



TERRY KATSMAS

STATE REPRESENTATIVE • 26th ASSEMBLY DISTRICT

Phone: (608) 266-0656
Toll-Free: (888) 529-0026
Rep.Katsma@legis.wi.gov

P.O. Box 8952
Madison, WI 53708-8952

Date: October 24, 2019
To: Assembly Committee on Ways and Means
From: Representative Terry Katsma
Re: Assembly Bill 395: repealing obsolete refundable tax credits

Dear Chairman Macco and committee members,

Thank you for convening a hearing on Assembly Bill (AB) 395, which will complete the repeal—began by my predecessors in the Legislature in 2013—of tax credits that may no longer be claimed.

As part of the 2013-15 state budget bill, in an effort to simplify Wisconsin's tax laws, the Legislature sunset seven refundable tax credits: the Meat Processing Facility Investment Credit; the Food Processing and Warehouse Investment Credit; the Film Production Company Investment Credit; the Film Production Services Credit; the Dairy Manufacturing Facility Investment Credit; the Beginning Farmer and Farm Asset Owner Credit; and the Woody Biomass Harvesting and Processing Credit. For the first six of these credits, time has now expired for taxpayers to claim them; for the seventh (the Woody Biomass Harvesting and Processing Credit), the deadline for taxpayers to claim the credit is April 15, 2020. This bill completes the repeal of these seven credits—effective immediately for the first six, and for the Woody Biomass Harvesting and Processing Credit, effective July 1, 2020.

This bill also deletes from the statutes a provision regarding how much money our state may pay to Illinois under income tax reciprocity for Tax Years 1998 and 1999. This provision has been obsolete, but remained in statute, for nearly 20 years.

AB 395 is about eight pages long when printed in size 12 font. But its effect will be to repeal approximately 19 pages of the tiny print—many thousands of words—that comprises our enormous statute books and which has literally zero usefulness any longer for taxpayers or for government. I applaud the efforts of the Legislature in recent years to simplify our tax laws; this bill is one more step in the direction of making taxation smaller, simpler and easier. I am pleased that this proposal has received strong bipartisan support from the start—including a 29-4 vote in favor of passage in the State Senate earlier this month.

Thank you for your time and consideration of AB 395.



HOWARD MARKLEIN

STATE SENATOR • 17TH SENATE DISTRICT

October 24, 2019

Assembly Committee on Ways and Means Testimony on Assembly Bill (AB) 395

Thank you Chairman Macco and committee members for hearing Assembly Bill 395 (AB 395), which deletes 19 pages of statutes relating to obsolete refundable tax credits. Thank you Chairman Macco, Rep. Riemer, Rep. Dittrich, Rep. Kulp, Rep. Ohnstad, Rep. Ramthun, and Rep. Wittke for co-authoring this bipartisan legislation.

The Wisconsin State Statutes are currently 7,689 pages long and are contained in six printed volumes. In an effort to help clean-up the statutes, this bill would remove 19 pages of the statutes by deleting language associated with seven obsolete tax credits and obsolete Illinois income tax reciprocity criteria. It is important to point out that the elimination of these statutes will not impact any claimant eligibility for these credits.

The 2013-2015 state budget sunset seven refundable tax credits with the goal of simplifying the tax code. Six of these tax credits were sunset beginning in tax year 2014 and the seventh sunset beginning in tax year 2015. Generally, taxpayers may file an amended return to claim a credit for up to four years beyond the un-extended due date of the tax year. For six of the seven credits, an eligible claimant could have filed an amended return until April 15, 2018. Corporate filers have additional time to file amended returns and could have done so until April 15, 2019. For the seventh credit, taxpayers have until April 15, 2020 to file an amended return. For this reason, AB 395 would delay the elimination of the language associated with this tax credit until July 1, 2020.

AB 395 repeals the following obsolete refundable tax credits that may no longer be claimed:

1. The Meat Processing Facility Investment Credit
2. The Food Processing and Warehouse Investment Credit
3. The Film Production Company Investment Credit
4. The Film Production Services Credit
5. The Dairy Manufacturing Facility Investment Credit
6. The Beginning Farmer and Farm Asset Owner Credit
7. The Woody Biomass Harvesting and Processing Credit (Repeal date of July 1, 2020)

In addition, this bill repeals the obsolete provisions under current law that limits the amount the state may pay to Illinois under income tax reciprocity for taxable years beginning after December 31, 1997 and before January 1, 2000. This statutory provision has been on the books for nearly 20 years after it no longer applied.

The companion legislation to AB 395, SB 362, was recommended for passage by the Senate Committee on Agriculture, Revenue, and Financial Institutions 9-0 on September 25, 2019 and passed the Senate floor 29-4 on October 8, 2019.

Thank you again to the committee for hearing this proposal and your timely action on the bill.