



CODY HORLACHER

STATE REPRESENTATIVE • 33RD ASSEMBLY DISTRICT

(608) 266-5715
Toll-Free: (888) 529-0033
Rep.Horlacher@legis.wi.gov

P.O. Box 8952
Madison, WI 53708-8952

March 5th, 2020

Chairman Macco and Assembly Ways and Means Committee Members,

Thank you for holding a Public Hearing on AB 231 related to an income tax exemption for cash tips paid to an employee. I am honored to have worked with Senator Jacque on this legislation and I appreciate the opportunity to bring it forward for discussion.

In Wisconsin, tipped employees make up a large amount of the workforce in various service industries throughout the state. Many of these employees are high school students, young adults working their way through college, and parents in single-income homes. This legislation would allow for a state income tax exemption on cash tips earned by an employee.

As someone who started out in the hospitality industry and worked throughout college and law school in the golf business I saw this first hand. Cash tips to the service employee go directly back into the local economy whether it is gas to get to work, food to eat for the week, or just paying bills, individuals working in the service industry reinvest those cash tips right back into the local small businesses. Also, whether it is people starting their careers or supplementing income while going to school, or whether its picking up a second job to make ends meet or saving up for that family vacation, or maybe it's even retired individuals reentering the work force to help cover living expenses this bill impacts a variety of Wisconsinites. Think of all of the service workers you encounter on a daily basis: taxi/rideshare drivers, hair stylists, hotel housekeeping, babysitters, all of these folks have to give over a portion of their hard earned income to the State.

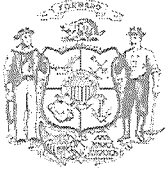
We want to help the people of Wisconsin keep more of their hard earned money in their pocket. AB 231 does just that for the hard working folks across Wisconsin's robust tourism, restaurant, and tavern industries. This legislation will also provide businesses that utilize a tip structure a recruitment tool when hiring employees.

It is important to note that this legislation is only on those cash tips received by employees. This legislation does not include any credit card tips paid to employees. In addition, this bill would not affect the day to day operation of businesses utilizing current federal tip tax credits as AB 231 only adjusts how individual employees would file their state taxes.

The individual gets to keep more of their own money. AB 231 is less government more freedom. The tax relief goes directly to the individual, not a corporation or business but rather John Q. Citizen. I'm excited to have bipartisan support of this legislation in both the Assembly and Senate.

If passed, Wisconsin would be the first state in the country to create a state income tax exemption for cash tips paid to employees.

Thank you for your time and I am available to answer any questions you may have.



ANDRÉ JACQUE

STATE SENATOR • 1ST SENATE DISTRICT

Phone: (608) 266-3512

Fax: (608) 282-3541

Sen.Jacque@legis.wi.gov

State Capitol • P.O. Box 7882

Madison, WI 53707-7882

*Testimony before the Assembly Committee on Ways and Means
State Senator André Jacque
March 5, 2020*

Chairman Macco and Committee Members,

Thank you for holding this hearing on Assembly Bill 231, relating to an income tax exemption for cash tips paid to an employee.

In Wisconsin, tipped employees make up a large amount of the workforce in various service industries throughout the state. Many of these employees are high school students, young adults working their way through college, and parents from single-income homes. This legislation would allow for a state income exemption on cash tips earned by an employee.

We want to help the people of Wisconsin keep more of their hard earned money in their pocket. Assembly Bill 231 would represent a great benefit to hard working folks across Wisconsin's robust tourism, restaurant, and tavern industries while providing businesses that use a tip structure as a hiring incentive to recruit employees on basis that they get to keep more of their own earned income. In addition, this bill would not affect the day to day operation of businesses utilizing current federal tip tax credits as AB 231 only adjusts how individual employees would file their state taxes.

If passed, Wisconsin would be the first state in the country to create a state income tax exemption for cash tips paid to employees.

Thank you for your consideration of Assembly Bill 231.