregate Wisconsin adjusted gross income of at least \$14,570, the standard
19 deduction is the amount obtained by subtracting from \$12,970 19.778 percent of
20 aggregate Wisconsin adjusted gross income in excess of \$14,570 but not less than \$0.
21 For a married individual filing separately who has a Wisconsin adjusted gross
22 income of less than \$6,920, the standard deduction is \$6,160. For a married
23 individual filing separately who has a Wisconsin adjusted gross income of at least
24 \$6,920, the standard deduction is the amount obtained by subtracting from \$6,160
25 19.778 percent of Wisconsin adjusted gross income in excess of \$6,920 but not less

SENATE BILL 821

1 than \$0. The secretary of revenue shall prepare a table under which deductions
2 under this subdivision shall be determined. That table shall be published in the
3 department's instructional booklets.

4 **SECTION 8.** 71.05 (22) (dp) 2. of the statutes is amended to read:

5 71.05 (22) (dp) 2. Except as provided in par. (f), for taxable years beginning
6 after December 31, 2015, and before January 1, 2020, the Wisconsin standard
7 deduction is whichever of the following amounts is appropriate. For a married couple
8 filing jointly that has an aggregate Wisconsin adjusted gross income of less than
9 \$21,360, the standard deduction is \$19,010. For a married couple filing jointly that
10 has an aggregate Wisconsin adjusted gross income of at least \$21,360, the standard
11 deduction is the amount obtained by subtracting from \$19,010 19.778 percent of
12 aggregate Wisconsin adjusted gross income in excess of \$21,360 but not less than \$0.
13 For a married individual filing separately who has a Wisconsin adjusted gross
14 income of less than \$10,140, the standard deduction is \$9,030. For a married
15 individual filing separately who has a Wisconsin adjusted gross income of at least
16 \$10,140, the standard deduction is the amount obtained by subtracting from \$9,030
17 19.778 percent of Wisconsin adjusted gross income in excess of \$10,140 but not less
18 than \$0. The secretary of revenue shall prepare a table under which deductions
19 under this subdivision shall be determined. That table shall be published in the
20 department's instructional booklets.

21 **SECTION 9.** 71.05 (22) (dq) of the statutes is created to read:

22 71.05 (22) (dq) *Deduction limits, 2020 and thereafter.* Except as provided in par.
23 (f), for taxable years beginning after December 31, 2019, the Wisconsin standard
24 deduction is whichever of the following amounts is appropriate. For a single
25 individual who has a Wisconsin adjusted gross income of less than \$17,760, the

SENATE BILL 821**SECTION 9**

1 standard deduction is \$12,510. For a single individual who has a Wisconsin adjusted
2 gross income of at least \$17,760, the standard deduction is the amount obtained by
3 subtracting from \$12,510 12.193 percent of Wisconsin adjusted gross income in
4 excess of \$17,760 but not less than \$0. For a head of household who has a Wisconsin
5 adjusted gross income of less than \$17,760, the standard deduction is \$16,170. For
6 a head of household who has a Wisconsin adjusted gross income of at least \$17,760,
7 the standard deduction is the amount obtained by subtracting from \$16,170 22.154
8 percent of Wisconsin adjusted gross income in excess of \$17,760, but not less than \$0,
9 until the adjusted gross income amount at which the standard deduction is equal to
10 the standard deduction for a single individual at the same adjusted gross income
11 amount. For a head of household who has a Wisconsin adjusted gross income of more
12 than this amount, the standard deduction shall be calculated as if the head of
13 household were a single individual. For a married couple filing jointly that has an
14 aggregate Wisconsin adjusted gross income of less than \$25,610, the standard
15 deduction is \$23,170. For a married couple filing jointly that has an aggregate
16 Wisconsin adjusted gross income of at least \$25,610, the standard deduction is the
17 amount obtained by subtracting from \$23,170 19.461 percent of aggregate Wisconsin
18 adjusted gross income in excess of \$25,610 but not less than \$0. For a married
19 individual filing separately who has a Wisconsin adjusted gross income of less than
20 \$12,160, the standard deduction is \$11,000. For a married individual filing
21 separately who has a Wisconsin adjusted gross income of at least \$12,160, the
22 standard deduction is the amount obtained by subtracting from \$11,000 19.461
23 percent of Wisconsin adjusted gross income in excess of \$12,160 but not less than \$0.
24 The secretary of revenue shall prepare a table under which deductions under this

SENATE BILL 821

1 paragraph shall be determined. That table shall be published in the department's
2 instructional booklets.

3 **SECTION 10.** 71.05 (22) (dt) of the statutes is amended to read:

4 71.05 (22) (dt) *Standard deduction indexing, 2001 and thereafter.* For taxable
5 years beginning after December 31, 2000, the dollar amounts of the standard
6 deduction that is allowable under ~~par.~~ pars. (dp) and (dq) and all of the dollar
7 amounts of Wisconsin adjusted gross income under ~~par.~~ pars. (dp) and (dq) shall be
8 increased each year by a percentage equal to the percentage change between the U.S.
9 consumer price index for all urban consumers, U.S. city average, for the month of
10 August of the previous year and the U.S. consumer price index for all urban
11 consumers, U.S. city average, for the month of August 1999, as determined by the
12 federal department of labor, except that for taxable years beginning after December
13 31, 2011, the adjustment may occur only if the resulting amount is greater than the
14 corresponding amount that was calculated for the previous year, and except that the
15 base year for the adjustments to the dollar amounts of the standard deduction and
16 all of the dollar amounts of Wisconsin adjusted gross income under par. (dp) 2. shall
17 be 2015, and except that the base year for the adjustments to the dollar amounts of
18 the standard deduction and all of the dollar amounts of Wisconsin adjusted gross
19 income under par. (dq) shall be 2019. Each amount that is revised under this
20 paragraph shall be rounded to the nearest multiple of \$10 if the revised amount is
21 not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount
22 shall be increased to the next higher multiple of \$10. The department of revenue
23 shall annually adjust the changes in dollar amounts required under this paragraph
24 and incorporate the changes into the income tax forms and instructions.

25 **SECTION 11.** 71.05 (22) (f) 4. b. of the statutes is amended to read:

SENATE BILL 821

1 71.05 **(22)** (f) 4. b. The standard deduction that may be claimed by an individual
2 under par. (dm) ~~or~~, (dp), or (dq), based on the individual's filing status.

3 **SECTION 12.** 79.096 (1) of the statutes is renumbered 79.096 (1) (a) and
4 amended to read:

5 79.096 **(1)** (a) Beginning in 2019, and in each year thereafter, the department
6 of administration shall pay to each taxing jurisdiction, as defined in s. 79.095 (1) (c),
7 an amount equal to the property taxes levied on the items of personal property
8 described under s. 70.111 (27) (b) 1 for the property tax assessments as of January
9 1, 2017.

10 **SECTION 13.** 79.096 (1) (b) of the statutes is created to read:

11 79.096 **(1)** (b) Beginning in 2021, and in each year thereafter, the department
12 of administration shall pay to each taxing jurisdiction, as defined in s. 79.095 (1) (c),
13 an amount equal to the property taxes levied on the items of personal property
14 described under s. 70.111 (27) (b) 2. for the property tax assessments as of January
15 1, 2019.

16 **SECTION 14.** 79.096 (2) (a) of the statutes is renumbered 79.096 (2) (a) (intro.)
17 and amended to read:

18 79.096 **(2)** (a) (intro.) Each municipality shall report to the department of
19 revenue, in the time and manner determined by the department, the amount of the
20 property taxes levied on the ~~items of personal property described under s. 70.111 (27)~~
21 ~~(b) for the property tax assessments as of January 1, 2017,~~ following on behalf of the
22 municipality and on behalf of other taxing jurisdictions.;

23 **SECTION 15.** 79.096 (2) (a) 1. of the statutes is created to read:

24 79.096 **(2)** (a) 1. Items of personal property described under s. 70.111 (27) (b)
25 1. for the property tax assessments as of January 1, 2017.

