



## Legislative Fiscal Bureau

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January 23, 2024

TO: Representatives Vos, Born, and Katsma  
Senators LeMahieu and Marklein  
State Capitol

FROM: Dan Spika, Fiscal Analyst

SUBJECT: Estimated Distributional Impact of Four Separate Tax Provisions, Tax Year 2024

On January 19, 2024, this office forwarded the attached memorandum (Attachment 5) to your offices describing several proposed tax law changes. At your request, attached are four distributional tables for tax year 2024 that display the estimated distributional impact of each provision of the January 19 memorandum separately: (a) exempt most retirement income for individuals aged 65 or older [Attachment 1]; (b) expand the child and dependent care expenses credit to equal 100% of the corresponding federal credit and increase creditable expenses to \$10,000 (one dependent) or \$20,000 (two or more dependents) [Attachment 2]; (c) expand the married couple credit to \$870 [Attachment 3]; and (d) expand the taxable income amounts applicable to the second individual income tax bracket [Attachment 4]. The income tax withholding table update proposed in the January 19 memorandum does not impact distributional tables because it does not represent a change in taxpayer liability. Therefore, it is not included in the attachments.

It should be noted that the distributional tables also do not include interactive effects, which can result when multiple provisions affecting tax liability are adopted simultaneously. Certain taxpayers could be affected by multiple tax reduction provisions shown in Attachments 1 through 4. As a result, the sum of the count of filers receiving a tax decrease, and the total decrease, across all four attachments displayed will not equal the totals that would result if all four provisions were adopted simultaneously.

I hope this memorandum is informative; please contact me with any questions on its content.

DS/lb  
Attachments

## ATTACHMENT 1

### Estimated Distribution of Taxpayers with a Tax Decrease under Proposal to Exempt First \$75,000 of Retirement Income if Aged 65 or Older (up to \$150,000 Married-Joint), Tax Year 2024

<u>Wisconsin Adjusted Gross Income</u>	<u>Taxpayers with a Tax Decrease</u>					<u>Count of All Returns</u>	<u>Percent of all Returns in AGI Class</u>
	<u>Count</u>	<u>Percent of Count</u>	<u>Amount of Tax Decrease</u>	<u>Percent of Decrease</u>	<u>Average Decrease</u>		
Under \$5,000	368	0.1%	\$17,122	<0.1%	\$47	466,270	0.1%
5,000 to 10,000	285	0.1	37,827	<0.1	133	207,100	0.1
10,000 to 15,000	474	0.2	50,661	<0.1	107	167,800	0.3
15,000 to 20,000	3,334	1.1	350,894	0.1	105	147,620	2.3
20,000 to 25,000	11,696	4.0	1,393,463	0.3	119	143,830	8.1
25,000 to 30,000	15,918	5.4	3,728,438	0.8	234	150,890	10.5
30,000 to 40,000	41,545	14.1	15,077,243	3.2	363	301,040	13.8
40,000 to 50,000	42,239	14.3	28,195,794	6.0	668	276,640	15.3
50,000 to 60,000	34,833	11.8	37,131,911	8.0	1,066	230,640	15.1
60,000 to 70,000	27,314	9.3	40,196,874	8.6	1,472	179,180	15.2
70,000 to 80,000	22,199	7.5	41,815,303	9.0	1,884	145,160	15.3
80,000 to 90,000	16,896	5.7	38,196,566	8.2	2,261	115,060	14.7
90,000 to 100,000	13,600	4.6	35,241,270	7.6	2,591	97,920	13.9
100,000 to 125,000	22,801	7.7	68,350,152	14.7	2,998	196,500	11.6
125,000 to 150,000	13,292	4.5	46,570,373	10.0	3,504	140,440	9.5
150,000 to 200,000	12,999	4.4	51,323,302	11.0	3,948	156,570	8.3
200,000 to 250,000	5,779	2.0	22,242,677	4.8	3,849	68,550	8.4
250,000 to 300,000	2,922	1.0	10,928,108	2.3	3,740	33,720	8.7
300,000 to 500,000	4,396	1.5	16,668,335	3.6	3,792	48,260	9.1
500,000 to 1,000,000	1,523	0.5	7,078,414	1.5	4,648	19,700	7.7
1,000,000 and over	<u>367</u>	<u>0.1</u>	<u>1,645,528</u>	<u>0.4</u>	4,484	<u>8,010</u>	4.6
<b>Total</b>	<b>294,780</b>	<b>100.0%</b>	<b>\$466,240,255</b>	<b>100.0%</b>	<b>\$1,582</b>	<b>3,300,900</b>	<b>8.9%</b>

--In tax year 2024, it is estimated that a total of 294,780 filers (8.9% of all filers) would receive tax decreases totaling \$466.2 million, for an estimated average decrease of \$1,582.

--Taxpayers with Wisconsin AGI under \$100,000 would comprise 78.3% of all filers with a decrease and would receive 51.8% of the estimated decrease. Their estimated average tax decrease would be \$1,047 in tax year 2024.

--Taxpayers with Wisconsin AGI of \$100,000 or more would represent 21.7% of all filers with a decrease and would receive 48.2% of the decrease. Their estimated average tax decrease would be \$3,508 in tax year 2024.

Based on a simulation of tax year 2024 by the Department of Revenue.

## ATTACHMENT 2

### Estimated Distribution of Taxpayers with a Tax Decrease under Proposal to Expand Child and Dependent Care Expenses Credit to 100% of the Federal Credit and Increase Creditable Expenses to \$10,000 (One Child/Dependent) or \$20,000 (Two or More Children/Dependents), Tax Year 2024

<u>Wisconsin Adjusted Gross Income</u>	<u>Taxpayers with a Tax Decrease</u>					<u>Count of All Returns</u>	<u>Percent of all Returns in AGI Class</u>
	<u>Count</u>	<u>Percent of Count</u>	<u>Amount of Tax Decrease</u>	<u>Percent of Decrease</u>	<u>Average Decrease</u>		
Under \$20,000	50	<0.1%	\$2,130	<0.1%	\$43	988,790	<0.1%
20,000 to 25,000	310	0.3	19,390	<0.1	63	143,830	0.2
25,000 to 30,000	1,070	1.0	91,970	0.1	86	150,890	0.7
30,000 to 40,000	5,140	4.6	957,170	1.3	186	301,040	1.7
40,000 to 50,000	5,910	5.3	2,086,570	2.9	353	276,640	2.1
50,000 to 60,000	5,140	4.6	2,266,030	3.1	441	230,640	2.2
60,000 to 70,000	4,700	4.2	2,270,750	3.1	483	179,180	2.6
70,000 to 80,000	4,740	4.3	2,547,800	3.5	538	145,160	3.3
80,000 to 90,000	5,210	4.7	3,149,480	4.3	605	115,060	4.5
90,000 to 100,000	5,740	5.2	3,812,640	5.2	664	97,920	5.9
100,000 to 125,000	16,470	14.8	12,059,350	16.5	732	196,500	8.4
125,000 to 150,000	15,850	14.3	11,888,930	16.3	750	140,440	11.3
150,000 to 200,000	20,330	18.3	15,651,760	21.5	770	156,570	13.0
200,000 to 250,000	9,220	8.3	7,159,130	9.8	776	68,550	13.5
250,000 to 300,000	4,240	3.8	3,333,890	4.6	786	33,720	12.6
300,000 to 500,000	5,060	4.6	3,974,790	5.5	786	48,260	10.5
500,000 to 1,000,000	1,660	1.5	1,378,640	1.9	831	19,700	8.4
1,000,000 and over	330	0.3	279,910	0.4	848	8,010	4.1
<b>Total</b>	<b>111,170</b>	<b>100.0%</b>	<b>\$72,930,330</b>	<b>100.0%</b>	<b>\$656</b>	<b>3,300,900</b>	<b>3.4%</b>

--In tax year 2024, it is estimated that a total of 111,170 filers (3.4% of all filers) would receive tax decreases totaling \$72.9 million, for an estimated average decrease of \$656.

--Taxpayers with Wisconsin AGI under \$100,000 would comprise 34.2% of all filers with a decrease and would receive 23.6% of the estimated decrease. Their estimated average tax decrease would be \$453 in tax year 2024.

--Taxpayers with Wisconsin AGI of \$100,000 or more would represent 65.8% of all filers with a decrease and would receive 76.4% of the estimated decrease. Their estimated average tax decrease would be \$762 in tax year 2024.

--In general, the estimated average tax decrease rises with Wisconsin AGI over the AGI categories shown above.

Based on a simulation of tax year 2024 by the Department of Revenue.

### ATTACHMENT 3

#### Estimated Distribution of Taxpayers with a Tax Decrease under Proposal to Increase Married Couple Credit to \$870, Tax Year 2024

Wisconsin Adjusted Gross Income	Taxpayers with a Tax Decrease					Count of All Returns	Percent of all Returns in AGI Class
	Count	Percent of Count	Amount of Tax Decrease	Percent of Decrease	Average Decrease		
Under \$30,000	10	<0.1%	\$4,500	<0.1%	\$450	1,283,510	<0.1%
30,000 to 40,000	40	<0.1	3,220	<0.1	81	301,040	<0.1
40,000 to 50,000	1,740	0.4	111,390	0.1	64	276,640	0.6
50,000 to 60,000	6,240	1.3	751,760	0.5	120	230,640	2.7
60,000 to 70,000	12,480	2.6	2,195,890	1.4	176	179,180	7.0
70,000 to 80,000	20,400	4.3	4,859,950	3.0	238	145,160	14.1
80,000 to 90,000	27,020	5.7	7,701,850	4.8	285	115,060	23.5
90,000 to 100,000	32,710	6.9	10,219,660	6.4	312	97,920	33.4
100,000 to 125,000	93,030	19.5	31,728,090	19.7	341	196,500	47.3
125,000 to 150,000	84,260	17.7	30,274,180	18.8	359	140,440	60.0
150,000 to 200,000	101,850	21.4	37,472,470	23.3	368	156,570	65.1
200,000 to 250,000	43,700	9.2	16,212,280	10.1	371	68,550	63.7
250,000 to 300,000	19,790	4.2	7,308,870	4.5	369	33,720	58.7
300,000 to 500,000	23,670	5.0	8,639,980	5.4	365	48,260	49.0
500,000 to 1,000,000	7,440	1.6	2,693,080	1.7	362	19,700	37.8
1,000,000 and over	<u>2,080</u>	<u>0.4</u>	<u>746,430</u>	<u>0.5</u>	359	<u>8,010</u>	26.0
<b>Total</b>	<b>476,460</b>	<b>100.0%</b>	<b>\$160,923,600</b>	<b>100.0%</b>	<b>\$338</b>	<b>3,300,900</b>	<b>14.4%</b>

--In tax year 2024, it is estimated that a total of 476,460 filers (14.4% of all filers) would receive tax decreases totaling \$160.9 million, for an estimated average decrease of \$338.

--Taxpayers with Wisconsin AGI under \$100,000 would comprise 21.1% of all filers with a decrease and would receive 16.1% of the estimated decrease. Their estimated average tax decrease would be \$257 in tax year 2024.

--Taxpayers with Wisconsin AGI of \$100,000 or more would represent 78.9% of all filers with a decrease and would receive 83.9% of the estimated decrease. Their estimated average tax decrease would be \$359 in tax year 2024.

--In general, over the AGI categories shown above, the estimated average tax decrease rises with Wisconsin AGI until income reaches \$250,000.

Based on a simulation of tax year 2024 by the Department of Revenue.

## ATTACHMENT 4

### Estimated Distribution of Taxpayers with a Tax Decrease under Proposal to Expand Second Bracket to \$150,000 Married-Joint, \$112,500 Single/Head-of-Household, and \$75,000 Married-Separate, Tax Year 2024

<u>Wisconsin Adjusted Gross Income</u>	<u>Taxpayers with a Tax Decrease</u>					<u>Count of All Returns</u>	<u>Percent of all Returns in AGI Class</u>
	<u>Count</u>	<u>Percent of Count</u>	<u>Amount of Tax Decrease</u>	<u>Percent of Decrease</u>	<u>Average Decrease</u>		
Under \$5,000	18,418	1.1%	\$164,349	<0.1%	\$9	466,270	4.0%
5,000 to 10,000	10,589	0.6	265,662	<0.1	25	207,100	5.1
10,000 to 15,000	7,607	0.5	314,075	<0.1	41	167,800	4.5
15,000 to 20,000	6,044	0.4	350,822	<0.1	58	147,620	4.1
20,000 to 25,000	5,819	0.4	439,344	0.1	76	143,830	4.0
25,000 to 30,000	6,382	0.4	523,132	0.1	82	150,890	4.2
30,000 to 40,000	15,662	1.0	1,556,149	0.2	99	301,040	5.2
40,000 to 50,000	200,533	12.3	11,262,711	1.5	56	276,640	72.5
50,000 to 60,000	174,783	10.7	25,385,701	3.4	145	230,640	75.8
60,000 to 70,000	175,957	10.8	33,267,699	4.5	189	179,180	98.2
70,000 to 80,000	142,775	8.7	39,034,952	5.3	273	145,160	98.4
80,000 to 90,000	113,350	6.9	40,552,382	5.5	358	115,060	98.5
90,000 to 100,000	96,563	5.9	42,954,185	5.8	445	97,920	98.6
100,000 to 125,000	194,011	11.9	116,427,680	15.7	600	196,500	98.7
125,000 to 150,000	138,512	8.5	113,691,721	15.3	821	140,440	98.6
150,000 to 200,000	153,965	9.4	148,725,082	20.0	966	156,570	98.3
200,000 to 250,000	67,147	4.1	64,995,383	8.8	968	68,550	98.0
250,000 to 300,000	32,924	2.0	31,785,916	4.3	965	33,720	97.6
300,000 to 500,000	47,119	2.9	45,181,693	6.1	959	48,260	97.6
500,000 to 1,000,000	19,175	1.2	18,210,943	2.5	950	19,700	97.3
1,000,000 and over	<u>7,673</u>	<u>0.5</u>	<u>7,116,213</u>	<u>1.0</u>	927	<u>8,010</u>	95.8
<b>Total</b>	<b>1,635,008</b>	<b>100.0%</b>	<b>\$742,205,794</b>	<b>100.0%</b>	<b>\$454</b>	<b>3,300,900</b>	<b>49.5%</b>

--In tax year 2024, it is estimated that 1,635,008 filers (49.5% of all filers) would receive tax decreases totaling \$742.2 million, for an average decrease of \$454.

--Taxpayers with Wisconsin AGI under \$100,000 would represent 59.6% of all filers with a tax decrease, and would receive 26.4% of the estimated decrease. Their estimated average decrease would be \$201 in tax year 2024.

--Taxpayers with Wisconsin AGI of \$100,000 or more would represent 40.4% of all filers with a tax decrease, and would receive 73.6% of the estimated decrease. Their estimated average decrease would be \$827 in tax year 2024.

--In general, the estimated average tax decrease rises with AGI until income reaches \$250,000.

Based on a simulation of tax year 2024 by the Department of Revenue.

## ATTACHMENT 5



### Legislative Fiscal Bureau

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January 19, 2024

TO: Representatives Vos, Born, and Katsma  
Senators LeMahieu and Marklein  
State Capitol

FROM: Dan Spika, Fiscal Analyst

SUBJECT: Proposal to Modify the Individual Income Tax, Beginning in Tax Year 2024

This memorandum responds to your request for information regarding a proposal to modify the individual income tax, beginning in tax year 2024, as follows: (a) exempt most retirement income for individuals aged 65 or older; (b) expand the child and dependent care expenses credit to equal 100% of the corresponding federal credit and increase creditable expenses to \$10,000 (one dependent) or \$20,000 (two or more dependents); (c) expand the married couple credit to \$870; (d) expand the taxable income amounts applicable to the second individual income tax bracket; and (e) update the individual income tax withholding tables on July 1, 2024, to reflect the income tax parameters applicable to tax year 2024 (including the proposed expansion to the second bracket). A distributional table is provided as an attachment to this memorandum.

The starting point for determining Wisconsin adjusted gross income (AGI) is federal AGI, which itself is derived from gross income. This includes income from all sources, unless a specific exclusion is provided. Income that is earned and contributed to a pre-tax retirement account is excluded from federal (and state) AGI.

*Exclusion for Retirement Income.* Under current law, the following retirement income categories are excluded from Wisconsin AGI: (a) Social Security benefits; (b) payments from the U.S. military employee retirement system and U.S. government retirement payments received by members of the U.S. Coast Guard, the Commissioned Corps of the National Oceanic and Atmospheric Administration, and the Commissioned Corps of the Public Health Service; (c) income from certain public retirement systems if the individual was a member of, or retired from, that system prior to 1964; and (d) up to \$5,000 of retirement income for taxpayers aged 65 or over with federal AGI of less than \$15,000 per filer or less than \$30,000 for married-joint filers. Together, these provisions are estimated to reduce individual income tax revenues by nearly \$950 million in tax year 2024 under current law (the exclusion for Social Security benefits accounts for an estimated \$900 million [95%] of this total).

Beginning in tax year 2024, the proposal would exclude the first \$75,000 of retirement income currently subject to state tax received by each individual who is at least 65 years of age before the close of the taxable year. For married-joint filers where both spouses have attained age 65, the maximum exclusion would equal \$150,000. The proposal would prohibit a taxpayer who claims this exclusion from claiming any state income tax credits provided under current law in the same tax year. The appendix provides a list of the credits that would be disallowed under the proposal. Nonresidents would be prohibited from claiming the exclusion, and part-year residents could claim the exclusion only for the portion of their retirement income which is sourced to Wisconsin.

For purposes of the exclusion, retirement income would be defined as payments or distributions received each year by an individual from a qualified retirement plan under specified provisions of the Internal Revenue Code [such as distributions from a pension, 401(k), or 403(b)] or from an individual retirement account (IRA) established under specified federal law provisions. The proposed exclusion would not apply to any retirement income which is already exempt under any of the aforementioned provisions of current state law (to prevent an exclusion from being claimed twice on the same income). Distributions from qualified after-tax retirement plans for which tax had already been paid (such as a Roth IRA, Roth 401(k), or Roth 403(b) plan) would not receive an additional tax benefit under the bill. This provision is estimated to reduce individual income tax collections by \$658.2 million in 2024-25 and \$472.4 million annually thereafter.

*Income Tax Bracket Expansion.* Taxable income, the amount of income actually subject to tax, is arrived at under current law by subtracting the state sliding scale standard deduction and personal exemptions from Wisconsin AGI. The marginal rate and bracket schedule is then applied to taxable income to determine gross tax liability. The current law rate and bracket schedule for tax year 2024 is displayed in Table 1.

**TABLE 1**

**Current Law Tax Rate and Bracket Schedule, Tax Year 2024**

<u>Tax Rate</u>	<u>Income Tax Brackets by Filing Status</u>		
	<u>Single and Head-of-Household</u>	<u>Married-Joint</u>	<u>Married-Separate</u>
3.50%	\$0 to \$14,320	\$0 to \$19,090	\$0 to \$9,550
4.40%	14,320 to 28,640	19,090 to 38,190	9,550 to 19,090
5.30%	28,640 to 315,310	38,190 to 420,420	19,090 to 210,210
7.65%	315,310 and over	420,420 and over	210,210 and over

For each filing status, the proposal would expand the amount of taxable income subject to tax at the second marginal rate (4.40%) as displayed in Table 2. As under current law, the taxable income amounts in each bracket would continue to be indexed to inflation annually under the proposal. This provision is estimated to reduce individual income tax collections by \$794.9 million in 2024-25 and \$751.9 million annually thereafter.

**TABLE 2****Proposed Tax Rate and Bracket Schedule, Tax Year 2024**

<u>Tax Rate</u>	<u>Income Tax Brackets by Filing Status</u>		
	<u>Single and Head-of-Household</u>	<u>Married-Joint</u>	<u>Married-Separate</u>
3.50%	\$0 to \$14,320	\$0 to \$19,090	\$0 to \$9,550
4.40%	14,320 to 112,500	19,090 to 150,000	9,550 to 75,000
5.30%	112,500 to 315,310	150,000 to 420,420	75,000 to 210,210
7.65%	315,310 and over	420,420 and over	210,210 and over

*Withholding Table Update.* The Department of Revenue has authority under current law to update the individual income tax withholding tables "from time to time." The withholding tables were last updated on January 1, 2022, and currently reflect the income tax rates, brackets, and sliding scale standard deduction/personal exemption parameters applicable to tax year 2022. The proposal would update the withholding tables on July 1, 2024, to reflect the parameters applicable to tax year 2024, including the proposed expansion to the second bracket. This provision is estimated to reduce individual income tax collections by \$439.0 million in 2024-25.

*Expand Married Couple Credit.* Once gross tax liability has been determined, current law provides several nonrefundable credits which can be applied against gross tax to determine net tax liability. Nonrefundable credits are so named because they can only be used to reduce tax liability to zero; any additional amount is not paid to the claimant.

Current law provides a nonrefundable credit for married couples filing a joint return. The credit is equal to 3% of the earned income of the secondary wage earner, up to a maximum credit of \$480 (implying maximum allowable earned income of \$16,000 to compute the credit). This maximum credit amount of \$480 has applied since the credit was first established in tax year 2001. The proposal would increase the maximum married couple credit amount to \$870 beginning in tax year 2024, to account for inflation that has occurred since tax year 2001. This provision is estimated to reduce individual income tax collections by \$169.0 million in 2024-25 and \$160.9 million annually thereafter.

*Expand Child/Dependent Care Expenses Credit.* State law provides a nonrefundable credit for child and dependent care expenses equal to 50% of the corresponding federal credit. Eligible child and dependent care expenses are defined under federal law. The proposal would expand the state credit to equal 100% of the corresponding federal credit claimed on the claimant's federal income tax return in the same tax year. The credit would be further expanded such that the maximum allowable expenses under the state credit would equal \$10,000 for one qualifying dependent (from \$3,000 under current law) and \$20,000 for two or more qualifying dependents (from \$6,000 under current law). This provision is estimated to reduce individual income tax collections by \$72.9 million annually, beginning in 2024-25.

*Fiscal Effect of Proposal.* Table 3 displays the estimated fiscal impact of the proposal. The



table includes interactive effects, which can occur when multiple provisions affecting tax liability are adopted simultaneously. As shown in the table, it is estimated that the proposal would reduce individual income tax revenues by \$2,062.4 million in 2024-25 and \$1,406.8 million annually thereafter.

**TABLE 3**

**Estimated Fiscal Effect of Proposal by Provision (Millions)**

<u>Provision</u>	<u>2024-25</u>	<u>2025-27 Biennium</u>	
		<u>2025-26</u>	<u>2026-27</u>
Expand Second Bracket	-\$794.9	-\$751.9	-\$751.9
Retirement Exclusion	-658.2	-472.4	-472.4
Update Withholding Tables 7/1/24	-439.0	N.A.	N.A.
Increase Married Couple Credit	-169.0	-160.9	-160.9
Expand Child and Dependent Care Credit	-72.9	-72.9	-72.9
Interactive Effect	<u>71.6</u>	<u>51.3</u>	<u>51.3</u>
Total	-\$2,062.4	-\$1,406.8	-\$1,406.8

Given the magnitude of the proposed tax reductions, it is estimated that interest earnings on the balance in the general fund would be reduced by \$47 million in 2024-25.

The attachment displays the estimated distributional impact of the proposal in tax year 2024. As displayed therein, it is estimated that 1.78 million filers would receive tax decreases of \$1,391.4 million in tax year 2024, for an average decrease of \$781.

I hope this memorandum is informative; please contact me with any questions on its content.

DS/lb  
Attachments

## ATTACHMENT

### Estimated Distribution of Taxpayers with a Tax Decrease under Proposal to Exempt First \$75,000 of Retirement Income if Aged 65 or Older (up to \$150,000 Married-Joint), Increase Married Couple Credit to \$870, Expand Child and Dependent Care Expenses Credit to 100% of the Federal Credit and Increase Creditable Expenses to \$10,000 (One Child/Dependent) or \$20,000 (Two or More Children/Dependents), and Expand Second Bracket to \$150,000 Married-Joint, \$112,500 Single/Head-of-Household, and \$75,000 Married-Separate, Tax Year 2024\*

Wisconsin Adjusted Gross Income	Taxpayers with a Tax Decrease					Tax Decrease as % of Net Tax	Count of All Returns	% of all Returns in AGI Class
	Count	% of Count	Amount of Tax Decrease	% of Decrease	Average Decrease			
Under \$5,000	18,737	1.1%	\$180,905	<0.1%	\$10	5.4%	466,270	4.0%
5,000 to 10,000	10,776	0.6	301,540	<0.1	28	5.4	207,100	5.2
10,000 to 15,000	7,975	0.4	362,200	<0.1	45	5.0	167,800	4.8
15,000 to 20,000	9,213	0.5	699,913	<0.1	76	4.9	147,620	6.2
20,000 to 25,000	17,289	1.0	1,848,137	0.1	107	6.6	143,830	12.0
25,000 to 30,000	22,699	1.3	4,339,519	0.3	191	8.7	150,890	15.0
30,000 to 40,000	60,614	3.4	17,564,411	1.3	290	9.7	301,040	20.1
40,000 to 50,000	231,957	13.0	40,818,133	2.9	176	13.9	276,640	83.8
50,000 to 60,000	200,996	11.3	63,639,317	4.6	317	17.7	230,640	87.1
60,000 to 70,000	178,757	10.0	74,616,433	5.4	417	20.5	179,180	99.8
70,000 to 80,000	144,810	8.1	83,522,068	6.0	577	23.1	145,160	99.8
80,000 to 90,000	114,785	6.4	84,518,860	6.1	736	24.9	115,060	99.8
90,000 to 100,000	97,636	5.5	86,977,120	6.3	891	26.0	97,920	99.7
100,000 to 125,000	195,635	11.0	217,011,767	15.6	1,109	26.0	196,500	99.6
125,000 to 150,000	139,377	7.8	194,226,939	14.0	1,394	25.2	140,440	99.2
150,000 to 200,000	154,827	8.7	245,700,176	17.7	1,587	22.0	156,570	98.9
200,000 to 250,000	67,541	3.8	108,743,030	7.8	1,610	16.6	68,550	98.5
250,000 to 300,000	33,128	1.9	52,979,423	3.8	1,599	13.1	33,720	98.2
300,000 to 500,000	47,444	2.7	74,317,565	5.3	1,566	8.9	48,260	98.3
500,000 to 1,000,000	19,318	1.1	29,300,160	2.1	1,517	4.2	19,700	98.1
1,000,000 and over	7,712	0.4	9,773,136	0.7	1,267	0.7	8,010	96.3
<b>Total</b>	<b>1,781,226</b>	<b>100.0%</b>	<b>\$1,391,440,752</b>	<b>100.0%</b>	<b>\$781</b>	<b>15.4%</b>	<b>3,300,900</b>	<b>54.0%</b>

--In tax year 2024, it is estimated that 1,781,226 filers (54.0% of all filers) would receive tax decreases totaling \$1,391.4 million, for an average decrease of \$781.

--Taxpayers with Wisconsin AGI under \$100,000 would represent 62.7% of all filers with a tax decrease, and would receive 33.0% of the decrease. Their estimated average decrease would be \$412 in tax year 2024.

--Taxpayers with Wisconsin AGI of \$100,000 or more would represent 37.3% of all filers with a tax decrease, and would receive 67.0% of the decrease. Their estimated average decrease would be \$1,402 in tax year 2024.

--Taxpayers receiving a decrease would experience an estimated reduction in net tax liability of 15.4% in tax year 2024 relative to current law. The estimated average decrease for filers with Wisconsin AGI between \$80,000 and \$150,000 is 25.6%.

--In general, the estimated average tax decrease rises with Wisconsin AGI, until AGI reaches \$250,000.

--Filers without a decrease would generally be those: (a) with no net tax liability (28.1% of all filers); (b) with no state-taxable retirement income; (c) who are unmarried or whose spouse does not have earned income; (d) who do not claim any creditable child/dependent care expenses; or (e) with no taxable income above the current threshold for the second bracket.

Based on a simulation of tax year 2024 by the Department of Revenue.

\* This table does not reflect the one-time revenue decrease (estimated at \$439.0 million) resulting from updating the withholding tables on July 1, 2024.

## APPENDIX

The following tax credits are available to be claimed by individuals in tax year 2024 under current law, but could not be claimed if an individual were to claim the proposed exclusion for retirement income under the proposal.

### **Nonrefundable Individual Income Tax Credits**

- Married Couple Credit
- Itemized Deduction Credit
- Property Tax/Rent Credit
- Working Families Credit
- Taxes Paid to Other States Credit
- Child and Dependent Care Expenses Credit
- State Historic Rehabilitation Credit
- Angel Investment Credit
- Unused Credits Carried Forward from Prior Years

### **Refundable Individual Income Tax Credits**

- Earned Income Tax Credit
- Homestead Credit
- Veterans and Surviving Spouses Property Tax Credit
- Repayment (Claim of Right) Credit

### **Nonrefundable Business Tax Credits**

- Community Rehabilitation Program Credit
- Early Stage Seed Investment Credit
- Employee College Savings Account Contribution Credit
- Insurance Security Fund Assessment Credit
- Low-Income Housing Credit
- Manufacturing and Agriculture Credit
- Nonrefundable Research Credit
- Supplement to the Federal Historic Rehabilitation Credit
- Unused Credits Carried Forward from Prior Years

### **Refundable Business Tax Credits**

- Business Development Credit
- Electronics and Information Technology Manufacturing Zone (Foxconn) Credit
- Enterprise Zone Credit
- Farmland Preservation Credits
- Refundable Research Credit