

DEPARTMENT OF REVENUE

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY23 Adjusted Base	FY24 Recommended	% Change Over FY23	FY25 Recommended	% Change Over FY24
GPR	192,630,300	198,190,900	2.9	195,268,400	-1.5
PR-S	7,414,700	6,911,900	-6.8	6,911,900	0.0
PR-O	13,898,600	16,610,600	19.5	16,025,300	-3.5
SEG-O	29,755,200	39,881,300	34.0	39,971,000	0.2
TOTAL	243,698,800	261,594,700	7.3	258,176,600	-1.3

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY23 Adjusted Base	FY24 Recommended	FTE Change Over FY23	FY25 Recommended	FTE Change Over FY24
GPR	950.15	983.15	33.00	983.15	0.00
PR-S	11.10	6.70	-4.40	6.70	0.00
PR-O	124.30	133.30	9.00	133.30	0.00
SEG-O	92.45	96.45	4.00	96.45	0.00
TOTAL	1,178.00	1,219.60	41.60	1,219.60	0.00

AGENCY DESCRIPTION

The department is headed by a secretary who is appointed by the Governor with the advice and consent of the Senate. The department advises the Governor and Legislature on tax policy; administers the state's tax laws, lottery and unclaimed property program; distributes property tax relief and local unrestricted aid payments; and oversees general administration of the property tax system. The department's activities are organized into the following four major program areas:

- The Division of Income, Sales and Excise Tax collects taxes through accepting tax payments and processing tax returns, enforces tax laws and collects taxes through audit and compliance activities, provides taxpayer assistance, conducts criminal investigations, and administers the state's debt collection and unclaimed property programs;
- The Division of State and Local Finance administers state policy and programs affecting local government finance and the state's property tax system, including establishing equalized values, supervising general administration of the local property tax, and assessing the value of manufacturing property statewide;

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- The Lottery Division administers the lottery program that provides funding for the property tax credit; and
- The administrative services area includes the Secretary's Office, Office of General Counsel, Division of Enterprise Services, Division of Technology Services, and Division of Research and Policy, and provides the Executive Office and Legislature with detailed analyses of revenue and tax policy options.

The tax programs administered by the department provide revenue for the state's general fund and other segregated funds. In addition, programs administered by the department provide revenue to counties and local tax districts. The department also administers the homestead, farmland preservation, earned income and other credits, which are paid to eligible applicants from the general fund. During the COVID-19 pandemic and subsequent recovery, the department employed the services of its sophisticated tax systems, and capable staff in order to manage COVID-19 relief grants to businesses and local governments. The department's existing data mining technology allowed the grants to be paid out in an efficient manner to the businesses that were in dire need, which assisted our state's economic recovery. The grant programs administered by the department include We're All In Phase 2, We're All In - Restaurants, Wisconsin Tomorrow Small Business, Wisconsin Tomorrow Lodging, two iterations of Farm Support and American Rescue Plan Act funds for local governments.

MISSION

Strengthen Wisconsin through fair tax and lottery administration while educating and serving the public, our customers and communities.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Note: Objectives and activities have been revised.

Program 1: Collection of Taxes

Goal: Ensure accountability through enforcement of tax laws.

Objective/Activity: Delinquent tax collections per fiscal year.

Objective/Activity: Collect debts owed to state agencies, courts, the Legislature, state authorities and local units of government (Statewide Debt Collection Program).

Objective/Activity: Use analytics to detect and prevent fraudulent returns or credits, including corrections to amount claimed for Earned Income Tax and Homestead credits.

Objective/Activity: Enforcement cost per dollar collected.

Goal: Promote efficiency and integrity.

Objective/Activity: Growth in individual income, corporate franchise/income and sales/use tax returns received electronically.

Objective/Activity: Average processing time for tax returns.

Goal: Provide excellent customer service.

Objective/Activity: Average hold time and answer rate for customer service call centers.

Objective/Activity: Department employees are considered professional and knowledgeable by customers.

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Program 2: State and Local Finance

Goal: Ensure equitable tax compliance, collection and property valuation.

Objective/Activity: Detect and prevent incorrect real estate transfer fee exemptions claimed, including corrections during audit to the amount claimed (fiscal year dollar amount assessed).

Objective/Activity: Minimize the number of local governments not electronically filing the Municipal Financial Report on a timely basis.

Objective/Activity: Maintain a passing percentage of 60 percent for assessor certification exams.

Program 3: Administrative Services and Space Rental

Goal: Maintain a positive work environment.

Objective/Activity: Percentage of target group members in agency workforce.

Program 4: Unclaimed Property Program

Goal: Promote efficiency and integrity.

Objective/Activity: Process unclaimed property claims within 90-day statutory limit.

Program 8: Lottery

Goal: Achieve the highest possible revenue for property tax relief by offering entertaining and socially responsible games, while ensuring integrity and public trust.

Objective/Activity: Increase the amount available for property tax relief over the prior year.

PERFORMANCE MEASURES

2021 AND 2022 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2021	Actual 2021	Goal 2022	Actual 2022
1.	Collection of delinquent taxes.	\$322 million	\$355.8 million	\$328 million	\$360.3 million
1.	Enforcement cost per dollar impact.	\$0.095	\$0.0712	\$0.095	\$0.066
1.	Fraudulent returns stopped, incorrect refunds/credits reduced or denied.	\$47.2 million	\$61.6 million	\$47.2 million	\$69.5 million
1.	Statewide debt collection program.	\$54.9 million	\$67.7 million	\$54.9 million	\$70.3 million
1.	Percentage of individual income (II), sales tax (ST) and corporate (C) returns received electronically.	85% (II) 95% (ST) 90% (C)	89% (II) 96% (ST) 87% (C)	85% (II) 95% (ST) 90% (C)	91% (II) 97% (ST) 88% (C)
1.	Taxpayer survey results (percentage of customers who rate customer service agents as professional and knowledgeable).	95% professional 95% knowledgeable	99.32% professional 99.11 % knowledgeable	95% professional 95% knowledgeable	99.38% professional 99.18% knowledgeable

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Prog. No.	Performance Measure	Goal 2021	Actual 2021	Goal 2022	Actual 2022
1.	Average processing time for individual income tax returns.	8 days	4.9 days	8 days	3.9 days
1.	Average hold time/answer rate for customer service call center.	90 second hold time 97.8% answer rate	66 second hold time 99.33% answer rate	90 second hold time 97.8% answer rate	100 second hold time 99.1% answer rate
2.	Dollar amounts assessed from real estate transfer fee audits.	\$750,000	\$891,840	\$750,000	\$883,338
2.	Number of local governments not timely electronically filing the Municipal Financial Report.	15	9	10	18
2.	Percent of assessors passing certification exams on first attempt.	60%	62%	60%	50%
3.	Percentage of target group members in agency workforce.	18.5%	17.7%	20%	18.1%
4.	Process unclaimed property claims within 90 days.	100%	100%	100%	100%
8.	Percent change in funds distributed for property tax relief from prior year.	1%	-12.7%	1%	44.1%

Note: Based on fiscal year.

2023, 2024 AND 2025 GOALS

Prog. No.	Performance Measure	Goal 2023¹	Goal 2024	Goal 2025
1.	Delinquent collections.	\$362 million	\$362 million	\$362 million
1.	Enforcement cost per dollar impact.	\$0.08	\$0.08	\$0.08
1.	Fraudulent returns stopped, incorrect refunds/credits reduced or denied.	\$55 million	\$55 million	\$55 million
1.	Statewide debt collection program.	\$67 million	\$67 million	\$67 million
1.	Percentage of individual income (II) sales tax (ST) and corporate (C) returns received electronically.	91% (II) 96% (ST) 90% (C)	91% (II) 96% (ST) 90% (C)	91% (II) 96% (ST) 90% (C)
1.	Taxpayer survey results (percentage of customers who rate customer service agents as professional and knowledgeable).	98% professional 98% knowledgeable	98% professional 98% knowledgeable	98% professional 98% knowledgeable
1.	Average processing time for individual income tax returns.	8 days	8 days	8 days
1.	Average hold time/answer rate for customer service call center.	90 second hold time 97.8% answer rate	90 second hold time 97.8% answer rate	90 second hold time 97.8% answer rate

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Prog. No.	Performance Measure	Goal 2023¹	Goal 2024	Goal 2025
2.	Dollar amounts assessed from real estate transfer fee audits.	\$750,000	\$787,500	\$800,000
2.	Number of local governments not timely electronically filing the Municipal Financial Report.	10	10	10
2.	Percent of assessors passing certification exams on first attempt.	60%	60%	60%
3.	Percentage of target group members in agency workforce.	20%	20%	20%
4.	Process unclaimed property claims within 90 days.	100%	100%	100%
8.	Percent change in funds distributed for property tax relief from prior year.	1%	1%	1%

Note: Based on fiscal year.

¹Some goals for 2023 have been revised.

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GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Family and Individual Reinvestment Credit
2. Caregiver Tax Credit
3. Child and Dependent Care Credit Expansion
4. Refundable Research Credit Increase
5. Manufacturing and Agriculture Credit Limitation
6. Capital Gains Exclusion Limitation
7. Internal Revenue Code Update
8. Marijuana Legalization
9. First-Time Homebuyer Accounts
10. Private School Tuition Subtraction Limitation
11. Retirement Income Exclusion Increase
12. Disability Income Subtraction Increase
13. Homestead Credit Expansion and Indexing
14. Earned Income Tax Credit Expansion
15. Veterans and Surviving Spouses Property Tax Credit Eligibility Expansion
16. Veterans and Surviving Spouses Credit for Renters
17. Tax Credit for Universal Changing Stations
18. Flood Insurance Premiums Tax Credit
19. State Housing Tax Credit Increase
20. Dividends Received Deduction Limitation
21. Repeal Net Operating Loss Carryback
22. Easy Enrollment Program
23. Sales Tax Exemption for Sales to a Local Professional Baseball Park District
24. Sales Tax Exemption for Improving Professional Sports and Entertainment Home Stadiums
25. Delete Baseball Stadium Tax Administration Positions and Funding
26. Sales Tax on the Access to Prewritten Computer Software
27. Sales Tax Exemption for Diapers, Feminine Hygiene Products and Adult Incontinence Products
28. Sales Tax Exemption for Breastfeeding Equipment
29. Sales Tax Exemption for Gun Safes, Trigger Locks and Gun Barrel Locks
30. Sales Tax Exemption for Battery Storage for Renewable Energy Systems
31. Sales Tax Exemption for Prairie or Wetland Planning Services
32. Elimination of the Farm-Raised Deer Sales Tax Exemption
33. Excise Tax on Little Cigars
34. E-Cigarette Excise Tax
35. Real Estate Transfer Fee Exemption for Related Transfers
36. Convert Revenue Agent Project Positions to Permanent Positions
37. Delinquent Tax Collection Positions
38. Advanced Technology System Project
39. Personal Property Tax Repeal Administrative Costs
40. Manufacturing Property Assessment Specialists
41. Local Government Services Bureau
42. State and Local Debt Collection Positions
43. Statewide Debt Collection Office Resources
44. Lottery Investigators
45. Lottery Draw Staff

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46. Lottery Sum Sufficient Adjustments
47. Utility Taxes Certified Mail
48. Manufacturing Charge to Local Governments
49. Manufacturer's List Price for Tobacco and Related Products
50. Minor Transfers Between Appropriations
51. Wine Sales in Public Parks
52. Bar Hours During 2024 Republican National Convention
53. Agency Equity Officer
54. State Operations Adjustments
55. Standard Budget Adjustments

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**Table 1
Department Budget Summary by Funding Source (in thousands of dollars)**

	ACTUAL FY22	ADJUSTED BASE FY23	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY24	FY25	FY24	FY25
GENERAL PURPOSE REVENUE	\$181,434.9	\$192,630.3	\$190,495.2	\$190,495.2	\$198,190.9	\$195,268.4
State Operations	181,434.9	192,630.3	190,495.2	190,495.2	198,190.9	195,268.4
PROGRAM REVENUE (2)	\$15,161.5	\$21,313.3	\$21,502.6	\$21,565.3	\$23,522.5	\$22,937.2
State Operations	15,161.5	21,313.3	21,502.6	21,565.3	23,522.5	22,937.2
SEGREGATED REVENUE (3)	\$33,177.5	\$29,755.2	\$29,832.6	\$29,841.8	\$39,881.3	\$39,971.0
State Operations	33,177.5	29,755.2	29,832.6	29,841.8	39,881.3	39,971.0
TOTALS - ANNUAL	\$229,773.9	\$243,698.8	\$241,830.4	\$241,902.3	\$261,594.7	\$258,176.6
State Operations	229,773.9	243,698.8	241,830.4	241,902.3	261,594.7	258,176.6

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

**Table 2
Department Position Summary by Funding Source (in FTE positions)**

	ADJUSTED BASE FY23	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY24	FY25	FY24	FY25
GENERAL PURPOSE REVENUE	950.15	950.15	950.15	983.15	983.15
State Operations	950.15	950.15	950.15	983.15	983.15
PROGRAM REVENUE (2)	135.40	135.40	135.40	140.00	140.00
State Operations	135.40	135.40	135.40	140.00	140.00
SEGREGATED REVENUE (3)	92.45	92.45	92.45	96.45	96.45
State Operations	92.45	92.45	92.45	96.45	96.45
TOTALS - ANNUAL	1,178.00	1,178.00	1,178.00	1,219.60	1,219.60
State Operations	1,178.00	1,178.00	1,178.00	1,219.60	1,219.60

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

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**Table 3
Department Budget Summary by Program (in thousands of dollars)**

	ACTUAL FY22	ADJUSTED BASE FY23	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY24	FY25	FY24	FY25
1. Collection of taxes	\$76,789.8	\$86,408.1	\$83,968.3	\$84,029.1	\$91,656.5	\$89,250.3
2. State and local finance	\$11,944.8	\$13,608.1	\$13,793.5	\$13,804.6	\$15,325.0	\$14,427.3
3. Administrative services and space rental	\$35,577.1	\$40,090.8	\$40,395.2	\$40,395.2	\$41,032.2	\$40,837.6
4. Unclaimed property program	\$1,800.8	\$3,892.6	\$3,899.1	\$3,899.1	\$3,901.7	\$3,901.7
8. Lottery	\$103,661.3	\$99,699.2	\$99,774.3	\$99,774.3	\$109,679.3	\$109,759.7
TOTALS	\$229,773.9	\$243,698.8	\$241,830.4	\$241,902.3	\$261,594.7	\$258,176.6

**Table 4
Department Position Summary by Program (in FTE positions)**

	ADJUSTED BASE FY23	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY24	FY25	FY24	FY25
1. Collection of taxes	830.00	824.00	824.00	855.60	855.60
2. State and local finance	112.00	112.00	112.00	117.00	117.00
3. Administrative services and space rental	160.35	166.35	166.35	167.35	167.35
4. Unclaimed property program	5.95	5.95	5.95	5.95	5.95
8. Lottery	69.70	69.70	69.70	73.70	73.70
TOTALS	1,178.00	1,178.00	1,178.00	1,219.60	1,219.60

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1. Family and Individual Reinvestment Credit

The Governor recommends the creation of the family and individual reinvestment (FAIR) credit that would be a nonrefundable credit equal to 10 percent of the remaining tax liability after nearly all other credits are applied. The full 10 percent would be available for single filers with Wisconsin adjusted gross income below \$100,000 and married-joint filers with Wisconsin adjusted gross income below \$150,000. The 10 percent credit rate would gradually phase out as incomes increase beyond that point until being fully phased out for single filers with Wisconsin adjusted gross income above \$120,000 and married-joint filers with Wisconsin adjusted gross income above \$175,000. Below the start of the phase-out thresholds, the credit will have a \$100 minimum for single and married-joint filers and a \$50 minimum for married-separate filers. The fiscal impact is an estimated decrease in tax revenue of \$418.7 million in FY24 and \$420.9 million in FY25.

2. Caregiver Tax Credit

The Governor recommends creating a nonrefundable individual income tax credit for qualified expenses incurred by a family caregiver to assist a qualified family member. For the purposes of the credit, a qualified family member must be at least 18 years of age, must require assistance with one or more daily living activities as certified by a physician, and must be the credit claimant's spouse or related by blood, marriage or adoption within the third degree of kinship. The credit is equal to 50 percent of qualified expenses in the taxable year and is limited to \$500 for most filers and \$250 for married-separate filers. The credit is subject to income limits that phase out the credit between \$75,000 and \$85,000 in income for single and head of household filers and \$150,000 and \$170,000 in income for married-joint filers. The credit first applies to taxable years beginning after December 31, 2022. The fiscal impact is an estimated decrease in tax revenue of \$96.7 million in FY24 and \$98.3 million in FY25.

3. Child and Dependent Care Credit Expansion

The Governor recommends increasing the match provided for the federal child and dependent care tax credit from 50 percent to 100 percent beginning with tax year 2023. The fiscal impact is an estimated decrease in tax revenue of \$27.3 million in FY24 and \$27.8 million in FY25.

4. Refundable Research Credit Increase

The Governor recommends increasing the portion of the research tax credit that may be claimed as refundable credit from 15 percent to 50 percent beginning with tax year 2024. The fiscal impact is estimated to be a reduction in tax revenue of \$16.1 million in FY24. For the appropriation effect, see Shared Revenue and Tax Relief, Item #11.

5. Manufacturing and Agriculture Credit Limitation

The Governor recommends limiting the amount of qualified production activities income that may be claimed by manufacturing firms under the manufacturing and agriculture credit to \$300,000 per tax year. The Governor also recommends leaving the agricultural portion of the credit unchanged compared to current law. The fiscal impact is an estimated increase in tax revenue of \$348.7 million in FY24 and \$306.4 million in FY25.

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6. Capital Gains Exclusion Limitation

The Governor recommends preserving the current law 30 percent long-term capital gains exclusion for single filers with federal adjusted gross income below \$400,000 and below \$533,000 for married-joint filers while eliminating it for taxpayers above those income levels. Taxpayers with noncapital gains income below those thresholds could claim capital gains income that, when combined with other sources, would stay within those limits for purposes of the exclusion, but not those amounts above the income limits. These modifications will preserve the exclusion for low- and middle-income investors while creating greater equity in the tax treatment of different sources of income for higher-income taxpayers. These modifications do not affect the 60 percent capital gains exclusion for farm assets. The fiscal impact is an estimated increase in tax revenue of \$185.2 million in FY24 and \$154.2 million in FY25.

7. Internal Revenue Code Update

The Governor recommends amending state statutes to conform with changes made to the federal Internal Revenue Code. Among the provisions being federalized is the exclusion of forgiven student loan debt from adjusted gross income. The net fiscal impact of these changes is an increase in tax revenue of \$187.6 million in FY24 and \$200.6 million in FY25.

8. Marijuana Legalization

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	3,284,300	18.00	2,073,600	18.00
TOTAL	0	0.00	0	0.00	3,284,300	18.00	2,073,600	18.00

The Governor recommends legalizing the sale of marijuana for medical and recreational use for sales that occur at a marijuana retailer holding a permit issued by the department. The Governor also recommends the imposition of a 15 percent wholesale excise tax and a 10 percent retail excise tax on the sale of marijuana for recreational use by department-issued permit holders. All excise tax collections will be deposited to a newly established community reinvestment fund that will provide grants to counties to support mental health and substance use disorder services. The fiscal impact is an estimated increase in segregated tax revenue of \$44.4 million in FY25 and an estimated increase in general fund tax revenue of \$10.2 million in FY25. See Department of Agriculture, Trade and Consumer Protection, Item #28; Department of Health Services, Item #11; and Shared Revenue and Tax Relief, Item #27.

9. First-Time Homebuyer Accounts

The Governor recommends creating state tax-preferred savings accounts that would allow first-time homebuyers to subtract from their adjusted gross income up to \$5,000 in contributions for single filers and up to \$10,000 in contributions for married-joint filers. Earnings on those accounts would also be exempt from state taxation. Contributions to these accounts would first be eligible for the individual income tax subtraction in tax year 2024. The fiscal impact is an estimated reduction in tax revenue of \$4.8 million in FY25.

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10. Private School Tuition Subtraction Limitation

The Governor recommends limiting the subtraction from adjusted gross income for tuition paid by a parent to send their child to a private primary or secondary school to those single and head of household filers with incomes below \$100,000 and married-joint filers with incomes below \$150,000. The fiscal impact of this provision is an estimated tax revenue increase of \$6.5 million in FY24 and \$6.5 million in FY25.

11. Retirement Income Exclusion Increase

The Governor recommends increasing the amount of retirement income that may be claimed under the current law exclusion to \$5,500 and increase the income thresholds to \$30,000 for single filers and \$60,000 for married-joint filers. The fiscal impact is an estimated reduction in tax revenue of \$8.1 million annually beginning

12. Disability Income Subtraction Increase

The Governor recommends increasing the current law disability income subtraction to \$5,500 for a single filer and \$11,000 for a married couple in the case that both spouses are eligible as well as increasing the income threshold to \$30,000 for a single filer and \$60,000 for married-joint filers. The fiscal impact of this provision is an estimated reduction in tax revenues of \$260,000 annually beginning in FY24.

13. Homestead Credit Expansion and Indexing

The Governor recommends increasing the maximum income threshold for the homestead tax credit to \$35,000 beginning in tax year 2023. The Governor also recommends indexing the parameters of the homestead tax credit for inflation beginning in tax year 2023 to preserve the credit's value against inflationary pressures. See Shared Revenue and Tax Relief, Item #5.

14. Earned Income Tax Credit Expansion

The Governor recommends increasing the Wisconsin earned income tax credit as a percentage of the federal credit from 4 percent to 16 percent for filers with one qualifying child and from 11 percent to 25 percent for filers with two qualifying children beginning with tax year 2023. See Shared Revenue and Tax Relief, Item #6.

15. Veterans and Surviving Spouses Property Tax Credit Eligibility Expansion

The Governor recommends expanding eligibility under the veterans and surviving spouses property tax credit to allow those with disability ratings of 70 percent or greater to claim the credit beginning with tax year 2023. For those with disability ratings between 70 percent and the current law disability rating requirement of 100 percent, the credit amount available will be multiplied by the claimant's disability rating. See Shared Revenue and Tax Relief, Item #6.

16. Veterans and Surviving Spouses Credit for Renters

The Governor recommends expanding the veterans and surviving spouses property tax credit to include a benefit for renters equal to 20 percent of rent paid if heat is included in rent and 25 percent of rent paid if heat is not included in rent, beginning with tax year 2023. See Shared Revenue and Tax Relief, Item #9.

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17. Tax Credit for Universal Changing Stations

The Governor recommends creating an income and franchise tax credit for small businesses that install universal changing stations for personal hygiene use by an individual with a disability. The credit is equal to 50 percent of the amount the small business pays to install the universal changing station, up to a maximum credit of \$5,125. The credit is available to businesses that have gross receipts of no more than \$1,000,000 or employ no more than 30 full-time employees. The fiscal impact of this credit is an estimated reduction of income tax revenue of \$5.3 million in FY24 and \$10.6 million in FY25.

18. Flood Insurance Premiums Tax Credit

The Governor recommends creating a nonrefundable individual income tax credit equal to 10 percent of the amount individuals pay for flood insurance premiums in a tax year, beginning with tax year 2023, with a maximum credit of \$60. The fiscal impact of this provision is an estimated reduction in individual income tax revenues of \$400,000 in each year.

19. State Housing Tax Credit Increase

The Governor recommends the following changes to the State Housing Tax Credit Program to help address the need for affordable housing in the state: (a) an increase in the limit on the total amount of state housing tax credits that may be authorized annually by the Wisconsin Housing and Economic Development Authority from \$42 million to \$100 million; and (b) an increase in the credit period from six to ten taxable years. The fiscal impact is an estimated decrease in tax revenue of \$1.45 million in FY24 and \$7.25 million in FY25. See Wisconsin Housing and Economic Development Authority, Item #2.

20. Dividends Received Deduction Limitation

The Governor recommends limiting the deduction taken for dividends received to ensure that the deduction cannot be used to create a loss or increase a loss. The fiscal impact of this provision is an estimated increase in tax revenue of \$3.2 million in FY24 and \$3.2 million in FY25.

21. Repeal Net Operating Loss Carryback

The Governor recommends repealing Wisconsin's net operating loss carryback provisions to parallel the repeal of net operating loss carrybacks at the federal level. The fiscal impact is an estimated increase in tax revenue of \$2.9 million in FY24 and \$1.5 million in FY25.

22. Easy Enrollment Program

The Governor recommends the implementation of an easy enrollment program for health insurance. Under this program, uninsured individuals could indicate on their individual income tax return that they are interested in having their eligibility for Medicaid or subsidized coverage on the health insurance marketplace determined. The Governor also recommends that the department transmit to the Department of Health Services any relevant information needed to perform an evaluation of an individual's eligibility. See Department of Health Services, Item #49.

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23. Sales Tax Exemption for Sales to a Local Professional Baseball Park District

The Governor recommends creating a sales and use tax exemption for goods and services sold to a local professional baseball park district to parallel the existing sales and use tax exemptions provided to a local exposition district and a local cultural arts district. The fiscal impact of this provision is estimated to be minimal. See Item #24; Department of Administration, Item #12; and Shared Revenue and Tax Relief, Item #10.

24. Sales Tax Exemption for Improving Professional Sports and Entertainment Home Stadiums

The Governor recommends expanding the existing sales and use tax exemption for building materials, supplies and equipment sold to owners, contractors, subcontractors or builders solely for construction, renovation or development of a professional sports and entertainment home stadium to also include such sales for the improvement, repair and maintenance of these home stadiums. This provision is expected to have minimal fiscal impact. See Item #23; Department of Administration, Item #12; and Shared Revenue and Tax Relief, Item #10.

25. Delete Baseball Stadium Tax Administration Positions and Funding

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-S	0	0.00	0	0.00	-427,500	-4.40	-427,500	-4.40
TOTAL	0	0.00	0	0.00	-427,500	-4.40	-427,500	-4.40

The Governor recommends deleting vacant positions and related funding that supported the administration of the baseball stadium tax that ended March 31, 2020. The Governor further recommends repealing the department's appropriation for the administration of this now expired tax and repealing the authority of a local professional baseball park district to impose this tax effective April 30, 2024. The delayed effective date for these statutory changes is necessary to allow the standard four-year window for tax refunds and tax return adjustments to be completed prior to the repeal of these provisions.

26. Sales Tax on the Access to Prewritten Computer Software

The Governor recommends imposing the sales and use tax on the access to and use of prewritten computer software when the prewritten software is in the possession of or maintained by a third party. The purchase of prewritten software is already subject to the state sales tax. This proposal establishes parity on the use of prewritten computer software regardless of how the purchaser accesses the software. The fiscal impact is an increase in tax revenue of \$18.1 million in FY24 and \$40.9 million in FY25.

27. Sales Tax Exemption for Diapers, Feminine Hygiene Products and Adult Incontinence Products

The Governor recommends creating a sales and use tax exemption for diapers, feminine hygiene products and adult incontinence products. The fiscal impact is an estimated reduction in tax revenue of \$13.7 million in FY24 and \$19.1 million in FY25.

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28. Sales Tax Exemption for Breastfeeding Equipment

The Governor recommends creating a sales and use tax exemption for breastfeeding equipment. The fiscal impact is an estimated reduction in tax revenue of \$510,000 in FY24 and \$680,000 in FY25.

29. Sales Tax Exemption for Gun Safes, Trigger Locks and Gun Barrel Locks

The Governor recommends creating a sales and use tax exemption for gun safes, trigger locks and gun barrel locks. The fiscal impact is an estimated reduction in tax revenue of \$230,000 in FY24 and \$310,000 in FY25.

30. Sales Tax Exemption for Battery Storage for Renewable Energy Systems

The Governor recommends creating a sales and use tax exemption for property used primarily to store or facilitate the storage of energy produced by a solar, wind or biogas renewable energy system. The fiscal impact is an estimated reduction in tax revenue of \$1.7 million in FY24 and \$2.5 million in FY25.

31. Sales Tax Exemption for Prairie or Wetland Planning Services

The Governor recommends creating a sales tax exemption for landscape planning and counseling services that pertain to the restoration, reclamation or revitalization of prairie, savanna or wetlands if such services are provided under a separate fee distinct from other services. The fiscal impact is an estimated reduction in tax revenue of \$400,000 in FY24 and \$600,000 in FY25.

32. Elimination of the Farm-Raised Deer Sales Tax Exemption

The Governor recommends eliminating the sales and use tax exemption for the sale of farm-raised deer. The fiscal impact is an estimated increase in tax revenue of \$90,000 in FY24 and \$120,000 in FY25.

33. Excise Tax on Little Cigars

The Governor recommends imposing the cigarette excise tax on little cigars that include an integrated cellulose acetate filter and that are wrapped in any substance containing tobacco. The fiscal impact is an increase in tax revenue of \$2.3 million in FY24 and \$3.2 million in FY25.

34. E-Cigarette Excise Tax

The Governor recommends imposing a tax on vapor products at the rate of 71 percent of the manufacturer's list price. This tax would replace the existing tax of 5 cents per milliliter which only applies to vapor liquid. The recommended tax would apply to any electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device, as well as any container of a solution or other substance that is intended to be used with these items. The fiscal impact is an estimated increase in tax revenue of \$9.2 million in FY24 and \$13.2 million in FY25.

Revenue

35. Real Estate Transfer Fee Exemption for Related Transfers

The Governor recommends expanding the current law exemption for conveyances between entities and related members to include uncles and aunts and their nieces or nephews as well as first cousins. The fiscal impact of this provision is an indeterminate reduction in receipts under the real estate transfer fee.

36. Convert Revenue Agent Project Positions to Permanent Positions

The Governor recommends converting 38.0 FTE GPR revenue agent project positions to 38.0 FTE GPR revenue agent permanent positions. Allowing these positions to expire would result in reduced utilization of federal audit reports to identify amounts owed to the state, an increase in unpaid delinquent taxes and an estimated \$39.3 million reduction in tax collections beginning in FY26.

37. Delinquent Tax Collection Positions

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	677,300	11.00	827,500	11.00
TOTAL	0	0.00	0	0.00	677,300	11.00	827,500	11.00

The Governor recommends providing position and expenditure authority to enhance delinquent tax collection efforts. Collecting more of the taxes owed to the state under current law makes the state's tax system more equitable. These additional positions are expected to increase general fund tax collections by \$4.0 million in FY24 and \$16.1 million in FY25.

38. Advanced Technology System Project

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	1,350,000	0.00	600,000	0.00
PR-O	0	0.00	0	0.00	1,350,000	0.00	600,000	0.00
TOTAL	0	0.00	0	0.00	2,700,000	0.00	1,200,000	0.00

The Governor recommends providing funding to implement an advanced technology system in the department's Compliance Bureau to enhance collections of both delinquent taxes and debts owed to local governments and state agencies. This investment is expected to increase general fund tax collections by \$7.6 million in FY25.

Revenue

39. Personal Property Tax Repeal Administrative Costs

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	1,310,300	0.00	120,400	0.00
PR-O	0	0.00	0	0.00	22,600	0.00	0	0.00
TOTAL	0	0.00	0	0.00	1,332,900	0.00	120,400	0.00

The Governor recommends providing funding for the department's administrative costs to implement the repeal of the personal property tax. This funding will allow the department to re-determine tax incremental financing district bases, update computer programs and revise forms related to repealing the personal property tax. Of the total amount of funding provided, \$1,432,800 is for one-time costs and \$20,500 is for ongoing costs. See Shared Revenue and Tax Relief, Item #4.

40. Manufacturing Property Assessment Specialists

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	140,100	2.00	171,100	2.00
PR-O	0	0.00	0	0.00	140,100	2.00	171,100	2.00
TOTAL	0	0.00	0	0.00	280,200	4.00	342,200	4.00

The Governor recommends providing additional position and expenditure authority for the department's State and Local Finance Division to ensure fair and accurate manufacturing property assessments.

41. Local Government Services Bureau

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	67,400	1.00	81,800	1.00
TOTAL	0	0.00	0	0.00	67,400	1.00	81,800	1.00

The Governor recommends providing a position and related funding to the department's Local Government Services Bureau to improve customer service to local governments and assist with the distribution of shared revenue and property tax credits.

Revenue

42. State and Local Debt Collection Positions

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	423,500	7.00	516,600	7.00
TOTAL	0	0.00	0	0.00	423,500	7.00	516,600	7.00

The Governor recommends providing additional position and expenditure authority in the department's Statewide Debt Collection program to increase efforts to collect debts owed to state agencies and local governments.

43. Statewide Debt Collection Office Resources

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	446,000	0.00	446,000	0.00
TOTAL	0	0.00	0	0.00	446,000	0.00	446,000	0.00

The Governor recommends increasing funding for the supplies and services costs of the Statewide Debt Collection program to enhance the program's ability to collect debts owed to state agencies and local governments.

44. Lottery Investigators

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	0	0.00	0	0.00	214,200	3.00	280,500	3.00
TOTAL	0	0.00	0	0.00	214,200	3.00	280,500	3.00

The Governor recommends providing position and expenditure authority in the Lottery Division to enhance efforts to maintain the security and integrity of the lottery.

Revenue

45. Lottery Draw Staff

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	0	0.00	0	0.00	42,600	1.00	56,700	1.00
TOTAL	0	0.00	0	0.00	42,600	1.00	56,700	1.00

The Governor recommends providing a position and expenditure authority in the Lottery Division to adequately cover both the increased number of lotto games and the midday draws implemented for several lotto games.

46. Lottery Sum Sufficient Adjustments

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	0	0.00	0	0.00	9,607,800	0.00	9,607,800	0.00
TOTAL	0	0.00	0	0.00	9,607,800	0.00	9,607,800	0.00

The Governor recommends increasing the lottery sum sufficient appropriations for vendor fees and retailer compensation to reflect lottery sales projections.

47. Utility Taxes Certified Mail

The Governor recommends eliminating the requirement that ad valorem utility tax assessments be delivered by certified mail as quick and secure electronic communications are now available.

48. Manufacturing Charge to Local Governments

The Governor recommends that the department collect the existing manufacturing assessment fee from municipalities by directly reducing shared revenue payments. This will allow the fee, which covers a portion of the department's costs for assessing manufacturing property, to be collected and paid more efficiently as many of these charges are for small dollar amounts, with several hundred billings being under \$20.

49. Manufacturer's List Price for Tobacco and Related Products

The Governor recommends explicitly defining "manufacturer's list price" for the taxation of tobacco products, moist snuff and vapor products to clarify in state law the calculation of the excise taxes on these products.

Revenue

50. Minor Transfers Between Appropriations

The Governor recommends minor transfers between appropriations and within the same funding source to align agency resources with the department's business needs.

51. Wine Sales in Public Parks

The Governor recommends allowing counties and municipalities to sell wine in public parks. Sales must be made by officers or employees of the municipality or county operating the park.

52. Bar Hours During 2024 Republican National Convention

The Governor recommends allowing southeast Wisconsin municipalities to authorize extended hours for certain bars and restaurants during the week of the 2024 Republican National Convention in Milwaukee.

53. Agency Equity Officer

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	74,800	1.00	96,000	1.00
TOTAL	0	0.00	0	0.00	74,800	1.00	96,000	1.00

The Governor recommends creating a new agency equity officer position within the Office of the Secretary. The agency equity officer will collaborate with the Chief Equity Officer within the Department of Administration and agency equity officers within other agencies to identify opportunities to advance equity in government operations, including determining how current government practices and policies impact communities of color and individuals with disabilities. See Department of Administration, Item #15; Department of Agriculture, Trade and Consumer Protection, Item #30; Department of Children and Families, Item #35; Department of Corrections, Item #33; Department of Financial Institutions, Item #8; Department of Health Services, Item #120; Department of Justice, Item #33; Department of Military Affairs, Item #19; Department of Natural Resources, Item #76; Department of Public Instruction, Item #54; Department of Safety and Professional Services, Item #29; Department of Tourism, Item #9; Department of Transportation, Item #60; Department of Veterans Affairs, Item #14; Department of Workforce Development, Item #30; Office of the Commissioner of Insurance, Item #29; and Public Service Commission, Item #21

Revenue

54. State Operations Adjustments

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	503,000	0.00	503,000	0.00
TOTAL	0	0.00	0	0.00	503,000	0.00	503,000	0.00

The Governor recommends adjusting expenditure authority in certain state operations appropriations to reflect increased supplies and services costs related to provision of current programmatic requirements.

55. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	-2,135,100	0.00	-2,135,100	0.00	-1,846,600	0.00	-1,835,300	0.00
PR-S	-80,400	0.00	-80,400	0.00	-75,300	0.00	-75,300	0.00
PR-O	269,700	0.00	332,400	0.00	329,800	0.00	393,000	0.00
SEG-O	77,400	0.00	86,600	0.00	261,500	0.00	270,800	0.00
TOTAL	-1,868,400	0.00	-1,796,500	0.00	-1,330,600	0.00	-1,246,800	0.00

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$2,040,500 in each year); (b) full funding of continuing position salaries and fringe benefits (\$709,800 in each year); (c) reclassifications and semiautomatic pay progression (\$175,100 in FY24 and \$247,000 in FY25); (d) full funding of lease and directed moves costs (-\$175,000 in FY24 and -\$163,100 in FY25); and (e) minor transfers within the same alpha appropriation.