



## 2023 ASSEMBLY BILL 262

May 8, 2023 - Introduced by Representatives O'CONNOR, MACCO, ALLEN, ARMSTRONG, WITTKE, MAGNAFICI, BRANDTJEN, MURPHY, DITTRICH, MOSES, GUNDRUM and BEHNKE. Referred to Committee on Ways and Means.

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

1     **AN ACT to amend** 71.06 (1q) (intro.), 71.06 (2) (i) (intro.), 71.06 (2) (j) (intro.),  
2           71.06 (2e) (a), 71.06 (2e) (b), 71.06 (2m), 71.06 (2s) (d), 71.125 (1), 71.125 (2),  
3           71.17 (6), 71.64 (9) (b) (intro.), 71.67 (5) (a) and 71.67 (5m); and **to create** 71.06  
4           (1r), 71.06 (2) (k), 71.06 (2) (km), 71.06 (2) (L), 71.06 (2) (Lm), 71.06 (2) (m), 71.06  
5           (2) (mm), 71.06 (2) (n), 71.06 (2) (nn), 71.06 (2) (o), 71.06 (2) (oo), 71.06 (2e) (be),  
6           71.06 (2e) (bm), 71.06 (2e) (bs), 71.06 (2e) (bt), 71.06 (2e) (bu), 71.06 (2s) (e),  
7           71.06 (2s) (f), 71.06 (2s) (g), 71.06 (2s) (h), 71.06 (2s) (i) and 71.06 (4) of the  
8           statutes; **relating to:** phase-in changes to individual income tax rates and  
9           brackets.

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

This bill modifies the individual income tax rates and brackets beginning with the 2024 tax year and ending with the 2028 tax year. The bill decreases individual income tax rates each year for each tax bracket. Beginning with tax year 2027, the tax rate for individuals whose income is \$7,500 or less, before being adjusted for inflation, is zero. Beginning with tax year 2028, the tax rate for individuals whose income exceeds \$7,500, before being adjusted for inflation, is 4.5 percent.

Under current law, there are four income tax brackets for single individuals, certain fiduciaries, heads of households, and married persons, and the brackets are

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indexed for inflation. The rate of taxation under current law for the lowest bracket for single individuals, certain fiduciaries, heads of households, and married persons is 3.54 percent of taxable income. The rate for the second bracket is 4.65 percent. The rate for the third bracket is 5.3 percent. And the rate for the highest bracket is 7.65 percent. Before bracket indexing, the four brackets for individuals, certain fiduciaries, and heads of households, to which the above rates apply, are as follows: 1) taxable income from \$0 to \$7,500; 2) taxable income exceeding \$7,500 but not exceeding \$15,000; 3) taxable income exceeding \$15,000 but not exceeding \$225,000; and 4) taxable income exceeding \$225,000.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

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) (intro.) of the statutes is amended to read:

2           71.06 **(1q)** FIDUCIARIES, SINGLE INDIVIDUALS, AND HEADS OF HOUSEHOLDS; AFTER  
3           2012 AND BEFORE 2024. (intro.) The tax to be assessed, levied, and collected upon the  
4           taxable incomes of all fiduciaries, except fiduciaries of nuclear decommissioning  
5           trust or reserve funds, and single individuals and heads of households shall be  
6           computed at the following rates for taxable years beginning after December 31, 2012,  
7           and before January 1, 2024:

8           **SECTION 2.** 71.06 (1r) of the statutes is created to read:

9           71.06 **(1r)** FIDUCIARIES, SINGLE INDIVIDUALS, AND HEADS OF HOUSEHOLDS; AFTER  
10          2023. (a) The tax to be assessed, levied, and collected upon the taxable incomes of all  
11          fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and  
12          single individuals and heads of households shall be computed at the following rates  
13          for taxable years beginning after December 31, 2023, and before January 1, 2025,  
14          except as provided under s. 71.06 (4):

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- 1           1. On all taxable income from \$0 to \$7,500, 3.15 percent.
- 2           2. On all taxable income exceeding \$7,500 but not exceeding \$15,000, 4.5
- 3           percent.
- 4           3. On all taxable income exceeding \$15,000 but not exceeding \$225,000, 5
- 5           percent.
- 6           4. On all taxable income exceeding \$225,000, 7.40 percent.
- 7           (b) The tax to be assessed, levied, and collected upon the taxable incomes of all
- 8           fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and
- 9           single individuals and heads of households shall be computed at the following rates
- 10          for taxable years beginning after December 31, 2024, and before January 1, 2026,
- 11          except as provided under s. 71.06 (4):
- 12           1. On all taxable income from \$0 to \$7,500, 2.20 percent.
- 13           2. On all taxable income exceeding \$7,500 but not exceeding \$15,000, 4.5
- 14           percent.
- 15           3. On all taxable income exceeding \$15,000 but not exceeding \$225,000, 4.75
- 16           percent.
- 17           4. On all taxable income exceeding \$225,000, 6.70 percent.
- 18           (c) The tax to be assessed, levied, and collected upon the taxable incomes of all
- 19           fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and
- 20           single individuals and heads of households shall be computed at the following rates
- 21           for taxable years beginning after December 31, 2025, and before January 1, 2027,
- 22           except as provided under s. 71.06 (4):
- 23           1. On all taxable income from \$0 to \$7,500, 1.25 percent.
- 24           2. On all taxable income exceeding \$7,500 but not exceeding \$15,000, 4.5
- 25           percent.

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1           3. On all taxable income exceeding \$15,000 but not exceeding \$225,000, 4.5  
2 percent.

3           4. On all taxable income exceeding \$225,000, 6 percent.

4           (d) The tax to be assessed, levied, and collected upon the taxable incomes of all  
5 fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and  
6 single individuals and heads of households shall be computed at the following rates  
7 for taxable years beginning after December 31, 2026, and before January 1, 2028,  
8 except as provided under s. 71.06 (4):

9           1. On all taxable income from \$0 to \$7,500, 0 percent.

10          2. On all taxable income exceeding \$7,500 but not exceeding \$15,000, 4.5  
11 percent.

12          3. On all taxable income exceeding \$15,000 but not exceeding \$225,000, 4.5  
13 percent.

14          4. On all taxable income exceeding \$225,000, 5.20 percent.

15          (e) The tax to be assessed, levied, and collected upon the taxable incomes of all  
16 fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and  
17 single individuals and heads of households shall be computed at the following rates  
18 percent for taxable years beginning after December 31, 2027, except as provided  
19 under s. 71.06 (4):

20          1. On all taxable income from \$0 to \$7,500, 0 percent.

21          2. On all taxable income exceeding \$7,500 but not exceeding \$15,000, 4.5  
22 percent.

23          3. On all taxable income exceeding \$15,000 but not exceeding \$225,000, 4.5  
24 percent.

25          4. On all taxable income exceeding \$225,000, 4.5 percent.

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1           **SECTION 3.** 71.06 (2) (i) (intro.) of the statutes is amended to read:

2           71.06 (2) (i) (intro.) For joint returns, for taxable years beginning after  
3           December 31, 2012, and before January 1, 2024:

4           **SECTION 4.** 71.06 (2) (j) (intro.) of the statutes is amended to read:

5           71.06 (2) (j) (intro.) For married persons filing separately, for taxable years  
6           beginning after December 31, 2012, and before January 1, 2024:

7           **SECTION 5.** 71.06 (2) (k) of the statutes is created to read:

8           71.06 (2) (k) For joint returns, for taxable years beginning after December 31,  
9           2023, and before January 1, 2025, except as provided under s. 71.06 (4):

10           1. On all taxable income from \$0 to \$10,000, 3.15 percent.

11           2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 4.5  
12           percent.

13           3. On all taxable income exceeding \$20,000 but not exceeding \$300,000, 5  
14           percent.

15           4. On all taxable income exceeding \$300,000, 7.40 percent.

16           **SECTION 6.** 71.06 (2) (km) of the statutes is created to read:

17           71.06 (2) (km) For married persons filing separately, for taxable years  
18           beginning after December 31, 2023, and before January 1, 2025, except as provided  
19           under s. 71.06 (4):

20           1. On all taxable income from \$0 to \$5,000, 3.15 percent.

21           2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 4.5  
22           percent.

23           3. On all taxable income exceeding \$10,000 but not exceeding \$150,000, 5  
24           percent.

25           4. On all taxable income exceeding \$150,000, 7.40 percent.

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1           **SECTION 7.** 71.06 (2) (L) of the statutes is created to read:

2           71.06 (2) (L) For joint returns, for taxable years beginning after December 31,  
3           2024, and before January 1, 2026, except as provided under s. 71.06 (4):

4           1. On all taxable income from \$0 to \$10,000, 2.20 percent.

5           2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 4.5  
6           percent.

7           3. On all taxable income exceeding \$20,000 but not exceeding \$300,000, 4.75  
8           percent.

9           4. On all taxable income exceeding \$300,000, 6.70 percent.

10          **SECTION 8.** 71.06 (2) (Lm) of the statutes is created to read:

11          71.06 (2) (Lm) For married persons filing separately, for taxable years  
12          beginning after December 31, 2024, and before January 1, 2026, except as provided  
13          under s. 71.06 (4):

14          1. On all taxable income from \$0 to \$5,000, 2.20 percent.

15          2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 4.5  
16          percent.

17          3. On all taxable income exceeding \$10,000 but not exceeding \$150,000, 4.75  
18          percent.

19          4. On all taxable income exceeding \$150,000, 6.70 percent.

20          **SECTION 9.** 71.06 (2) (m) of the statutes is created to read:

21          71.06 (2) (m) For joint returns, for taxable years beginning after December 31,  
22          2025, and before January 1, 2027, except as provided under s. 71.06 (4):

23          1. On all taxable income from \$0 to \$10,000, 1.25 percent.

24          2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 4.5  
25          percent.

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1           3. On all taxable income exceeding \$20,000 but not exceeding \$300,000, 4.5  
2 percent.

3           4. On all taxable income exceeding \$300,000, 6 percent.

4           **SECTION 10.** 71.06 (2) (mm) of the statutes is created to read:

5           71.06 (2) (mm) For married persons filing separately, for taxable years  
6 beginning after December 31, 2025, and before January 1, 2027, except as provided  
7 under s. 71.06 (4):

8           1. On all taxable income from \$0 to \$5,000, 1.25 percent.

9           2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 4.5  
10 percent.

11          3. On all taxable income exceeding \$10,000 but not exceeding \$150,000, 4.5  
12 percent.

13          4. On all taxable income exceeding \$150,000, 6 percent.

14          **SECTION 11.** 71.06 (2) (n) of the statutes is created to read:

15          71.06 (2) (n) For joint returns, for taxable years beginning after December 31,  
16 2026, and before January 1, 2028, except as provided under s. 71.06 (4):

17          1. On all taxable income from \$0 to \$10,000, 0 percent.

18          2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 4.5  
19 percent.

20          3. On all taxable income exceeding \$20,000 but not exceeding \$300,000, 4.5  
21 percent.

22          4. On all taxable income exceeding \$300,000, 5.20 percent.

23          **SECTION 12.** 71.06 (2) (nn) of the statutes is created to read:

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1           71.06 (2) (nn) For married persons filing separately, for taxable years  
2 beginning after December 31, 2026, and before January 1, 2028, except as provided  
3 under s. 71.06 (4):

4           1. On all taxable income from \$0 to \$5,000, 0 percent.

5           2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 4.5  
6 percent.

7           3. On all taxable income exceeding \$10,000 but not exceeding \$150,000, 4.5  
8 percent.

9           4. On all taxable income exceeding \$150,000, 5.20 percent.

10          **SECTION 13.** 71.06 (2) (o) of the statutes is created to read:

11          71.06 (2) (o) For joint returns, for taxable years beginning after December 31,  
12 2027, except as provided under s. 71.06 (4):

13          1. On all taxable income from \$0 to \$10,000, 0 percent.

14          2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 4.5  
15 percent.

16          3. On all taxable income exceeding \$20,000 but not exceeding \$300,000, 4.5  
17 percent.

18          4. On all taxable income exceeding \$300,000, 4.5 percent.

19          **SECTION 14.** 71.06 (2) (oo) of the statutes is created to read:

20          71.06 (2) (oo) For married persons filing separately, for taxable years beginning  
21 after December 31, 2027, except as provided under s. 71.06 (4):

22          1. On all taxable income from \$0 to \$5,000, 0 percent.

23          2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 4.5  
24 percent.



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1           3. On all taxable income exceeding \$10,000 but not exceeding \$150,000, 4.5  
2 percent.

3           4. On all taxable income exceeding \$150,000, 4.5 percent.

4           **SECTION 15.** 71.06 (2e) (a) of the statutes is amended to read:

5           71.06 (2e) (a) For taxable years beginning after December 31, 1998, and before  
6 January 1, 2000, the maximum dollar amount in each tax bracket, and the  
7 corresponding minimum dollar amount in the next bracket, under subs. (1m) and (2)  
8 (c) and (d), and for taxable years beginning after December 31, 1999, and before  
9 January 1, 2024, the maximum dollar amount in each tax bracket, and the  
10 corresponding minimum dollar amount in the next bracket, under subs. (1n), (1p) (a)  
11 to (c), (1q) (a) and (b), and (2) (e), (f), (g) 1. to 3., (h) 1. to 3., (i) 1. and 2., and (j) 1. and  
12 2., shall be increased each year by a percentage equal to the percentage change  
13 between the U.S. consumer price index for all urban consumers, U.S. city average,  
14 for the month of August of the previous year and the U.S. consumer price index for  
15 all urban consumers, U.S. city average, for the month of August 1997, as determined  
16 by the federal department of labor, except that for taxable years beginning after  
17 December 31, 2000, and before January 1, 2002, the dollar amount in the top bracket  
18 under subs. (1p) (c) and (d), (2) (g) 3. and 4. and (h) 3. and 4. shall be increased by a  
19 percentage equal to the percentage change between the U.S. consumer price index  
20 for all urban consumers, U.S. city average, for the month of August of the previous  
21 year and the U.S. consumer price index for all urban consumers, U.S. city average,  
22 for the month of August 1999, as determined by the federal department of labor,  
23 except that for taxable years beginning after December 31, 2011, the adjustment may  
24 occur only if the resulting amount is greater than the corresponding amount that was  
25 calculated for the previous year.

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1           **SECTION 16.** 71.06 (2e) (b) of the statutes is amended to read:

2           71.06 **(2e)** (b) For taxable years beginning after December 31, 2009, and before  
3 January 1, 2024, the maximum dollar amount in each tax bracket, and the  
4 corresponding minimum dollar amount in the next bracket, under subs. (1p) (d), (1q)  
5 (c), and (2) (g) 4., (h) 4., (i) 3., and (j) 3., and the dollar amount in the top bracket under  
6 subs. (1p) (e), (1q) (d), and (2) (g) 5., (h) 5., (i) 4., and (j) 4., shall be increased each year  
7 by a percentage equal to the percentage change between the U.S. consumer price  
8 index for all urban consumers, U.S. city average, for the month of August of the  
9 previous year and the U.S. consumer price index for all urban consumers, U.S. city  
10 average, for the month of August 2008, as determined by the federal department of  
11 labor, except that for taxable years beginning after December 31, 2011, the  
12 adjustment may occur only if the resulting amount is greater than the corresponding  
13 amount that was calculated for the previous year.

14           **SECTION 17.** 71.06 (2e) (be) of the statutes is created to read:

15           71.06 **(2e)** (be) 1. For taxable years beginning after December 31, 2023, and  
16 before January 1, 2025, the maximum dollar amount in each tax bracket, and the  
17 corresponding minimum dollar amount in the next bracket, under subs. (1r) (a) 1.  
18 and 2. and (2) (k) 1. and 2. and (km) 1. and 2., shall be increased by a percentage equal  
19 to the percentage change between the U.S. consumer price index for all urban  
20 consumers, U.S. city average, for the month of August of the previous year and the  
21 U.S. consumer price index for all urban consumers, U.S. city average, for the month  
22 of August 1997, as determined by the federal department of labor, except that the  
23 adjustment may occur only if the resulting amount is greater than the corresponding  
24 amount that was calculated for the previous year.

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1           2. For taxable years beginning after December 31, 2023, and before January  
2           1, 2025, the maximum dollar amount in each tax bracket, and the corresponding  
3           minimum dollar amount in the next bracket, under subs. (1r) (a) 3. and (2) (k) 3. and  
4           (km) 3., and the dollar amount in the top bracket under subs. (1r) (a) 4. and (2) (k)  
5           4. and (km) 4., shall be increased by a percentage equal to the percentage change  
6           between the U.S. consumer price index for all urban consumers, U.S. city average,  
7           for the month of August of the previous year and the U.S. consumer price index for  
8           all urban consumers, U.S. city average, for the month of August 2008, as determined  
9           by the federal department of labor, except that the adjustment may occur only if the  
10          resulting amount is greater than the corresponding amount that was calculated for  
11          the previous year.

12           **SECTION 18.** 71.06 (2e) (bm) of the statutes is created to read:

13           71.06 (2e) (bm) 1. For taxable years beginning after December 31, 2024, and  
14           before January 1, 2026, the maximum dollar amount in each tax bracket, and the  
15           corresponding minimum dollar amount in the next bracket, under subs. (1r) (b) 1.  
16           and 2. and (2) (L) 1. and 2. and (Lm) 1. and 2. shall be increased by a percentage equal  
17           to the percentage change between the U.S. consumer price index for all urban  
18           consumers, U.S. city average, for the month of August of the previous year and the  
19           U.S. consumer price index for all urban consumers, U.S. city average, for the month  
20           of August 1997, as determined by the federal department of labor, except that the  
21           adjustment may occur only if the resulting amount is greater than the corresponding  
22           amount that was calculated for the previous year.

23           2. For taxable years beginning after December 31, 2024, and before January  
24           1, 2026, the maximum dollar amount in each tax bracket, and the corresponding  
25           minimum dollar amount in the next bracket, under subs. (1r) (b) 3. and (2) (L) 3. and

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1 (Lm) 3., and the dollar amount in the top bracket under subs. (1r) (b) 4. and (2) (L)  
2 4. and (Lm) 4., shall be increased by a percentage equal to the percentage change  
3 between the U.S. consumer price index for all urban consumers, U.S. city average,  
4 for the month of August of the previous year and the U.S. consumer price index for  
5 all urban consumers, U.S. city average, for the month of August 2008, as determined  
6 by the federal department of labor, except that the adjustment may occur only if the  
7 resulting amount is greater than the corresponding amount that was calculated for  
8 the previous year.

9 **SECTION 19.** 71.06 (2e) (bs) of the statutes is created to read:

10 71.06 **(2e)** (bs) 1. For taxable years beginning after December 31, 2025, and  
11 before January 1, 2027, the maximum dollar amount in each tax bracket, and the  
12 corresponding minimum dollar amount in the next bracket, under subs. (1r) (c) 1.  
13 and 2. and (2) (m) 1. and 2. and (mm) 1. and 2., shall be increased by a percentage  
14 equal to the percentage change between the U.S. consumer price index for all urban  
15 consumers, U.S. city average, for the month of August of the previous year and the  
16 U.S. consumer price index for all urban consumers, U.S. city average, for the month  
17 of August 1997, as determined by the federal department of labor, except that the  
18 adjustment may occur only if the resulting amount is greater than the corresponding  
19 amount that was calculated for the previous year.

20 2. For taxable years beginning after December 31, 2025, and before January  
21 1, 2027, the maximum dollar amount in each tax bracket, and the corresponding  
22 minimum dollar amount in the next bracket, under subs. (1r) (c) 3. and (2) (m) 3. and  
23 (mm) 3., and the dollar amount in the top bracket under subs. (1r) (c) 4. and (2) (m)  
24 4. and (mm) 4., shall be increased by a percentage equal to the percentage change  
25 between the U.S. consumer price index for all urban consumers, U.S. city average,

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1 for the month of August of the previous year and the U.S. consumer price index for  
2 all urban consumers, U.S. city average, for the month of August 2008, as determined  
3 by the federal department of labor, except that the adjustment may occur only if the  
4 resulting amount is greater than the corresponding amount that was calculated for  
5 the previous year.

6 **SECTION 20.** 71.06 (2e) (bt) of the statutes is created to read:

7 71.06 (2e) (bt) 1. For taxable years beginning after December 31, 2026, and  
8 before January 1, 2028, the maximum dollar amount in each tax bracket, and the  
9 corresponding minimum dollar amount in the next bracket, under subs. (1r) (d) 1.  
10 and 2. and (2) (n) 1. and 2. and (nn) 1. and 2., shall be increased by a percentage equal  
11 to the percentage change between the U.S. consumer price index for all urban  
12 consumers, U.S. city average, for the month of August of the previous year and the  
13 U.S. consumer price index for all urban consumers, U.S. city average, for the month  
14 of August 1997, as determined by the federal department of labor, except that the  
15 adjustment may occur only if the resulting amount is greater than the corresponding  
16 amount that was calculated for the previous year.

17 2. For taxable years beginning after December 31, 2026, and before January  
18 1, 2028, the maximum dollar amount in each tax bracket, and the corresponding  
19 minimum dollar amount in the next bracket, under subs. (1r) (d) 3. and (2) (n) 3. and  
20 (nn) 3., and the dollar amount in the top bracket under subs. (1r) (d) 4. and (2) (n) 4.  
21 and (nn) 4., shall be increased by a percentage equal to the percentage change  
22 between the U.S. consumer price index for all urban consumers, U.S. city average,  
23 for the month of August of the previous year and the U.S. consumer price index for  
24 all urban consumers, U.S. city average, for the month of August 2008, as determined  
25 by the federal department of labor, except that the adjustment may occur only if the

1 resulting amount is greater than the corresponding amount that was calculated for  
2 the previous year.

3 **SECTION 21.** 71.06 (2e) (bu) of the statutes is created to read:

4 71.06 (2e) (bu) 1. For taxable years beginning after December 31, 2027, the  
5 maximum dollar amount in each tax bracket, and the corresponding minimum dollar  
6 amount in the next bracket, under subs. (1r) (e) 1. and 2. and (2) (o) 1. and 2. and (oo)  
7 1. and 2., shall be increased by a percentage equal to the percentage change between  
8 the U.S. consumer price index for all urban consumers, U.S. city average, for the  
9 month of August of the previous year and the U.S. consumer price index for all urban  
10 consumers, U.S. city average, for the month of August 1997, as determined by the  
11 federal department of labor, except that the adjustment may occur only if the  
12 resulting amount is greater than the corresponding amount that was calculated for  
13 the previous year.

14 2. For taxable years beginning after December 31, 2027, the maximum dollar  
15 amount in each tax bracket, and the corresponding minimum dollar amount in the  
16 next bracket, under subs. (1r) (e) 3. and (2) (o) 3. and (oo) 3., and the dollar amount  
17 in the top bracket under subs. (1r) (e) 4. and (2) (o) 4. and (oo) 4., shall be increased  
18 by a percentage equal to the percentage change between the U.S. consumer price  
19 index for all urban consumers, U.S. city average, for the month of August of the  
20 previous year and the U.S. consumer price index for all urban consumers, U.S. city  
21 average, for the month of August 2008, as determined by the federal department of  
22 labor, except that the adjustment may occur only if the resulting amount is greater  
23 than the corresponding amount that was calculated for the previous year.

24 **SECTION 22.** 71.06 (2m) of the statutes is amended to read:

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1           71.06 (2m) RATE CHANGES. If a rate under sub. (1), (1m), (1n), (1p), (1q), (1r),  
2           or (2) changes during a taxable year, the taxpayer shall compute the tax for that  
3           taxable year by the methods applicable to the federal income tax under section 15 of  
4           the Internal Revenue Code.

5           **SECTION 23.** 71.06 (2s) (d) of the statutes is amended to read:

6           71.06 (2s) (d) For taxable years beginning after December 31, 2000, and before  
7           January 1, 2024, with respect to nonresident individuals, including individuals  
8           changing their domicile into or from this state, the tax brackets under subs. (1p), (1q),  
9           and (2) (g), (h), (i), and (j) shall be multiplied by a fraction, the numerator of which  
10          is Wisconsin adjusted gross income and the denominator of which is federal adjusted  
11          gross income. In this paragraph, for married persons filing separately “adjusted  
12          gross income” means the separate adjusted gross income of each spouse, and for  
13          married persons filing jointly “adjusted gross income” means the total adjusted gross  
14          income of both spouses. If an individual and that individual’s spouse are not both  
15          domiciled in this state during the entire taxable year, the tax brackets under subs.  
16          (1p), (1q), and (2) (g), (h), (i), and (j) on a joint return shall be multiplied by a fraction,  
17          the numerator of which is their joint Wisconsin adjusted gross income and the  
18          denominator of which is their joint federal adjusted gross income.

19          **SECTION 24.** 71.06 (2s) (e) of the statutes is created to read:

20          71.06 (2s) (e) For taxable years beginning after December 31, 2023, and before  
21          January 1, 2025, with respect to nonresident individuals, including individuals  
22          changing their domicile into or from this state, the tax brackets under subs. (1r) (a)  
23          and (2) (k) and (km) shall be multiplied by a fraction, the numerator of which is  
24          Wisconsin adjusted gross income and the denominator of which is federal adjusted  
25          gross income. In this paragraph, for married persons filing separately “adjusted

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1 gross income” means the separate adjusted gross income of each spouse, and for  
2 married persons filing jointly “adjusted gross income” means the total adjusted gross  
3 income of both spouses. If an individual and that individual’s spouse are not both  
4 domiciled in this state during the entire taxable year, the tax brackets under subs.  
5 (1r) (a) and (2) (k) and (km) on a joint return shall be multiplied by a fraction, the  
6 numerator of which is their joint Wisconsin adjusted gross income and the  
7 denominator of which is their joint federal adjusted gross income.

8 **SECTION 25.** 71.06 (2s) (f) of the statutes is created to read:

9 71.06 (2s) (f) For taxable years beginning after December 31, 2024, and before  
10 January 1, 2026, with respect to nonresident individuals, including individuals  
11 changing their domicile into or from this state, the tax brackets under subs. (1r) (b)  
12 and (2) (L) and (Lm) shall be multiplied by a fraction, the numerator of which is  
13 Wisconsin adjusted gross income and the denominator of which is federal adjusted  
14 gross income. In this paragraph, for married persons filing separately “adjusted  
15 gross income” means the separate adjusted gross income of each spouse, and for  
16 married persons filing jointly “adjusted gross income” means the total adjusted gross  
17 income of both spouses. If an individual and that individual’s spouse are not both  
18 domiciled in this state during the entire taxable year, the tax brackets under subs.  
19 (1r) (b) and (2) (L) and (Lm) on a joint return shall be multiplied by a fraction, the  
20 numerator of which is their joint Wisconsin adjusted gross income and the  
21 denominator of which is their joint federal adjusted gross income.

22 **SECTION 26.** 71.06 (2s) (g) of the statutes is created to read:

23 71.06 (2s) (g) For taxable years beginning after December 31, 2025, and before  
24 January 1, 2027, with respect to nonresident individuals, including individuals  
25 changing their domicile into or from this state, the tax brackets under subs. (1r) (c)



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1 and (2) (m) and (mm) shall be multiplied by a fraction, the numerator of which is  
2 Wisconsin adjusted gross income and the denominator of which is federal adjusted  
3 gross income. In this paragraph, for married persons filing separately “adjusted  
4 gross income” means the separate adjusted gross income of each spouse, and for  
5 married persons filing jointly “adjusted gross income” means the total adjusted gross  
6 income of both spouses. If an individual and that individual’s spouse are not both  
7 domiciled in this state during the entire taxable year, the tax brackets under subs.  
8 (1r) (c) and (2) (m) and (mm) on a joint return shall be multiplied by a fraction, the  
9 numerator of which is their joint Wisconsin adjusted gross income and the  
10 denominator of which is their joint federal adjusted gross income.

11 **SECTION 27.** 71.06 (2s) (h) of the statutes is created to read:

12 71.06 (2s) (h) For taxable years beginning after December 31, 2026, and before  
13 January 1, 2028, with respect to nonresident individuals, including individuals  
14 changing their domicile into or from this state, the tax brackets under subs. (1r) (d)  
15 and (2) (n) and (nn) shall be multiplied by a fraction, the numerator of which is  
16 Wisconsin adjusted gross income and the denominator of which is federal adjusted  
17 gross income. In this paragraph, for married persons filing separately “adjusted  
18 gross income” means the separate adjusted gross income of each spouse, and for  
19 married persons filing jointly “adjusted gross income” means the total adjusted gross  
20 income of both spouses. If an individual and that individual’s spouse are not both  
21 domiciled in this state during the entire taxable year, the tax brackets under subs.  
22 (1r) (d) and (2) (n) and (nn) on a joint return shall be multiplied by a fraction, the  
23 numerator of which is their joint Wisconsin adjusted gross income and the  
24 denominator of which is their joint federal adjusted gross income.

25 **SECTION 28.** 71.06 (2s) (i) of the statutes is created to read:

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1           71.06 (2s) (i) For taxable years beginning after December 31, 2027, with  
2           respect to nonresident individuals, including individuals changing their domicile  
3           into or from this state, the tax brackets under subs. (1r) (e) and (2) (o) and (oo) shall  
4           be multiplied by a fraction, the numerator of which is Wisconsin adjusted gross  
5           income and the denominator of which is federal adjusted gross income. In this  
6           paragraph, for married persons filing separately “adjusted gross income” means the  
7           separate adjusted gross income of each spouse, and for married persons filing jointly  
8           “adjusted gross income” means the total adjusted gross income of both spouses. If  
9           an individual and that individual’s spouse are not both domiciled in this state during  
10          the entire taxable year, the tax brackets under subs. (1r) (e) and (2) (o) and (oo) on  
11          a joint return shall be multiplied by a fraction, the numerator of which is their joint  
12          Wisconsin adjusted gross income and the denominator of which is their joint federal  
13          adjusted gross income.

14           **SECTION 29.** 71.06 (4) of the statutes is created to read:

15           71.06 (4) PHASE-IN ADJUSTMENTS. (a) Notwithstanding subs. (1q), (1r), (2), and  
16           (2e), the rates and brackets, as adjusted under sub. (2s), for taxable years beginning  
17           after December 31, 2024, shall not take effect in any taxable year if in the preceding  
18           fiscal year general fund tax collections, as indicated by the department’s preliminary  
19           actual general fund tax collection report, are less than the amount of general fund  
20           tax collections reported for fiscal year 2019-20, multiplied by the percentage change,  
21           if not negative, between the U.S. consumer price index for all urban consumers, U.S.  
22           city average, for the month of August of the previous year and the U.S. consumer  
23           price index for all urban consumers, U.S. city average, for the month of August 2020,  
24           as determined by the federal department of labor.

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1 (b) In any taxable year beginning after December 31, 2024, if in the preceding  
2 fiscal year general fund tax collections, as indicated by the department's preliminary  
3 actual general fund tax collection report, are less than the amount determined under  
4 par. (a), the rates and brackets shall be the rates and brackets in effect for the  
5 previous taxable year, as adjusted under sub. (2s), and the department shall delay  
6 the implementation of the rates and brackets for taxable years beginning after  
7 December 31, 2024, accordingly. For each taxable year beginning after December 31,  
8 2024, the department shall make the determination under par. (a) no later than  
9 September 1 following the close of the preceding fiscal year. If the department  
10 determines that that a reduction in rates, as provided under subs. (1r) and (2) (k) to  
11 (oo), shall take effect for the following taxable year, the department shall shall  
12 update the individual income tax withholding tables under s. 71.64 (9) to reflect the  
13 tax rates, brackets, and sliding scale standard deduction that are in effect on  
14 January 1 of the corresponding taxable year. Rate reductions determined under this  
15 subsection occur successively.

16 **SECTION 30.** 71.125 (1) of the statutes is amended to read:

17 71.125 (1) Except as provided in sub. (2), the tax imposed by this chapter on  
18 individuals and the rates under s. 71.06 (1), (1m), (1n), (1p), (1q), (1r), and (2) shall  
19 apply to the Wisconsin taxable income of estates or trusts, except nuclear  
20 decommissioning trust or reserve funds, and that tax shall be paid by the fiduciary.

21 **SECTION 31.** 71.125 (2) of the statutes is amended to read:

22 71.125 (2) Each electing small business trust, as defined in section 1361 (e) (1)  
23 of the Internal Revenue Code, is subject to tax at the highest rate under s. 71.06 (1),  
24 (1m), (1n), (1p), ~~or (1q)~~, or (1r), whichever taxable year is applicable, on its income

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1 as computed under section 641 of the Internal Revenue Code, as modified by s. 71.05  
2 (6) to (12), (19) and (20).

3 **SECTION 32.** 71.17 (6) of the statutes is amended to read:

4 71.17 (6) FUNERAL TRUSTS. If a qualified funeral trust makes the election under  
5 section 685 of the Internal Revenue Code for federal income tax purposes, that  
6 election applies for purposes of this chapter and each trust shall compute its own tax  
7 and shall apply the rates under s. 71.06 (1), (1m), (1n), (1p), ~~or (1q)~~, or (1r).

8 **SECTION 33.** 71.64 (9) (b) (intro.) of the statutes is amended to read:

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

13 **SECTION 34.** 71.67 (5) (a) of the statutes is amended to read:

14 71.67 (5) (a) *Wager winnings.* A person holding a license to sponsor and  
15 manage races under s. 562.05 (1) (b) or (c) shall withhold from the amount of any  
16 payment of pari-mutuel winnings under s. 562.065 (3) (a) or (3m) (a) an amount  
17 determined by multiplying the amount of the payment by the highest rate applicable  
18 to individuals under s. 71.06 (1) (a) to (c), (1m), (1n), (1p), ~~or (1q)~~, or (1r) if the amount  
19 of the payment is more than \$1,000.

20 **SECTION 35.** 71.67 (5m) of the statutes is amended to read:

21 71.67 (5m) WITHHOLDING FROM PAYMENTS TO PURCHASE ASSIGNMENT OF LOTTERY  
22 PRIZE. A person that purchases an assignment of a lottery prize shall withhold from  
23 the amount of any payment made to purchase the assignment the amount that is  
24 determined by multiplying the amount of the payment by the highest rate applicable  
25 to individuals under s. 71.06 (1) (a) to (c), (1m), (1n), (1p), ~~or (1q)~~, or (1r). Subsection

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1 (5) (b), (c) and (d), as it applies to the amounts withheld under sub. (5) (a), applies  
2 to the amount withheld under this subsection.

3 (END)