



State of Wisconsin  
2021 - 2022 LEGISLATURE

LRB-1944/1  
JK:amn

## 2021 ASSEMBLY BILL 78

February 18, 2021 - Introduced by Representatives KATSMA, WITKE and MACCO, cosponsored by Senator KOYENGA. Referred to Committee on Ways and Means.

\*\*\*AUTHORS SUBJECT TO CHANGE\*\*\*

1     **AN ACT to repeal** 71.06 (2e) (a) and 71.64 (9) (b) 1. and 2.; **to renumber and**  
2     **amend** 71.64 (9) (b) (intro.); **to amend** 71.06 (2e) (b); and **to repeal and**  
3     **recreate** 71.06 (1q), 71.06 (2) (i), 71.06 (2) (j) and 71.06 (2s) of the statutes;  
4     **relating to:** individual income tax brackets and rates.

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### ***Analysis by the Legislative Reference Bureau***

This bill reduces the number of individual income tax brackets from four to three. Under current law, there are four income tax brackets for single individuals, certain fiduciaries, heads of households, and married persons. The brackets are indexed for inflation.

For single individuals, certain fiduciaries, and heads of households, the tax rate is 3.54 percent of taxable income from zero to \$11,970; 4.65 percent of taxable income for income exceeding \$11,970, but not exceeding \$23,930; 6.27 percent of taxable income exceeding \$23,930, but not exceeding \$263,480; and 7.65 percent of taxable income exceeding \$263,480.

For married individuals filing jointly, the tax rate is 3.54 percent of taxable income from zero to \$15,960; 4.65 percent of taxable income for income exceeding \$15,960, but not exceeding \$31,910; 6.27 percent of taxable income for income exceeding \$31,910, but not exceeding \$351,310; and 7.65 percent of taxable income exceeding \$351,310.

For married individuals filing separately, the tax rate is 3.54 percent of taxable income from zero to \$7,980; 4.65 percent of taxable income for income exceeding \$7,980, but not exceeding \$15,960; 6.27 percent of taxable income for income

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exceeding \$15,960, but not exceeding \$175,660; and 7.65 percent of taxable income exceeding \$175,660.

Under the bill, the individual income tax rates and brackets are as follows:

1. For single individuals, certain fiduciaries, and heads of households, the tax rate is 3.54 percent of taxable income from zero to \$23,930; 6.27 percent of taxable income exceeding \$23,930, but not exceeding \$263,480; and 7.65 percent of taxable income exceeding \$263,480.

2. For married individuals filing jointly, the tax rate is 3.54 percent of taxable income from zero to \$31,910; 6.27 percent of taxable income for income exceeding \$31,910, but not exceeding \$351,310; and 7.65 percent of taxable income exceeding \$351,310.

3. For married individuals filing separately, the tax rate is 3.54 percent of taxable income from zero to \$15,960; 6.27 percent of taxable income for income exceeding \$15,960, but not exceeding \$175,660; and 7.65 percent of taxable income exceeding \$175,660.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 71.06 (1q) of the statutes is repealed and recreated to read:

2           71.06 **(1q)** FIDUCIARIES, SINGLE INDIVIDUALS, AND HEADS OF HOUSEHOLDS; AFTER  
3           2020. The tax to be assessed, levied, and collected upon the taxable incomes of all  
4           fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and  
5           single individuals and heads of households shall be computed at the following rates  
6           for taxable years beginning after December 31, 2020:

7           (a) On all taxable income from \$0 to \$23,930, 3.54 percent.

8           (b) On all taxable income exceeding \$23,930 but not exceeding \$263,480, 6.27  
9           percent.

10          (c) On all taxable income exceeding \$263,480, 7.65 percent.

11          **SECTION 2.** 71.06 (2) (i) of the statutes is repealed and recreated to read:

12          71.06 **(2)** (i) For joint returns, for taxable years beginning after  
13          December 31, 2020:

**ASSEMBLY BILL 78****SECTION 2**

- 1           1. On all taxable income from \$0 to \$31,910, 3.54 percent.
- 2           2. On all taxable income exceeding \$31,910 but not exceeding \$351,310, 6.27
- 3           percent.
- 4           3. On all taxable income exceeding \$351,310, 7.65 percent.
- 5           **SECTION 3.** 71.06 (2) (j) of the statutes is repealed and recreated to read:
- 6           71.06 (2) (j) For married persons filing separately, for taxable years beginning
- 7           after December 31, 2020:
- 8           1. On all taxable income from \$0 to \$15,960, 3.54 percent.
- 9           2. On all taxable income exceeding \$15,960 but not exceeding \$175,660, 6.27
- 10           percent.
- 11           3. On all taxable income exceeding \$175,660, 7.65 percent.
- 12           **SECTION 4.** 71.06 (2e) (a) of the statutes is repealed.
- 13           **SECTION 5.** 71.06 (2e) (b) of the statutes is amended to read:
- 14           71.06 (2e) (b) For taxable years beginning after December 31, ~~2009~~ 2020, the
- 15           maximum dollar amount in each tax bracket, and the corresponding minimum dollar
- 16           amount in the next bracket, under subs. ~~(1p) (d)~~, ~~(1q) (e)~~, (a) and (b) and ~~(2) (g) 4., (h)~~
- 17           ~~4., (i) 3., 1. and 2.~~ and ~~(j) 3. 1. and 2.,~~ and the dollar amount in the top bracket under
- 18           subs. ~~(1p) (e)~~, ~~(1q) (d)~~, (c) and ~~(2) (g) 5., (h) 5., (i) 4., 3. and (j) 4. 3.,~~ shall be increased
- 19           each year by a percentage equal to the percentage change between the U.S. consumer
- 20           price index for all urban consumers, U.S. city average, for the month of August of the
- 21           previous year and the U.S. consumer price index for all urban consumers, U.S. city
- 22           average, for the month of August ~~2008~~ 2019, as determined by the federal
- 23           department of labor, except that for ~~taxable years beginning after December 31,~~
- 24           ~~2011,~~ the adjustment may occur only if the resulting amount is greater than the
- 25           corresponding amount that was calculated for the previous year.

**ASSEMBLY BILL 78****SECTION 6**

**SECTION 6.** 71.06 (2s) of the statutes is repealed and recreated to read:

**71.06 (2s)** NONRESIDENTS AND PART-YEAR RESIDENTS. For taxable years beginning after December 31, 2020, with respect to nonresident individuals, including individuals changing their domicile into or from this state, the tax brackets under subs. (1q) and (2) (i) and (j) shall be multiplied by a fraction, the numerator of which is Wisconsin adjusted gross income and the denominator of which is federal adjusted gross income. In this paragraph, for married persons filing separately “adjusted gross income” means the separate adjusted gross income of each spouse, and for married persons filing jointly “adjusted gross income” means the total adjusted gross income of both spouses. If an individual and that individual’s spouse are not both domiciled in this state during the entire taxable year, the tax brackets under subs. (1q) and (2) (i) and (j) on a joint return shall be multiplied by a fraction, the numerator of which is their joint Wisconsin adjusted gross income and the denominator of which is their joint federal adjusted gross income.

**SECTION 7.** 71.64 (9) (b) (intro.) of the statutes is renumbered 71.64 (9) (bm) and amended to read:

**71.64 (9) (bm)** The department shall from time to time adjust the withholding tables to reflect any changes in income tax rates, any applicable surtax or any changes in dollar amounts in s. 71.06 ~~(1), (1m), (1n), (1p),~~ (1q), and (2) resulting from statutory changes, ~~except as follows:~~.

**SECTION 8.** 71.64 (9) (b) 1. and 2. of the statutes are repealed.

**SECTION 9. Nonstatutory provisions.**

(1) **TAX RATES AND BRACKETS.** No later than 90 days after the effective date of this subsection, the department of revenue shall update its income tax withholding

**ASSEMBLY BILL 78****SECTION 9**

1 tables to reflect the changes made in this act by s. 71.06 (1q) and (2) (i) and (j) for  
2 taxable years beginning after December 31, 2020.

3 **SECTION 10. Initial applicability.**

4 (1) TAX RATES AND BRACKETS. The treatment of ss. 71.06 (2e) (a) and (b) and (2s)  
5 and 71.64 (9) (b) (intro.), 1., and 2. first applies to taxable years beginning after  
6 December 31, 2020.

7 (END)