

My name is Jason Church, and I am a medically retired Army Captain who served on active duty. Raised Wisconsin, I grew up in a military family with my father serving in the U.S. Army reserves while also working at Menomonie's Wal-Mart Distribution Center. I followed his example and entered active duty upon commissioning from UW La Crosse. During my father's time in the service and my own, we maintained Wisconsin as our residency, and continued to pay income tax to Wisconsin during our service. Many states have laws that exempt military personnel from paying state taxes during their service. I believe Wisconsin should join them.

The hardships endured by military families are unique. Often, when a spouse is serving, they are away from family for extended periods. Whether a service member is stateside or deployed, military families are subject to hardships of an absent spouse. Tasks like taking kids to school, grocery shopping, hiring a baby sitter, mowing the lawn, or shoveling snow from the driveway become significantly harder on families when their loved one is away. Allowing military personnel from Wisconsin to retain their salaries while in service helps alleviate the financial pressures faced by their families. For Wisconsinites serving in the National Guard or reserves, this bill demonstrates that we understand the hardships faced by military families, and the stress of transitioning from a civilian job to active military. Future service members will benefit from this bill by having more money in their pocket at home, and my family would have greatly benefited from this law.

Immediately after my injury in combat, the Army Reserves activated my father, and deployed him to Afghanistan. This put a tremendous strain on my family. Not only did my mother need to balance helping me recover from my amputations, but she also had to take

care of my two younger brothers. If this bill had been law in 2013, it would have greatly reduced the financial pressure on my family and remove a significant amount of stress. If enacted, SB 43 will remove this pressure on military families in the future, and demonstrate that the State of Wisconsin honors and supports our men and women in uniform. Thank you for considering this, and I look forward to questions from the committee.

The American Legion,  
Department of Wisconsin  
2930 American Legion Dr.  
Portage WI 53901  
(608) 745-1090  
wilegion.org



Founded on four pillars:

- Veterans Affairs & Rehabilitation
- National Security
  - Americanism
- Children & Youth

*The mission of The American Legion, Department of Wisconsin is to provide service to veterans, their families and their communities.*

## The American Legion, Department of Wisconsin Testimony on SB 43 The Active Duty Fairness Act

Mr. Chair and members of the Committee,

Thank you for holding this hearing on SB 43 The Active Duty Fairness Act. I also want to thank the authors and their staffs for the work they have put into this important proposal.

The American Legion is the largest Veterans Service Organization in the Nation. In Wisconsin, we have over 50,000 members. We have just over a century of advocating for veterans and service members.

This bill will be a benefit to the service members who have listed Wisconsin as their home of record at the time they joined the service.

Over five decades ago I changed my home of record to California and my brother changed his to South Dakota because of Wisconsin tax policy with regard to active duty military members. This only makes sense to the many career military members from Wisconsin. The only tie we had to Wisconsin was a tax bill.

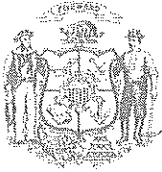
Under current law, if you have changed your home of record and eventually return to Wisconsin you may have a long wait or not be eligible for some state veteran benefits. This is a disincentive for some wanting to return to Wisconsin. Currently Wisconsin business is having difficulty finding labor. We need the service members to return.

With respect to the activated members of the guard and reserve, these citizen soldiers and sailors at times see a decrease in income when activated. This bill will provide those families with a small amount of increased cash when it is needed most.

We thank you for your consideration of this issue and urge you to recommend to the Senate adoption.

Respectfully Submitted,

Paul Fisk  
Legislative Chair  
The American Legion, Department of Wisconsin



# ANDRÉ JACQUE

STATE SENATOR • 1<sup>ST</sup> SENATE DISTRICT

Phone: (608) 266-3312

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Sen.Jacque@legis.wi.gov

State Capitol - P.O. Box 7882

Madison, WI 53707-7882

## *Testimony before the Senate Committee on Financial Institutions and Revenue*

*Senator André Jacque*

*February 4, 2021*

Chairman Kooyenga and Committee Members,

Thank you for holding this hearing on Senate Bill 43, legislation that is critical to strengthening Wisconsin's workforce and respecting the active duty service of our men and women in uniform by exempting military income received by active duty members of the U.S. armed forces and sunsetting the armed forces member tax credit.

Senate Bill 43 brings Wisconsin in line with most of the rest of the country by eliminating state income taxation of active duty military pay for state residents, and at the same time significantly increases our ability to retain and recruit trained military personnel for Wisconsin's workforce needs.

Wisconsin does not tax retirement income from the U.S. military, however it is one of the minority of states that generally imposes income tax on active duty military pay for residents, even if they are stationed out of state or even overseas. Our neighboring states of Illinois, Michigan, Iowa and Minnesota do not collect income tax on active duty military pay.

Regarding state income tax of active duty military pay, nine states do not impose a tax on earned income at all. Among the remaining 41 states:

- 11 states generally do not tax active duty military income for residents.
- 15 other states exempt some active duty military pay from income tax or exempt active duty military pay in specific circumstances.

Under current law, military personnel are able to receive the non-refundable armed forces member tax credit and claim up to \$300 dollars for military income for services performed while on active duty stationed outside the United States, although this definition prevents service members who are on active duty but stationed within the United States from receiving this same tax credit.

This has led to many service members changing their legal address to outside the state of Wisconsin to avoid being taxed while on active duty. After leaving active service, many individuals find it difficult to transition back to civilian life and the workforce within the State of Wisconsin after having officially relocated to a different state.

Senate Bill 43 will sunset the armed forces member tax credit and instead exempt all military income received by an individual during the period they are on active duty in the U.S. armed forces. The economic benefits of keeping veterans in our state should more than make up for any lost revenue, and retaining veterans will both help Wisconsin fill thousands of open jobs and honor the service of those who put their lives on the line to defend our freedom.

Thank you for your consideration of Senate Bill 43.



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# JAMES W. EDMING

STATE REPRESENTATIVE • 87<sup>TH</sup> ASSEMBLY DISTRICT

**Testimony in Support of Senate Bill 43**  
*Senate Committee on Financial Institutions and Revenue*  
February 4, 2021

Mr. Chairman and committee members, thank you for holding this public hearing today for Senate Bill (SB) 43. I would like to thank Senator Jacque for working with me on this important legislation.

Under current law, of the 41 states that have a state income tax, Wisconsin is 1 of only 15 states that have no income tax exemption for active duty pay. 11 states, including our neighbors in Illinois, Iowa, Michigan, and Minnesota, do not tax active duty military pay at all. The remaining 15 states either exempt some active duty pay or all active duty pay in certain circumstances such as being stationed outside of the state.

Because Wisconsin is in the minority of states that provide no income tax exemption for active duty pay, many Wisconsin service members change their legal residence to a more tax friendly state while they are stationed out of the state. However, when these folks transition back to civilian life, it is more difficult for them to reestablish themselves in Wisconsin after they have officially relocated to another state.

SB 43 sunsets the armed forces member tax credit and instead exempts active duty military pay from state income tax, bringing Wisconsin in line with our neighboring states. By providing this exemption we are not only saying thank you to those who are willing to serve our nation in the armed forces, we are also making it more likely that our servicemen and women will return home when they complete their military service by encouraging them to keep their legal residence in Wisconsin.

Mr. Chairman and members, I ask for your support of this legislation and thank you again for the opportunity to testify before you today.

## Senate Bill 43 Hearing Testimony

4 February 2021

My name is Dan Zimmerman. I am the 10<sup>th</sup> Secretary of the Wisconsin Department of Veterans Affairs and a retired Army officer with 38 years of service with the U.S. military -- 25 years of Army service worldwide and another 13 in direct support of the Army National Guard nationwide. I very much wished to testify in person today, but the weather had different ideas.

I wholeheartedly support SB 43. It is one of those actions in support of our servicemembers and their families that is long overdue yet very simple to do, as evidenced by the bill's text.

Although I grew up in the Milwaukee area, I spent much of my adult life out of state and often overseas in the military. Shortly after joining the military, I received a hefty Wisconsin state income tax bill even though I wasn't living in the state and consuming its services. There I was in West Germany, staring at the Soviets across the border. We were little more than a speed bump if the Soviets decided to attack. Yet the state of Wisconsin demanded I pay up. I thought that was quite a slap in the face.

I asked around. Many of my fellow Soldiers weren't paying any state tax because their states honored their willingness to serve by exempting them. My first opportunity thereafter, when I was re-assigned to Arizona, I changed my residency to Arizona and cut my tax bill by two-thirds. Shortly after that in 1993, upon moving to Washington State, where my pay was tax free, I again changed my residency. From that point forward, I was a Washington State resident until I retired in 2008.

Early in my career, I had no intention of returning to Wisconsin because, at the time, Wisconsin was taxing my pay and military retirements, property taxes were double and triple what they were in many other states, and Wisconsin had few opportunities for an aging Army officer with family. Wisconsin began fixing the incentive piece in the 1990s by no longer taxing military retirements and creating a slew of other Veteran-friendly programs like property tax exemptions for the 100% service-connected disabled and the Wisconsin GI Bill that incentivized resident and non-resident Veterans alike to settle in Wisconsin and raise families. Because of those incentives and the gratitude and respect that such efforts convey to servicemembers, we decided to retire here after all.

Governor Walker and I often touted Wisconsin's leadership among states regarding Veterans benefits and incentives. We offer 23 of the 26 benefits and incentives that the National Association of State Directors of Veterans Affairs (NADVA) tracks. Wisconsin remains literally #1 of the 50 states. Achieving that success and maintaining it has always been bipartisan. Through hard work and the cooperative effort of Democrats and Republicans in the legislature and governor's office, we lead the nation. I greatly appreciated the support I received from both sides in pursuit of caring for our Veterans.

But one item we continue to lag on is the taxation of active duty military pay. In 2018, when I last inventoried all 50 states on the issue, there were 28 that did not tax military pay (full disclosure -- seven of those states have no income tax for anyone). At that time, there were another eight states with bills near passage to exempt military pay from taxation. I don't know what the overall tax exempt number is today, but I feel safe saying its likely near 35 states now.

## Senate Bill 43 Hearing Testimony

4 February 2021

In Summer 2018, my deputy secretary worked with the Department of Revenue to put a price tag on such an active duty pay tax exemption. What we found was that reliable estimates were hard to determine because it was very difficult to identify what military compensation was from active duty pay. But if memory serves correctly, a reasonable estimate was around \$10 million a year. That might be sticker shock to some, but the message that an active duty military pay tax exemption sends not only to those currently serving but also to those considering serving full time or in the Reserve or Guard is a very positive one. It says “thank you for your service” with a monetary kicker attached to the normal handshake.

During my tenure as secretary, we had identified hundreds of Wisconsin businesses with thousands of excellent, well-paying jobs statewide who were killing to get military talent to fill them. We had so many requests that we joined with WEDC and others to form the Talent Attraction program. A key selling point to get those currently serving from Wisconsin to return home and to get those who had never been in Wisconsin to settle here was how we care for servicemembers while they’re serving and how we support them and their families after their service. What we do to support our servicemembers is tangible and compelling. Passage of this bill would add one more arrow to the quiver.

The active duty pay exemption is one very loud way to signify our gratitude for all those who serve. I look forward to this bill’s swift passage hopefully with overwhelming bipartisan support.

Thank you for your consideration.

Dan Zimmerman  
Ripon, WI





**DALE KOOYENGA**  
STATE SENATOR · 5<sup>TH</sup> DISTRICT

State Capitol · P.O. Box 7882 · Madison, WI 53707-7882 · (608) 266-2512

February 4, 2021

TO: Members of the Senate Committee on Financial Institutions and Revenue  
FR: Senator Dale Kooyenga  
RE: Senate Bill 58

Fellow committee members, thank you for hearing Senate Bill 58.

Most of the discussion over the past few weeks has centered on tax exemptions for forgiven portions of PPP loans. While I support helping struggling businesses during this difficult time, I believe we should also be helping our neighbors, friends and community members who are struggling to get by.

The legislation before you eliminates the second lowest tax bracket and provides taxpayers with a \$260 million dollar tax cut by simply rolling the second lowest tax bracket into the bottom tax bracket.

This tax cut will save the average Wisconsin family \$175 on an annual basis and \$350 over the biennium. For the average worker making \$15 dollars an hour, this means that individual will be able to keep an additional 12 hours of pay in their pocket that would have otherwise gone to the government.

Wisconsin has what is considered a progressive tax code. This means that as your income grows you can be taxed at four different percentages, each higher than the last, based on income.

The following figures represent how income is taxed and at what percent for a taxpayer filing as single:

- Income \$0 - \$11,970 taxed at 3.54%
- Income \$11,970 - \$23,930 taxed at 4.65%
- Income \$23,930 - \$263,480 taxed at 6.27%
- Income \$263,480 + taxed at 7.65%

Under this proposal the new tax bracket would appear as follows:

- Income \$0 – 24,250 taxed at 3.54%
- Income \$24,250 - \$266,930 taxed at 6.27%
- Income \$266,930 + taxed at 7.65%

NOTE: the updated table above was provided by Fiscal Bureau.

With many families still suffering the devastating effects caused by the coronavirus, now is the perfect time to reduce taxes and put more dollars into the hands of hardworking taxpayers in Wisconsin.





February 4, 2021

Dear Members of the Senate Committee on Financial Institutions and Revenue,

Thank you for the opportunity to provide testimony in support of Senate Bill 58, which will take an important step in reducing the income tax burden on Wisconsinites. On behalf of more than 130,000 Americans for Prosperity – Wisconsin activists, I strongly encourage this committee to support tax relief in Senate Bill 58.

Years of pro-growth policies, including a cumulative \$13 billion in tax relief and providing needed oversight of burdensome regulations have brought us to this point where our state once again has a budgetary surplus, and we can responsibly lower income taxes for nearly all Wisconsinites. These pro-growth policies work for Wisconsinites and our economy, and we should continue these efforts through Senate Bill 58.

Americans for Prosperity – Wisconsin supports the efforts by Senators Kooyenga and Stroebel in Senate Bill 58 to continue these fiscally responsible policies and return some of the surplus to taxpayers by eliminating the second bracket of the personal income tax. The legislature should work to pass this legislation quickly to ensure needed tax relief is provided to Wisconsinites, especially as our economy continues to recover from the impacts of COVID-19 and government mandated shutdowns.

Despite the work and pro-growth policies over the last decade to lower the tax burden in Wisconsin, our income tax rates are still the 13<sup>th</sup> highest in the nation<sup>1</sup> and outpace many of our neighboring states<sup>2</sup>. Meanwhile, states with lower, flatter taxes or no income tax at all continue to see massive net migration of individuals leaving high-tax states.<sup>3</sup> Wisconsin must work to continue to improve our tax climate, including the relief provided in Senate Bill 58.

With continued steps towards a flat tax in Wisconsin, we can reap the benefits including net in-migration of new families and college graduates looking for economic opportunity, countless new businesses and innovation, and keeping more of our retirees in-state. Wisconsin is already a great place to live, but taking steps towards a flat tax, like the elimination of the second income tax bracket in Senate Bill 58, will only serve to improve our great state.

Thank you, Chairman Kooyenga and members of the Committee on Financial Institutions and Revenue for the opportunity to provide this testimony in support of Senate Bill 58 on behalf of thousands of grassroots activists across the entire state.

Sincerely,

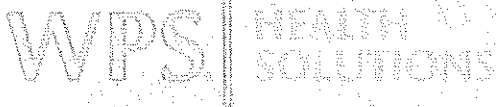
Megan Novak  
Legislative Director  
Americans for Prosperity – Wisconsin

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<sup>1</sup> <https://taxfoundation.org/best-worst-state-income-tax-codes-2021/>

<sup>2</sup> <https://taxfoundation.org/state-individual-income-tax-rates-and-brackets-for-2020/>

<sup>3</sup> <https://www.cato.org/sites/cato.org/files/pubs/pdf/tbb-84-revised.pdf>



Wisconsin Physicians Service Insurance Corporation  
1717 W. Broadway - P.O. Box 8190 - Madison, WI 53708  
608-777-5000

**To: Committee on Financial Institutions and Revenue**  
**From: Timothy La Sage; First Sergeant USMC (ret), WPS Health Solution Military Affairs Manager**  
**SUBJ: Senate Bill 43 and Senate Bill 58**  
**Date: 03 FEB 2021**

This testimony is in favor of excluding military pay from being taxable. There are many options to serve. Some are in the Reserves and Guard forces and some are active duty. There are options between those as well and some are taxable, and some are not. The confusing differences with these elements of serving are not needed.

Our military makes up less than 1% of our nation. We are rapidly decreasing from WWII to Vietnam to present day. With activated reservists being taxed when other reservists are not, we are penalizing our military unfairly. I am a former active-duty military member that lived off the WIC system and made far less than minimum wage. The real reason I support these bills are based on my time leading the Marine reserve unit based in Madison, Wisconsin. These Marines are all careerists, students, and also reserve military members. Their work weeks are usually 17 days long. They conduct all the states color guards; to include supporting professional sports as the swearing in of our own states' representatives. They also conduct all military honors for funerals of our deceased military members. These military members work well past their weekend and are not compensated for that time and effort.

When talking about military service; I have told many people that I cannot describe it to you and you cannot understand it no matter how hard you try, to no fault of either party. Being considerate of Wisconsin and being a taxpayer, I would gladly absorb the weight of our next generations serving military taxes.

Respectfully,

A handwritten signature in black ink, appearing to read 'Timothy La Sage', written in a cursive style.

Timothy La Sage  
WPS Health Solutions Military Affairs Manager  
First Sergeant, U.S. Marine Corps (ret)