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Governor

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**Testimony to the Senate Committee on Economic Development,
Commerce and Local Government on SB798**

Chairman Feyen and members of the committee, thank you for the opportunity to testify in favor of Senate Bill 798. Since 2011, we have made significant progress reducing Wisconsin's tax burden. The Governor wants to take the next step by providing more tax relief for families.

Overview

Here is a brief recap of our major tax cut initiatives:

- Tax cuts have saved Wisconsin taxpayers a total of \$8 billion over eight years
- We implemented income tax rate cuts for all taxpayers in 2013 and 2014
- The manufacturing and agriculture credit was created in 2011 to encourage the historical drivers of Wisconsin's economy to continue to grow here
- We reduced property taxes by more than \$400 million per year by buying down the technical college levy
- We eliminated the state property tax and removed many items from the personal property tax in 2017

As a result of these changes, Wisconsin's state and local tax burden is now below the national average, according to the most recent U.S. Census Bureau figures released in September 2017. We have focused on property tax cuts for all residents and income tax relief for the middle class. Because of our income tax cuts a typical family will have saved \$1,400 since 2010. Property taxes on a median-valued home are estimated to be more than \$100 lower in 2018 than they were in December of 2010.

We have made a lot of progress, but there is still more to be done. We believe the next step in Wisconsin's tax reduction efforts should be tax reductions focused on children and middle class families. It is time now to help Wisconsin families with the cost of raising a family and make an investment in our future.

Wisconsin families deserve continued tax relief and the Governor has consistently said that a budget surplus should be sent back to taxpayers. Because of our prudent budgeting practices over the last several years we are able to return this surplus to Wisconsin families. This bill would accomplish that by creating a \$100 per child sales tax rebate for parents. The state should return this money back to the hardworking families that need it.

Child Tax Rebate - Details

Under the bill, an individual may claim a rebate equal to \$100 for each child that was under 18 as of the end of 2017. This is a one-time sales and use tax rebate that will be paid by September 1, 2018. This money can have a big impact on families that are preparing for the next school year. The \$100 per child can go towards back-to-school shopping items, like backpacks or tennis shoes. It could also go towards activity fees at school or a co-pay at the doctor's office. Families all across Wisconsin will be able to benefit from this rebate.

DOR will notify potential eligible households of the rebate by mailing postcards to taxpayers that we believe may be eligible starting in late April and continuing through May 15. In order to claim the rebate, an individual will fill out a simple form on the Department's website. This form will be available on May 15 and must be submitted by June 30. As an alternative, an individual will be able to call DOR's Customer Service Bureau and apply over the phone during that period.

DOR will work to publicize the rebate so that people who qualify but don't receive a postcard will know about it.

For purposes of claiming the rebate, a qualified child is an individual who is under 18 years of age for the entire year of 2017, a United States citizen, a resident of this state on December 31, 2017, and the claimant's dependent, as determined under the Internal Revenue Code. The Department will pay claims as they are received, either by mailing a check or making a direct deposit. There will also be an option to donate the money to any of the eight charities that are currently listed on the tax form this year or donate the money to the general fund.

Conclusion

Major tax reforms on the federal level have included targeted relief for parents. Why? Because it best delivers middle class relief. An expanded child tax credit was included in the recently passed federal legislation and is a very popular feature of the bill. We believe we should invest in the future by creating a state child tax credit. Parents of children may not be here to advocate for the credit because they are out working and caring for their children, but they will definitely appreciate the credit.

Thank you for the opportunity to testify in support of SB798. I would be glad to take any questions.