



Legislative Fiscal Bureau

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June 13, 2019

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Distributional Information for Income Tax Rate Reduction in Motion #150

The two attachments to this memorandum provide distributional information for tax years 2019 and 2020 under the tax rate reduction proposed in Motion #150. Under this proposal, the rate for the second tax bracket would be reduced in 2019 and thereafter. The following table reports the tax rates as currently enumerated in the state statutes and the estimated tax rates under this proposal.

<u>Tax Rates Enumerated in the State Statutes</u>	<u>Estimated Tax Rates Effective Tax Year 2019</u>
4.00%	4.00%
5.84	5.21
6.27	6.27
7.65	7.65

BL/RO/lb
Attachments

ATTACHMENT 1

Estimated Distribution of Taxpayers with a Tax Decrease Under Motion to Reduce the Tax Rate for the Second Tax Bracket, Tax Year 2019

Wisconsin Adjusted Gross Income	Taxpayers Receiving a Tax Decrease				Average Decrease	Count of All Returns	% of All Returns in AGI Class
	Count	Percent of Count	Amount of Tax Decrease	Percent of Decrease			
Under \$5,000	16,131	0.8%	-\$46,926	<0.1%	-\$3	472,394	3.4%
5,000 to 10,000	12,891	0.7	-94,362	0.1	-7	220,080	5.9
10,000 to 15,000	11,914	0.6	-152,165	0.1	-13	188,594	6.3
15,000 to 20,000	11,947	0.6	-244,297	0.2	-20	173,681	6.9
20,000 to 25,000	62,056	3.2	-811,452	0.6	-13	171,290	36.2
25,000 to 30,000	134,017	6.9	-4,313,772	2.9	-32	169,642	79.0
30,000 to 40,000	275,359	14.1	-16,948,915	11.6	-62	316,192	87.1
40,000 to 50,000	254,269	13.0	-18,375,471	12.6	-72	255,796	99.4
50,000 to 60,000	196,258	10.1	-16,136,072	11.0	-82	197,046	99.6
60,000 to 70,000	155,880	8.0	-13,263,196	9.1	-85	156,367	99.7
70,000 to 80,000	125,732	6.4	-11,057,984	7.6	-88	126,060	99.7
80,000 to 90,000	107,528	5.5	-9,705,619	6.6	-90	107,750	99.8
90,000 to 100,000	91,955	4.7	-8,467,881	5.8	-92	92,086	99.9
100,000 to 125,000	172,394	8.8	-16,189,538	11.1	-94	172,629	99.9
125,000 to 150,000	104,749	5.4	-9,958,470	6.8	-95	104,864	99.9
150,000 to 200,000	100,794	5.2	-9,600,395	6.6	-95	100,945	99.9
200,000 to 250,000	41,838	2.1	-3,971,832	2.7	-95	41,959	99.7
250,000 to 300,000	20,998	1.1	-1,985,605	1.4	-95	21,077	99.6
300,000 to 500,000	29,818	1.5	-2,799,470	1.9	-94	30,223	98.7
500,000 to 1,000,000	15,507	0.8	-1,443,538	1.0	-93	15,660	99.0
1,000,000 and over	<u>7,462</u>	<u>0.4</u>	<u>-676,450</u>	<u>0.5</u>	-91	<u>7,641</u>	97.7
Total	1,949,497	100.0%	-\$146,243,410	100.0%	-\$75	3,141,976	62.0%

- Under the motion, the 5.84% tax rate would be reduced to 5.21% in tax year 2019.
- An estimated 1,949,497, or 62.0%, of all tax filers in 2019 would receive a tax decrease under the proposal.
- The total tax decrease is estimated at \$146.2 million in tax year 2019.
- For all taxpayers with a tax reduction, the average tax decrease in 2019 would be \$75.

Based on a simulation of tax year 2019 by the Wisconsin Department of Revenue.

ATTACHMENT 2

Estimated Distribution of Taxpayers with a Tax Decrease Under Motion to Reduce the Tax Rate for the Second Tax Bracket, Tax Year 2020

Wisconsin Adjusted Gross Income	Taxpayers Receiving a Tax Decrease					Count of All Returns	% of All Returns in AGI Class
	Count	Percent of Count	Amount of Tax Decrease	Percent of Decrease	Average Decrease		
Under \$5,000	16,143	0.8%	-\$46,744	<0.1%	-\$3	470,540	3.4%
5,000 to 10,000	12,540	0.6	-90,797	0.1	-7	212,390	5.9
10,000 to 15,000	11,655	0.6	-147,707	0.1	-13	184,210	6.3
15,000 to 20,000	11,649	0.6	-236,476	0.2	-20	166,810	7.0
20,000 to 25,000	50,161	2.5	-633,454	0.4	-13	167,290	30.0
25,000 to 30,000	129,346	6.5	-3,817,389	2.5	-30	165,390	78.2
30,000 to 40,000	270,615	13.7	-16,726,081	11.0	-62	315,400	85.8
40,000 to 50,000	258,798	13.1	-18,602,566	12.3	-72	260,350	99.4
50,000 to 60,000	200,449	10.1	-16,690,774	11.0	-83	201,340	99.6
60,000 to 70,000	161,179	8.1	-13,863,432	9.1	-86	161,740	99.7
70,000 to 80,000	126,570	6.4	-11,251,638	7.4	-89	126,930	99.7
80,000 to 90,000	108,127	5.5	-9,870,190	6.5	-91	108,430	99.7
90,000 to 100,000	93,304	4.7	-8,700,972	5.7	-93	93,510	99.8
100,000 to 125,000	177,908	9.0	-16,965,725	11.2	-95	178,310	99.8
125,000 to 150,000	113,116	5.7	-10,949,677	7.2	-97	113,470	99.7
150,000 to 200,000	110,097	5.6	-10,688,349	7.0	-97	110,470	99.7
200,000 to 250,000	47,216	2.4	-4,577,254	3.0	-97	47,440	99.5
250,000 to 300,000	23,438	1.2	-2,262,051	1.5	-97	23,600	99.3
300,000 to 500,000	32,910	1.7	-3,153,674	2.1	-96	33,310	98.8
500,000 to 1,000,000	17,040	0.9	-1,618,957	1.1	-95	17,250	98.8
1,000,000 and over	<u>8,241</u>	<u>0.4</u>	<u>-762,635</u>	<u>0.5</u>	<u>-93</u>	<u>8,430</u>	<u>97.8</u>
Total	1,980,502	100.0%	-\$151,656,542	100.0%	-\$77	3,166,610	62.5%

- Under the motion, the 5.84% tax rate would be reduced to 5.21% in tax year 2020.
- An estimated 1,980,502, or 62.5%, of all tax filers in 2020 would receive a tax decrease under the proposal.
- The total tax decrease is estimated at \$151.7 million in tax year 2020.
- For all taxpayers with a tax reduction, the average tax decrease in 2020 would be \$77.

Based on a simulation of tax year 2020 by the Wisconsin Department of Revenue.