



WISCONSIN LEGISLATURE

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BUDGET PANEL MAKES MILITARY SERVICE LESS TAXING

Portion of projected budget surplus will end state taxation of residents' active duty military pay

MADISON... Tax relief for Wisconsin's active duty service members is one step closer after the Legislature's budget panel voted to end state taxation of active-duty military pay last night as part of a \$3.4 billion tax cut package.

State Sen. André Jacque (R-De Pere) and State Rep. James Edming (R-Glen Flora), who introduced the provision, said that Wisconsin's projected \$5.7 budget surplus at the end of fiscal year 2023 leaves ample room for this \$20 million annual tax cut.

"There is no fiscal reason that our Wisconsin armed service members deployed out of state should have a tax bill as their primary reward back home," Sen. Jacque said. "Making military service less taxing is another way for us to honor the service of those who put their lives on the line to defend the freedoms that built this economy and generated this budget surplus."

"Those who answer the call to serve our state and nation in the armed forces make many sacrifices," said Rep. Edming. "As we return a portion of the state's surplus to the taxpayers it is only right that we eliminate the income tax for those actively serving our nation protecting the freedoms we all hold dear."

In addition to benefiting service members, Sen. Jacque and Rep. Edming said the policy change would increase Wisconsin's ability to retain and recruit trained military personnel for Wisconsin's workforce.

"Many native Wisconsin service members change their legal addresses outside the state just to avoid being taxed while on active duty, and they never return," Sen. Jacque said. "We need service members back in Wisconsin's workforce, instead of losing these valuable assets to other states."

Wisconsin is in the minority of states that generally tax active duty military pay of residents; Illinois, Michigan, Iowa and Minnesota do not.

"By encouraging service members to keep their residency in Wisconsin, it increases the likelihood that they will return home after they've completed their military service," said Rep. Edming. "With employers around our state struggling to find enough workers to meet their needs, making it easier for Wisconsinites who serve to come home and join our state's workforce will be good for businesses and our economy."

Rep. Edming and Sen. Jacque have also co-authored bipartisan legislation exempting active-duty military pay from state taxation, ([Assembly Bill 39](#))/([Senate Bill 43](#)), which unanimously passed the Senate Committee on Financial Institutions and Revenue earlier this year.

The Joint Finance Committee wrapped up work on the 2021-23 state budget Thursday. The package must now pass both houses of the Legislature and be signed by the Governor to take effect.