

GOVERNOR'S VETO MESSAGE

March 1, 2024

To the Honorable Members of the Assembly:

I am vetoing **Assembly Bill 1021** in its entirety.

This bill expands the current individual income tax subtraction for retirement income to exclude, for claimants 65 or older, payments or distributions from qualified retirement plans and certain individual retirement accounts up to \$75,000, for single filers and married persons filing separately, and up to \$150,000, for married-joint filers, beginning in tax year 2024. The bill would reduce tax collections in fiscal year 2024-25 by \$658.2 million, and \$472.4 million annually thereafter.

I have been proud to sign several income tax cuts during my time in office, including keeping—and, in fact, well exceeding—my promise to provide a ten percent, middle-class tax cut targeted to Wisconsin's working families. During my first term in office, I proudly signed one of the largest tax cuts in Wisconsin state history, which provided \$2 billion in individual income tax relief over the biennium and approximately \$1 billion annually going forward. Through this historic tax cut, combined with the tax cuts I signed during my first year in office alone, 86 percent of Wisconsin taxpayers have seen an income tax cut of 15 percent or more, with 2.4 million taxpayers receiving relief. Through the income tax cuts I have already signed into law during my time in office, Wisconsin taxpayers will see \$1.5 billion in tax relief annually, primarily targeted to the middle class.

Most recently, I also proposed in my 2023-25 biennial budget to provide \$1.2 billion in targeted tax relief to working families, parents, veterans, caregivers, seniors, and student loan borrowers, among others. Unfortunately, Republican members of the Wisconsin State Legislature rejected my proposal, providing little to no justification for their decision to do so.

When we deliver tax relief for the people of Wisconsin—just as we have—it should be real relief aimed at helping Wisconsin's working families afford rising costs, and it should be responsible and sustainable, ensuring we can keep taxes low now and into the future without causing devastating cuts to priorities like public schools and public safety down the road. Republican members of the Wisconsin State Legislature today once again fail to balance these important obligations.

Making sound financial decisions and being prudent with Wisconsin taxpayer dollars remains a top priority and always will for me. I am vetoing this bill

in its entirety because I object to fiscally irresponsible measures that would leave the State of Wisconsin unable to meet its basic obligations to adequately fund education, health care, public safety and aid to local governments in the 2025-27 biennium and beyond. Coupled with companion bills relating to increasing the second bracket income thresholds and the married couple credit, these three bills would reduce revenues by such a margin that it would likely force the state, even with ordinary revenue growth, to partially or fully drain the Budget Stabilization Fund just to provide bare minimum inflationary adjustments to key programs in the 2025-27 biennium.

Moreover, this bill could result in the state having to repay billions of dollars it received under the American Rescue Plan Act of 2021, completely reversing even under the best projected economic circumstances the progress we have made toward improving our state's fiscal condition.

Respectfully submitted,
TONY EVERS
Governor