



# DUEY STROEBEL

STATE REPRESENTATIVE • 60<sup>TH</sup> DISTRICT

## AB 593 Testimony

Chairman Tiffany, thank you for the opportunity to testify today. My name is John Soper and I am testifying here on behalf of Representative Duey Stroebel regarding AB 593. AB 593 came out of the Right the Rules process we in the Assembly undertook this session. The State and Local Finance Committee held committee meetings on many different chapters of the Administrative Code. We spoke with stakeholders, experts and among our fellow committee members to see what could be improved. AB 593 removes two chapters of the Tax code that are obsolete.

Tax Chapter 10 deals with the inheritance tax. As a result of what was colloquially known as the "fiscal cliff" budget deal in 2012, the federal estate tax changed. This change made our inheritance tax rules, which collected an allowed federal credit that was removed from federal law, obsolete. Tax 21 deals with the county tax levy rate limit. This additional form of levy limit that applied to counties was sunset and is no longer applied. The Department of Revenue will testify that both chapters are obsolete.

Obsolete chapters of the Administrative Code should be removed as a matter of good government. Ordinary citizens and businesses should be able to refer to the Administrative Code and presume that what they read is actually law and in force. For the inheritance tax and the county tax levy rate limit this is not currently true. Judging by the many co-sponsors to this bill from both parties, the desire to have a well-functioning government is something on which we can find broad agreement. I urge you to support AB 593. Thank you.



*Scott Walker*  
Governor

*Richard G. Chandler*  
Secretary of Revenue

February 19, 2013

**DOR Testimony in Support of Assembly Bill 593**  
**Senate Committee on Workforce Development, Forestry, Mining, and Revenue**

Chairman Tiffany and members of the Senate Committee on Workforce Development, Forestry, Mining, and Revenue, thank you for the opportunity to testify in favor of Assembly Bill 593.

Assembly Bill 593 repeals obsolete administrative code chapters Tax 10 and Tax 21.

Chapter Tax 10 of DOR administrative code regulates the administration of Wisconsin's inheritance and estate tax. The inheritance tax was imposed directly on property transferred at death and was based on who the beneficiary is, while the estate tax is levied on the net total value of the estate. When repealed in 1987, the Wisconsin inheritance tax identified four classes of beneficiaries (based on relational and familial closeness to the deceased), and the tax rates differed between classes of beneficiaries. Also, the tax used progressive rates based on the size of the inheritance. The inheritance tax also allowed numerous credits and exemptions to be written into the law, while the estate tax contained no similar deductions. Under the inheritance tax, the state may have collected tax dollars in excess of the federal credit, while the estate tax merely reserved to the state an amount equal to the maximum federal credit. However, because the estate and inheritance taxes existed concurrently for several years, the state obtained at least the full value of the federal credit in state tax revenue. The federal credit was annually suspended since the mid-2000s and, as a result, the estate tax in Wisconsin has equaled \$0 for several years. Congress passed the American Taxpayer Relief Act of 2012 and permanently repealed the federal credit. Therefore, Wisconsin's estate tax is now obsolete.

Chapter Tax 21 regulates the administration of the county tax levy rate limit. This limit was permanently sunset in the biennial budget act this session. Therefore, this rule is now obsolete.

DOR supports the repeal of these chapters of administrative code.

Thank you again for the opportunity to discuss AB 593.