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# Wisconsin Legislative Council

## ACT MEMO

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### 2023 Wisconsin Act 147 [2023 Senate Bill 374]

### Wisconsin and Minnesota Income Tax Reciprocity

State law contains statutory procedures relating to an income-tax reciprocity agreement with Minnesota. However, the last such agreement between the state and Minnesota ended in 2009, and the two states have not had an income-tax reciprocity agreement in place since then.

2023 Wisconsin Act 147 updates the statutory procedures relating to an income-tax reciprocity agreement with Minnesota. The act prohibits the state from making any payment under such an agreement for a taxable year ending before March 23, 2024, and it modifies other statutory deadlines to first apply to such agreement as of the effective date of the act. Also, no new income-tax reciprocity agreement with Minnesota may take effect unless all of the following apply:

- The agreement applies to employment income of persons who reside in this state or Minnesota for at least 183 days during the year and return to their state of residence at least once per month.
- The agreement contains no expiration or termination date.
- The Governor issues a written notice of approval of the agreement within 90 days of the Department of Revenue (DOR) presenting the agreement.
- The Legislature’s Joint Committee on Finance (JCF) approves the agreement through a 14-day passive review process, as specified in the act.

An agreement may require that a study be conducted no more than once every five years to obtain information required for payments under the agreement. Also, any revisions to an agreement must be approved by JCF through a 14-day passive review process, as specified in the act.

The act includes nonstatutory language directing DOR to conduct a study, if agreed to by Minnesota’s Department of Revenue, to produce certain information relating to a potential agreement, as specified in the act. A report containing the results of any study must be submitted to the chief clerks of each house, JCF, the Governor, and the governor and elected legislative leaders of Minnesota.

Upon approval of an agreement, the act requires DOR to provide notice of the approval to the Legislative Reference Bureau for publication in the administrative register.

**Effective date:** March 23, 2024

For a full history of the bill, visit the Legislature’s [bill history page](#).

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