



HOWARD MARKLEIN

STATE SENATOR • 17TH SENATE DISTRICT

October 14, 2021

Senate Committee on Financial Institutions and Revenue Testimony on Senate Bill (SB) 571

Good morning!

Thank you Chair Kooyenga and committee members for holding a public hearing on Senate Bill 571 (SB 571), which eliminates six obsolete tax credits from state statutes. Thank you Senators Kooyenga and Ringhand for co-authoring this bipartisan legislation.

The current number of pages in Wisconsin State Statutes stands at 7,749 pages long and are contained in six printed volumes which are printed every two years. In an effort to keep an orderly and updated set of statutes, SB 571 would remove 14-pages of state statutes by eliminating language associated with six obsolete tax credits. The repeal of these six tax credits contained in SB 571 will not impact any claimant's eligibility for these credits.

Through prior acts of the Wisconsin State Legislature, these six tax credits were sunset for prior years and therefore are no longer eligible to be claimed by a taxpayer. Moreover, the goal of this bill is to not only clean-up and update state statutes, but to also provide clarity to taxpayers. Generally, a taxpayer may amend a tax return from a prior year and claim a tax credit within four years of the unextended due date. After this date, a taxpayer can no longer amend a tax return to claim the credit but the credit still remains in state statute. SB 571 would eliminate the confusion for taxpayers who currently read these obsolete tax credits in statutes but are nevertheless ineligible to claim them.

SB 571 repeals the following obsolete tax credits that may no longer be claimed:

1. The Farmland Tax Relief Credit (*sunset in 2009*)
2. The Airport Development Zones Credit (*sunset in 2009*)
3. The Personal Exemptions for Natural Persons Credit (*sunset in 2000*)
4. The Relocated Business Credit (*sunset in 2013*)
5. The Community Development Finance Credit (*sunset in 2013*)
6. The Earned Income Tax Credit (EITC) (*sunset in 1993, 1994, 1995 and 2010*)

Finally, I would like to note that the Department of Revenue is in support of this bipartisan legislation and the elimination of these six obsolete tax credits.

Thank you again to the committee for hearing SB 571 and your timely action on this bill.



TERRY KATSMAS

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Date: October 14, 2021
To: Senate Committee on Financial Institutions and Revenue
From: Representative Terry Katsma
Re: Senate Bill 571: repealing obsolete tax credits

Dear Chairman Kooyenga and committee members,

Thank you for convening a hearing on Senate Bill (SB) 571, which will complete the repeals—begun by my predecessors in the Legislature over a period of years between 1993 and 2013—of several tax credits that are no longer useful to any taxpayers.

Typically, when the Legislature decides to delete an existing tax credit from the statutes, the Legislature effects that decision by specifying a date after which tax filers may no longer claim that credit. The reason for legislating this way—“sunsetting” the relevant language rather than simply repealing the language right away—is because, at any given moment, some taxpayers may lawfully file or amend a tax return for some years into the future, and it is therefore necessary for the authorizing language and/or appropriations to remain in the statutes until all possible claims have been filed. But unless a future Legislature acts again in a future year, the obsolete language remains in the statute books indefinitely—and unnecessarily.

Earlier this year, the Legislative Fiscal Bureau identified six tax credits that previous Legislatures sunset and for which it is no longer possible for any taxpayers to claim, even retroactively:

1. the Farmland Tax Relief Credit (sunset in 2009);
2. the Airport Development Zones Credit (sunset in 2009);
3. the Personal Exemptions for Natural Persons Credit (sunset in 2000);
4. the Relocated Business Credit (sunset in 2013);
5. the Community Development Finance Credit (sunset in 2013); and
6. previous iterations of the state Earned Income Tax Credit (EITC) that were sunset in 1993, 1994, 1995, and 2010. (Note that this bill has no effect on the size of the EITC credit or eligibility for the EITC credit that is available to present-day taxpayers.)

SB 571 finishes the repeal of approximately 14 pages of the tiny print comprising our enormous statute books—many thousands of words—but which have already been rendered obsolete by more recent legislation. These obsolete provisions have 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.

Thank you for your time and consideration of SB 571.