

DEPARTMENT OF REVENUE

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY25 Adjusted Base	FY26 Recommended	% Change Over FY25	FY27 Recommended	% Change Over FY26
GPR	212,334,600	215,933,800	1.7	214,747,100	-0.5
PR-S	7,987,100	8,440,000	5.7	8,484,900	0.5
PR-O	15,428,700	19,325,200	25.3	19,780,800	2.4
SEG-O	25,656,300	26,244,000	2.3	26,271,300	0.1
TOTAL	261,406,700	269,943,000	3.3	269,284,100	-0.2

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY25 Adjusted Base	FY26 Recommended	FTE Change Over FY25	FY27 Recommended	FTE Change Over FY26
GPR	950.15	962.90	12.75	962.90	0.00
PR-S	7.70	12.20	4.50	12.20	0.00
PR-O	124.30	152.55	28.25	152.55	0.00
SEG-O	102.65	103.65	1.00	103.65	0.00
TOTAL	1,184.80	1,231.30	46.50	1,231.30	0.00

AGENCY DESCRIPTION

The department is headed by a secretary who is appointed by the Governor with the advice and consent of the Senate. The department advises the Governor and Legislature on tax policy; administers the state's tax laws, alcohol beverage laws, lottery and unclaimed property program; distributes property tax relief and local unrestricted aid payments; and oversees general administration of the property tax system. The department's activities are organized into the following five major program areas:

- The Division of Income, Sales and Excise Tax collects taxes through accepting tax payments and processing tax returns, enforces tax laws and collects taxes through audit and compliance activities, provides taxpayer assistance, conducts criminal investigations, and administers the state's debt collection and unclaimed property programs;
- The Division of State and Local Finance administers state policy and programs affecting local government finance and the state's property tax system, including establishing equalized values, supervising general administration of the local property tax, and assessing the value of manufacturing property statewide;
- The Lottery Division administers the lottery program that provides funding for the property tax credit;

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- The Division of Alcohol Beverages administers Wisconsin's alcohol beverage laws and regulations, promotes consistent and simple alcohol beverage regulatory requirements, and ensures active, transparent and consistent enforcement of alcohol beverage laws; and
- The administrative services area includes the Secretary's Office, Office of General Counsel, Division of Enterprise Services, Division of Technology Services, and Division of Research and Policy, which provide the Executive Office and Legislature with detailed analyses of revenue and tax policy options.

The tax programs administered by the department provide revenue for the state's general fund and other segregated funds. In addition, programs administered by the department provide revenue to counties and local tax districts. The department also administers the homestead, farmland preservation, earned income and other credits, which are paid to eligible applicants from the general fund.

MISSION

Strengthen Wisconsin through fair tax and lottery administration while educating and serving the public, our customers and communities.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Note: Goals, objectives and activities have been revised.

Program 1: Collection of Taxes

Goal: Ensure accountability through enforcement of tax laws.

Objective/Activity: Delinquent tax collections per fiscal year.

Objective/Activity: Collect debts owed to state agencies, courts, the Legislature, state authorities and local units of government (Statewide Debt Collection Program).

Objective/Activity: Use analytics to detect and prevent fraudulent returns or credits, including corrections to amount claimed for Earned Income Tax and Homestead credits.

Objective/Activity: Enforcement cost per dollar collected.

Goal: Promote efficiency and integrity.

Objective/Activity: Growth in individual income, corporate franchise/income and sales/use tax returns received electronically.

Objective/Activity: Average processing time for tax returns.

Goal: Provide excellent customer service.

Objective/Activity: Average hold time and answer rate for customer service call centers.

Objective/Activity: Department employees are considered professional and knowledgeable by customers.

Goal: Enforce alcohol beverage regulation.

Objective/Activity: Require enforcement agents to meet case completion standards annually.

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Goal: Process alcohol permit applications efficiently.

Objective/Activity: Meet established permit application review standards and processing deadlines.

Program 2: State and Local Finance

Goal: Ensure equitable tax compliance, collection and property valuation.

Objective/Activity: Detect and prevent incorrect real estate transfer fee exemptions claimed, including corrections during audit to the amount claimed (fiscal year dollar amount assessed).

Objective/Activity: Minimize the number of local governments not electronically filing the Municipal Financial Report on a timely basis.

Objective/Activity: Maintain a passing percentage of 60 percent for assessor certification exams.

Program 3: Administrative Services and Space Rental

Goal: Maintain a positive work environment.

Objective/Activity: Percentage of target group members in agency workforce.

Program 4: Unclaimed Property Program

Goal: Promote efficiency and integrity.

Objective/Activity: Process unclaimed property claims within 90-day statutory limit.

Program 8: Lottery

Goal: Achieve the highest possible revenue for property tax relief by offering entertaining and socially responsible games, while ensuring integrity and public trust.

Objective/Activity: Increase the amount available for property tax relief over the prior year.

PERFORMANCE MEASURES

2023 AND 2024 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2023	Actual 2023	Goal 2024	Actual 2024
1.	Collection of delinquent taxes.	\$362 million	\$333.7 million	\$362 million	\$336.3 million
1.	Enforcement cost per dollar impact.	\$0.08	\$0.0711	\$0.08	\$0.0774
1.	Fraudulent returns stopped, incorrect refunds/credits reduced or denied.	\$55 million	\$357.4 million	\$55 million	\$296.9 million
1.	Statewide debt collection program.	\$67 million	\$59.8 million	\$67 million	\$62.5 million
1.	Percentage of individual income (II), sales tax (ST) and corporate (C) returns received electronically.	91% (II) 96% (ST) 90% (C)	92% (II) 98% (ST) 85% (C)	91% (II) 96% (ST) 90% (C)	94% (II) 98% (ST) 94% (C)

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Prog. No.	Performance Measure	Goal 2023	Actual 2023	Goal 2024	Actual 2024
1.	Taxpayer survey results (percentage of customers who rate customer service agents as professional and knowledgeable).	98% professional 98% knowledgeable	99.4% professional 99.2 % knowledgeable	98% professional 98% knowledgeable	99.4% professional 99.3% knowledgeable
1.	Average processing time for individual income tax returns.	8 days	4.2 days	8 days	4.3 days
1.	Average hold time/answer rate for customer service call center.	90 second hold time 97.8% answer rate	71 second hold time 99.53% answer rate	90 second hold time 97.8% answer rate	56 second hold time 99.60% answer rate
2.	Dollar amounts assessed from real estate transfer fee audits.	\$750,000	\$920,367	\$787,500	\$557,131
2.	Number of local governments not timely electronically filing the Municipal Financial Report.	10	15	10	24
2.	Percent of assessors passing certification exams on first attempt.	60%	47%	60%	58%
3.	Percentage of target group members in agency workforce.	20%	20.8%	20%	21.5%
4.	Average number of days to process unclaimed property claims. ¹	90 days	36 days	90 days	88 days
8.	Percent change in funds distributed for property tax relief from prior year.	1%	43.97%	1%	-6.04%

Note: Based on fiscal year.

¹Reflects an updated measure of the unclaimed property goal based on average processing time rather than percentage of claims completed within 90 days.

2025, 2026 AND 2027 GOALS

Prog. No.	Performance Measure	Goal 2025¹	Goal 2026	Goal 2027
1.	Delinquent tax collections.	\$346 million	\$346 million	\$346 million
1.	Enforcement cost per dollar impact.	\$0.08	\$0.08	\$0.08
1.	Fraudulent returns stopped, incorrect refunds/credits reduced or denied.	\$69.5 million	\$69.5 million	\$69.5 million
1.	Statewide debt collection program.	\$60 million	\$60 million	\$60 million
1.	Percentage of individual income (II) sales tax (ST) and corporate (C) returns received electronically.	92% (II) 97% (ST) 90% (C)	92% (II) 97% (ST) 90% (C)	92% (II) 97% (ST) 90% (C)

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Prog. No.	Performance Measure	Goal 2025 ¹	Goal 2026	Goal 2027
1.	Taxpayer survey results (percentage of customers who rate customer service agents as professional and knowledgeable).	98% professional 98% knowledgeable	98% professional 98% knowledgeable	98% professional 98% knowledgeable
1.	Average processing time for individual income tax returns.	4 days	4 days	4 days
1.	Average hold time/answer rate for customer service call center.	90 second hold time 97.8% answer rate	90 second hold time 97.8% answer rate	90 second hold time 97.8% answer rate
1.	Closed cases per alcohol enforcement agent annually. ²	75	75	75
1.	Permit application cycle time for alcohol permits requiring inspection and alcohol permits not requiring inspection. ²	16 days (inspection) 8 days (no inspection)	16 days (inspection) 8 days (no inspection)	16 days (inspection) 8 days (no inspection)
2.	Real estate transfer fee audits completed. ³	750	900	1,200
2.	Dollar amounts assessed from real estate transfer fee audits.	\$750,000	\$750,000	\$750,000
2.	Number of local governments not timely filing the Municipal Financial Report. ⁴	10	10	10
2.	Percentage of assessors passing certification exams on first attempt. ⁵	60%	60%	60%
3.	Percentage of target group members in agency workforce.	20%	22%	22%
4.	Average number of days to process unclaimed property claims.	90 days	90 days	90 days
8.	Percent change in funds distributed for property tax relief from prior year.	1%	1%	1%

Note: Based on fiscal year.

¹Some goals for 2025 have been revised.

²Reflects a new performance measure and associated goals for the upcoming biennium. The Division of Alcohol Beverages was created by 2023 Wisconsin Act 73.

³Reflects a new performance measure and associated goals for the upcoming biennium. Previous budgets had only measured total dollars collected and did not consider the number of audits completed.

⁴Reflects a revised performance measure and associated goals for the upcoming biennium. This goal now only measures "timely" filing of reports compared to the previous standard of "timely electronically" filing.

⁵Reflects a revised performance measure and associated goals for the upcoming biennium. This was formerly a measure of "percent" and is now "percentage," as the goal refers to an approximation rather than an exact measurement.

DEPARTMENT OF REVENUE

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Personal Exemption Increase
2. Homestead Credit Renaming to Property Tax and Rent Rebate, Expansion and Indexing
3. Sales Tax Exemption for Over-the-Counter Medications
4. Sales Tax Exemption for Residential Electricity and Natural Gas
5. Income Tax Exemption for Cash Tips
6. Earned Income Tax Credit Expansion
7. Veterans and Surviving Spouses Property Tax Credit Eligibility
8. Veterans and Surviving Spouses Property Tax Credit for Renters
9. High-Earner Income Tax Bracket
10. Manufacturing Credit Limitation
11. Capital Gains Exclusion Limitation
12. Internal Revenue Code Update
13. Marijuana Legalization
14. Private School Tuition Subtraction Limitation
15. Disability Income Subtraction Increase
16. Adoption Expenses Deduction Increase
17. Film Production Tax Credits
18. Deductibility of Labor Organization Dues
19. Research Credit Expansion for Nuclear Research
20. Flood Insurance Premiums Credit
21. Universal Changing Stations Tax Credit
22. State Housing Tax Credit Increase
23. Business Development Tax Credit Workforce Housing Modifications
24. Dividends Received Deduction Limitation
25. Easy Enrollment Program
26. Catastrophe Savings Accounts
27. Interactive Effects of Tax Reforms
28. Property Tax Exemption for Telecom and Communication Towers
29. Assessment of Pipelines
30. Sales Tax Exemption for Diapers, Feminine Hygiene Products and Adult Incontinence Products
31. Sales Tax Exemption for Breastfeeding Equipment
32. Sales Tax Exemption for Gun Safes, Trigger Locks and Gun Barrel Locks
33. Sales Tax Exemption for Battery Storage for Renewable Energy Systems
34. Sales Tax Exemption for Prairie or Wetland Planning Services
35. Elimination of the Farm-Raised Deer Sales Tax Exemption
36. E-Cigarette Excise Tax
37. Excise Tax on Little Cigars
38. Division of Alcohol Beverages
39. Convert Revenue Agent Project Positions to Permanent Positions
40. Gaming Regulation and Enforcement
41. Sustaining Department Operations
42. Unclaimed Property Program Positions
43. Manufacturing Property Assessment Specialists
44. Convert State and Local Finance Project Positions to Permanent Positions
45. County and Municipal Sales Tax Authority Administrative Costs

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- 46. State and Local Debt Collection Positions
- 47. Lottery Customer Service Staff
- 48. Lottery Sum Sufficient Adjustments
- 49. Utility Taxes Certified Mail
- 50. Manufacturing Charge to Local Governments
- 51. Wine Sales in Public Parks
- 52. Standard Budget Adjustments

ITEMS NOT APPROVED

- 53. Municipal Sales Tax Enforcement
- 54. Lottery Investigator Vehicles

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**Table 1
Department Budget Summary by Funding Source (in thousands of dollars)**

	ACTUAL FY24	ADJUSTED BASE FY25	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY26	FY27	FY26	FY27
GENERAL PURPOSE REVENUE	\$210,076.1	\$212,334.6	\$217,011.7	\$217,017.6	\$215,933.8	\$214,747.1
State Operations	210,076.1	212,334.6	217,011.7	217,017.6	215,933.8	214,747.1
PROGRAM REVENUE (2)	\$18,750.5	\$23,415.8	\$25,004.7	\$25,181.5	\$27,765.2	\$28,265.7
State Operations	18,750.5	23,415.8	25,004.7	25,181.5	27,765.2	28,265.7
SEGREGATED REVENUE (3)	\$22,574.8	\$25,656.3	\$26,298.0	\$26,303.3	\$26,244.0	\$26,271.3
State Operations	22,574.8	25,656.3	26,298.0	26,303.3	26,244.0	26,271.3
TOTALS - ANNUAL	\$251,401.4	\$261,406.7	\$268,314.4	\$268,502.4	\$269,943.0	\$269,284.1
State Operations	251,401.4	261,406.7	268,314.4	268,502.4	269,943.0	269,284.1

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

**Table 2
Department Position Summary by Funding Source (in FTE positions)**

	ADJUSTED BASE FY25	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY26	FY27	FY26	FY27
GENERAL PURPOSE REVENUE	950.15	952.15	952.15	962.90	962.90
State Operations	950.15	952.15	952.15	962.90	962.90
PROGRAM REVENUE (2)	132.00	147.50	147.50	164.75	164.75
State Operations	132.00	147.50	147.50	164.75	164.75
SEGREGATED REVENUE (3)	102.65	102.65	102.65	103.65	103.65
State Operations	102.65	102.65	102.65	103.65	103.65
TOTALS - ANNUAL	1,184.80	1,202.30	1,202.30	1,231.30	1,231.30
State Operations	1,184.80	1,202.30	1,202.30	1,231.30	1,231.30

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

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**Table 3
Department Budget Summary by Program (in thousands of dollars)**

	ACTUAL FY24	ADJUSTED BASE FY25	AGENCY REQUEST FY26	AGENCY REQUEST FY27	GOVERNOR'S RECOMMENDATION FY26	GOVERNOR'S RECOMMENDATION FY27
1. Collection of taxes	\$88,461.7	\$92,747.4	\$94,954.2	\$95,086.6	\$95,953.8	\$94,931.4
2. State and local finance	\$13,593.0	\$14,627.8	\$15,514.0	\$15,515.1	\$15,827.2	\$15,885.5
3. Administrative services and space rental	\$38,656.3	\$40,028.6	\$42,881.0	\$42,886.9	\$43,144.4	\$43,218.0
4. Unclaimed property program	\$2,011.1	\$3,923.0	\$4,189.0	\$4,237.5	\$4,189.0	\$4,237.5
8. Lottery	\$108,679.3	\$110,079.9	\$110,776.2	\$110,776.3	\$107,352.8	\$107,374.9
9. Division of alcohol beverages	\$0.0	\$0.0	\$0.0	\$0.0	\$3,475.8	\$3,636.8
TOTALS	\$251,401.4	\$261,406.7	\$268,314.4	\$268,502.4	\$269,943.0	\$269,284.1

**Table 4
Department Position Summary by Program (in FTE positions)**

	ADJUSTED BASE FY25	AGENCY REQUEST FY26	AGENCY REQUEST FY27	GOVERNOR'S RECOMMENDATION FY26	GOVERNOR'S RECOMMENDATION FY27
1. Collection of taxes	828.60	841.60	841.60	836.60	836.60
2. State and local finance	116.00	118.00	118.00	122.00	122.00
3. Administrative services and space rental	162.35	162.35	162.35	166.35	166.35
4. Unclaimed property program	5.95	8.45	8.45	8.45	8.45
8. Lottery	71.90	71.90	71.90	72.90	72.90
9. Division of alcohol beverages	0.00	0.00	0.00	25.00	25.00
TOTALS	1,184.80	1,202.30	1,202.30	1,231.30	1,231.30

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1. Personal Exemption Increase

The Governor recommends increasing the personal exemption under the Wisconsin individual income tax from \$700 to \$1,200 beginning with tax year 2025. The fiscal effect is a reduction in individual income tax revenues of \$112.4 million in FY26 and \$113.5 million in FY27.

2. Homestead Credit Renaming to Property Tax and Rent Rebate, Expansion and Indexing

The Governor recommends renaming the homestead tax credit to the property tax and rent rebate program beginning with tax year 2026 to better align the name of the credit with the credit's benefits to Wisconsin property taxpayers and those incurring property tax incidence through their rent payments. The Governor also recommends increasing the maximum income threshold for the property tax and rent rebate program to \$37,500 and the beginning of the phase-out threshold to \$19,000 beginning with tax year 2025, affecting filers in 2026. The Governor further recommends indexing the parameters of the property tax and rent rebate for inflation beginning with tax year 2026 to preserve the credit's value against inflationary pressures. See Shared Revenue and Tax Relief, Item #5.

3. Sales Tax Exemption for Over-the-Counter Medications

The Governor recommends creating a sales and use tax exemption for over-the-counter medications. The fiscal impact is an estimated reduction in tax revenue of \$29.8 million in FY26 and \$40.8 million in FY27.

4. Sales Tax Exemption for Residential Electricity and Natural Gas

The Governor recommends expanding the sales and use tax exemption on electricity and natural gas sold for residential use to include the months of May through October. Electricity and natural gas sold for residential use is already exempt from the state sales tax from November through April. The fiscal impact is an estimated reduction in tax revenue of \$49.7 million in FY26 and \$105.9 million in FY27.

5. Income Tax Exemption for Cash Tips

The Governor recommends exempting cash tips from the individual income tax beginning with tax year 2025. The fiscal impact of this provision is an estimated reduction in income tax revenue of \$6.7 million in FY26 and \$6.9 million in FY27.

6. Earned Income Tax Credit Expansion

The Governor recommends increasing the percentage of the federal earned income tax credit Wisconsin provides from 4 percent to 16 percent for filers with one qualifying child and from 11 percent to 25 percent for filers with two qualifying children beginning with tax year 2025. See Shared Revenue and Tax Relief, Item #6.

7. Veterans and Surviving Spouses Property Tax Credit Eligibility

The Governor recommends expanding eligibility under the veterans and surviving spouses property tax credit to allow those with disability ratings of 70 percent or greater to claim the credit beginning with tax year 2025. For those with disability ratings between 70 percent and the current law disability rating requirement of 100 percent, the credit amount available will be multiplied by the claimant's disability rating. See Shared Revenue and Tax Relief, Item #8.

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8. Veterans and Surviving Spouses Property Tax Credit for Renters

The Governor recommends expanding the veterans and surviving spouses property tax credit to include renters with a credit rate of 20 percent of rent when heat is included and 25 percent when heat is not included. See Shared Revenue and Tax Relief, Item #9.

9. High-Earner Income Tax Bracket

The Governor recommends creating a new individual income tax bracket with a marginal rate of 9.8 percent on taxable income above \$1 million for single and married-joint filers and \$500,000 for married-separate filers beginning with tax year 2025. The fiscal impact is an estimated increase in tax revenue of \$719.3 million in FY26 and \$578.4 million in FY27.

10. Manufacturing Credit Limitation

The Governor recommends limiting the amount of qualified production activities income that may be claimed by manufacturing firms under the manufacturing and agriculture credit to \$300,000 per tax year. The Governor also recommends leaving the agricultural portion of the credit unchanged compared to current law. The fiscal impact is an estimated increase in tax revenue of \$418.5 million in FY26 and \$373.8 million in FY27.

11. Capital Gains Exclusion Limitation

The Governor recommends preserving the current law 30 percent long-term capital gains exclusion for single filers with federal adjusted gross income below \$400,000 and below \$533,000 for married-joint filers while eliminating it for taxpayers above those income levels. Taxpayers with noncapital gains income below those thresholds could claim capital gains income that, when combined with other sources, would stay within those limits for purposes of the exclusion, but not those amounts above the income limits. These modifications will preserve the exclusion for low- and middle-income investors while creating greater equity in the tax treatment of different sources of income for higher-income taxpayers. These modifications do not affect the 60 percent capital gains exclusion for farm assets. The fiscal impact is an estimated increase in tax revenue of \$242.5 million in FY26 and \$177.6 million in FY27.

12. Internal Revenue Code Update

The Governor recommends amending state statutes to conform with changes made to the federal Internal Revenue Code from the Tax Cuts and Jobs Act of 2017. The net fiscal impact of these changes is an increase in tax revenue of \$237.4 million in FY26 and \$250.4 million in FY27.

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13. Marijuana Legalization

Source of Funds	Agency Request				Governor's Recommendations			
	FY26		FY27		FY26		FY27	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	3,357,600	18.00	2,171,400	18.00
TOTAL	0	0.00	0	0.00	3,357,600	18.00	2,171,400	18.00

The Governor recommends legalizing the sale of marijuana for medical and recreational use and regulating and taxing the product much like Wisconsin already does for alcohol. The Governor also recommends including delta-8 THC and similar products in the definition of marijuana to ensure their production, processing and sale is regulated and not available to individuals under 21. The Governor further recommends the imposition of a 15 percent wholesale excise tax and a 10 percent retail excise tax on the sale of marijuana for recreational use by department-issued permit holders. The fiscal impact is an estimated increase in excise tax revenue of \$56.7 million in FY27 and an estimated increase in sales tax revenue of \$13.3 million in FY27. See Department of Agriculture, Trade and Consumer Protection, Item #35; and Shared Revenue and Tax Relief, Item #29.

14. Private School Tuition Subtraction Limitation

The Governor recommends limiting the subtraction from adjusted gross income for tuition paid by a parent to send their child to a private primary or secondary school to those single and head of household filers with incomes below \$100,000 and married-joint filers with incomes below \$150,000. The fiscal impact of this provision is an estimated tax revenue increase of \$6.5 million in FY26 and \$6.5 million in FY27.

15. Disability Income Subtraction Increase

The Governor recommends increasing the current law disability income subtraction to \$5,500 for a single filer and \$11,000 for a married couple in the case that both spouses are eligible as well as increasing the income threshold to \$30,000 for a single filer and \$60,000 for married-joint filers. The fiscal impact of this provision is an estimated reduction in tax revenues of \$260,000 annually beginning in FY26.

16. Adoption Expenses Deduction Increase

The Governor recommends increasing the maximum amount of adoption expenses an individual may subtract from Wisconsin adjusted gross income from \$5,000 to \$15,000 beginning with tax year 2025. The fiscal impact is an estimated reduction in individual income tax revenues of \$90,000 in FY26 and \$90,000 in FY27.

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17. Film Production Tax Credits

The Governor recommends creating a film production services credit that has both refundable and nonrefundable components and a credit for film production investment in Wisconsin. The film production services credit's nonrefundable component is equal to 25 percent of the amount of wages and salaries a company pays to Wisconsin employees for services rendered related to a film, video, broadcast, advertisement or television production. The refundable portion of the credit provides a 25 percent credit for qualified production expenses related to a film, video, broadcast, advertisement or television production. For the purposes of the credit, production expenses include writing, budgeting, casting, location scouts, set construction and operation, wardrobes, makeup, clothing accessories, photography, sound recording, sound synchronization, sound mixing, lighting, editing, film processing, film transferring, special effects, visual effects, renting or leasing facilities or equipment, renting or leasing motor vehicles, food, lodging, and any other similar preproduction, production and postproduction expenditure. The film production investment credit provides a transferrable credit for certain physical property investments in Wisconsin related to film productions. The credit is first available for tax year 2026 and the certification of eligible entities will be administered by the state film office with the Department of Tourism. Total credits are capped at \$10 million annually. See Department of Tourism, Item #4; and Shared Revenue and Tax Relief, Item #10.

18. Deductibility of Labor Organization Dues

The Governor recommends allowing the deductibility from Wisconsin adjusted gross income of labor organization dues beginning with tax year 2027.

19. Research Credit Expansion for Nuclear Research

The Governor recommends extending the 11.5 percent earnings categories for the research tax credit to include research activities in the field of nuclear energy. See Shared Revenue and Tax Relief, Item #12.

20. Flood Insurance Premiums Credit

The Governor recommends creating a nonrefundable individual income tax credit equal to 10 percent of the amount individuals pay for flood insurance premiums in a tax year, beginning with tax year 2025, with a maximum credit of \$60. The fiscal impact of this provision is an estimated reduction in individual income tax revenues of \$400,000 in each year.

21. Universal Changing Stations Tax Credit

The Governor recommends creating an income and franchise tax credit for small businesses that install universal changing stations for personal hygiene use by an individual with a disability. The credit is equal to 50 percent of the amount the small business pays to install the universal changing station, up to a maximum credit of \$5,125. The credit is available to businesses that have gross receipts of no more than \$1,000,000 or employ no more than 30 full-time employees. The fiscal impact of this credit is an estimated reduction of income tax revenue of \$5.3 million in FY26 and \$10.6 million in FY27.

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22. State Housing Tax Credit Increase

The Governor recommends making the following changes to the State Housing Tax Credit Program to help address the need for affordable housing in the state: (a) an increase in the limit on the total amount of state housing tax credits that may be authorized annually by the Wisconsin Housing and Economic Development Authority from \$42 million to \$100 million; and (b) an increase in the credit period from six to ten taxable years. The fiscal impact is an estimated decrease in tax revenue of \$1.45 million in FY26 and \$7.25 million in FY27. See Wisconsin Housing and Economic Development Authority, Item #1.

23. Business Development Tax Credit Workforce Housing Modifications

The Governor recommends modifying the Business Development Tax Credit's incentive related to workforce housing to specify that the qualifying workforce housing does not need to be exclusively for the employer's workers in order to qualify as eligible for credit earnings. The Governor also recommends expanding eligibility of this earnings category to include contributions to a workforce housing revolving loan fund. See Wisconsin Economic Development Corporation, Item #10.

24. Dividends Received Deduction Limitation

The Governor recommends limiting the deduction taken for dividends received to ensure that the deduction cannot be used to create a loss or increase a loss. The fiscal impact of this provision is an estimated increase in tax revenue of \$3.2 million in FY26 and \$3.2 million in FY27.

25. Easy Enrollment Program

The Governor recommends implementing an easy enrollment program for health insurance. Under this program, uninsured individuals could indicate on their individual income tax return that they are interested in having their eligibility for Medicaid or subsidized coverage on the health insurance marketplace determined. The Governor also recommends that the department transmit to the Department of Health Services any relevant information needed to perform an evaluation of an individual's eligibility. See Department of Health Services, Item #95.

26. Catastrophe Savings Accounts

The Governor recommends allowing pretax catastrophe savings accounts to be created through financial institutions for the purposes of paying for catastrophic event insurance coverage or repairs to property damage resulting from a catastrophic event, including floods, tornadoes, hailstorms and cold weather-related damage. See Office of the Commissioner of Insurance, Item #37.

27. Interactive Effects of Tax Reforms

The Governor recommends reestimating general fund tax revenues in each fiscal year to account for the interaction effects of multiple changes regarding taxable income, tax rates and credits. The fiscal impact is an estimated increase in general fund tax revenue of \$52.0 million in FY26 and \$46.3 million in FY27.

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28. Property Tax Exemption for Telecom and Communication Towers

The Governor recommends exempting radio, cellular and telecommunication towers from the property tax. This exemption includes property that is assessed as either personal property or real property. See Shared Revenue and Tax Relief, Item #13.

29. Assessment of Pipelines

The Governor recommends shifting the assessment jurisdiction of pipelines currently assessed by local municipalities to the state while providing a corresponding aid payment to local governments to offset potential revenue losses. See Shared Revenue and Tax Relief, Item #14.

30. Sales Tax Exemption for Diapers, Feminine Hygiene Products and Adult Incontinence Products

The Governor recommends creating a sales and use tax exemption for diapers, feminine hygiene products and adult incontinence products. The fiscal impact is an estimated reduction in tax revenue of \$14.9 million in FY26 and \$20.4 million in FY27.

31. Sales Tax Exemption for Breastfeeding Equipment

The Governor recommends creating a sales and use tax exemption for breastfeeding equipment. The fiscal impact is an estimated reduction in tax revenue of \$562,500 in FY26 and \$765,000 in FY27.

32. Sales Tax Exemption for Gun Safes, Trigger Locks and Gun Barrel Locks

The Governor recommends creating a sales and use tax exemption for gun safes, trigger locks and gun barrel locks. The fiscal impact is an estimated reduction in tax revenue of \$525,000 in FY26 and \$720,000 in FY27.

33. Sales Tax Exemption for Battery Storage for Renewable Energy Systems

The Governor recommends creating a sales and use tax exemption for property used primarily to store or facilitate the storage of energy produced by a solar, wind or biogas renewable energy system. The fiscal impact is an estimated reduction in tax revenue of \$3.2 million in FY26 and \$4.5 million in FY27.

34. Sales Tax Exemption for Prairie or Wetland Planning Services

The Governor recommends creating a sales tax exemption for landscape planning and counseling services that pertain to the restoration, reclamation or revitalization of prairie, savanna or wetlands if such services are provided under a separate fee distinct from other services. The fiscal impact is an estimated reduction in tax revenue of \$468,800 in FY26 and \$660,000 in FY27.

35. Elimination of the Farm-Raised Deer Sales Tax Exemption

The Governor recommends eliminating the sales and use tax exemption for the sale of farm-raised deer. The fiscal impact is an estimated increase in tax revenue of \$90,000 in FY26 and \$120,000 in FY27.

Revenue

36. E-Cigarette Excise Tax

The Governor recommends imposing a tax on vapor products at the rate of 71 percent of the manufacturer's list price. This tax would replace the existing tax of 5 cents per milliliter which only applies to vapor liquid. The recommended tax would apply to any electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device, as well as any container of a solution or other substance that is intended to be used with these items. The fiscal impact is an estimated increase in tax revenue of \$15.1 million in FY26 and \$26.3 million in FY27.

37. Excise Tax on Little Cigars

The Governor recommends imposing the cigarette excise tax on little cigars that include an integrated cellulose acetate filter and are wrapped in any substance containing tobacco. The fiscal impact is an increase in tax revenue of \$2.1 million in FY26 and \$2.9 million in FY27.

38. Division of Alcohol Beverages

Source of Funds	Agency Request				Governor's Recommendations			
	FY26		FY27		FY26		FY27	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	-992,700	-9.25	-992,700	-9.25
PR-O	0	0.00	0	0.00	1,970,200	14.25	2,131,200	14.25
TOTAL	0	0.00	0	0.00	977,500	5.00	1,138,500	5.00

The Governor recommends creating an appropriation for the Division of Alcohol Beverages to make the division fully self-funded through alcohol permit fee revenues. The Governor also recommends transferring the division's existing funding and 20.0 FTE positions to this new appropriation and providing additional funding to meet the needs of the division. The Governor further recommends providing an additional 5.0 FTE PR positions to help the division implement and administer the changes included in 2023 Wisconsin Act 73.

39. Convert Revenue Agent Project Positions to Permanent Positions

Source of Funds	Agency Request				Governor's Recommendations			
	FY26		FY27		FY26		FY27	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	2,362,300	38.00	3,149,700	38.00	2,362,300	38.00	3,149,700	38.00
TOTAL	2,362,300	38.00	3,149,700	38.00	2,362,300	38.00	3,149,700	38.00

The Governor recommends converting 38.0 FTE GPR revenue agent project positions to permanent positions. Under current law, these positions are set to expire on September 30, 2025. Converting these project positions to permanent positions is expected to increase general fund tax collections by \$32.5 million in FY26 and \$43.3 million in FY27.

Revenue

40. Gaming Regulation and Enforcement

Source of Funds	Agency Request				Governor's Recommendations			
	FY26		FY27		FY26		FY27	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	493,400	4.00	631,100	4.00
TOTAL	0	0.00	0	0.00	493,400	4.00	631,100	4.00

The Governor recommends providing tribal gaming revenue and position authority to support gaming regulation and enforcement activities.

41. Sustaining Department Operations

Source of Funds	Agency Request				Governor's Recommendations			
	FY26		FY27		FY26		FY27	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	2,228,200	0.00	2,228,200	0.00	1,998,200	0.00	1,963,200	0.00
PR-S	35,000	0.00	35,000	0.00	35,000	0.00	0	0.00
PR-O	443,900	0.00	443,900	0.00	443,900	0.00	443,900	0.00
TOTAL	2,707,100	0.00	2,707,100	0.00	2,477,100	0.00	2,407,100	0.00

The Governor recommends providing funding for the department's central duties including the maintenance and upgrade of mission critical information technology infrastructure, travel and training costs, and postage costs.

42. Unclaimed Property Program Positions

Source of Funds	Agency Request				Governor's Recommendations			
	FY26		FY27		FY26		FY27	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	0	0.00	0	0.00
PR-S	204,000	2.50	250,400	2.50	204,000	2.50	250,400	2.50
TOTAL	204,000	2.50	250,400	2.50	204,000	2.50	250,400	2.50

The Governor recommends providing additional position and expenditure authority in the department's Unclaimed Property Program to handle the increasing number of unclaimed properties and claims the department receives.

Revenue

43. Manufacturing Property Assessment Specialists

Source of Funds	Agency Request				Governor's Recommendations			
	FY26		FY27		FY26		FY27	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	156,600	2.00	185,200	2.00
PR-O	0	0.00	0	0.00	156,600	2.00	185,200	2.00
TOTAL	0	0.00	0	0.00	313,200	4.00	370,400	4.00

The Governor recommends providing additional position and expenditure authority for the department's State and Local Finance Division to ensure fair and accurate manufacturing property assessments.

44. Convert State and Local Finance Project Positions to Permanent Positions

Source of Funds	Agency Request				Governor's Recommendations			
	FY26		FY27		FY26		FY27	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	196,800	2.00	196,800	2.00	196,800	2.00	196,800	2.00
TOTAL	196,800	2.00	196,800	2.00	196,800	2.00	196,800	2.00

The Governor recommends converting 2.0 FTE GPR information technology project positions to permanent positions to support ongoing technology enhancements necessitated by 2023 Wisconsin Act 12.

45. County and Municipal Sales Tax Authority Administrative Costs

Source of Funds	Agency Request				Governor's Recommendations			
	FY26		FY27		FY26		FY27	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-S	0	0.00	0	0.00	140,300	2.00	171,700	2.00
TOTAL	0	0.00	0	0.00	140,300	2.00	171,700	2.00

The Governor recommends providing funding and position authority to support counties and municipalities in the implementation and enforcement of the expanded county and municipal sales tax. See Shared Revenue and Tax Relief, Item #2.

Revenue

46. State and Local Debt Collection Positions

Source of Funds	Agency Request				Governor's Recommendations			
	FY26		FY27		FY26		FY27	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	668,700	8.00	795,900	8.00	668,700	8.00	795,900	8.00
TOTAL	668,700	8.00	795,900	8.00	668,700	8.00	795,900	8.00

The Governor recommends providing additional position and expenditure authority in the department's Statewide Debt Collection program to increase efforts to collect debts owed to state agencies and local governments.

47. Lottery Customer Service Staff

Source of Funds	Agency Request				Governor's Recommendations			
	FY26		FY27		FY26		FY27	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	0	0.00	0	0.00	66,000	1.00	88,000	1.00
TOTAL	0	0.00	0	0.00	66,000	1.00	88,000	1.00

The Governor recommends providing position and expenditure authority in the Lottery Division to support the processing of lottery claims and assist with player support.

48. Lottery Sum Sufficient Adjustments

Source of Funds	Agency Request				Governor's Recommendations			
	FY26		FY27		FY26		FY27	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	-3,369,400	0.00	-3,369,400	0.00
TOTAL	0	0.00	0	0.00	-3,369,400	0.00	-3,369,400	0.00

The Governor recommends decreasing the lottery sum sufficient appropriations for vendor fees and retailer compensation to reflect lottery sales projections.

49. Utility Taxes Certified Mail

The Governor recommends eliminating the requirement that ad valorem utility tax assessments be delivered by certified mail as quick and secure electronic communications are now available.

Revenue

50. Manufacturing Charge to Local Governments

The Governor recommends that the department collect the existing manufacturing assessment fee from municipalities by directly reducing shared revenue payments. This will allow the fee, which covers a portion of the department's costs for assessing manufacturing property, to be collected and paid more efficiently as many of these charges are for small dollar amounts, with several hundred billings being under \$20.

51. Wine Sales in Public Parks

The Governor recommends allowing counties and municipalities to sell wine in public parks. Sales must be made by officers or employees of the municipality or county operating the park.

52. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendations			
	FY26		FY27		FY26		FY27	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	-110,200	-38.00	-891,700	-38.00	-110,200	-38.00	-891,700	-38.00
PR-S	73,600	0.00	75,700	0.00	73,600	0.00	75,700	0.00
PR-O	163,700	0.00	164,800	0.00	163,700	0.00	164,800	0.00
SEG-O	521,700	0.00	527,000	0.00	521,700	0.00	527,000	0.00
TOTAL	648,800	-38.00	-124,200	-38.00	648,800	-38.00	-124,200	-38.00

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$2,160,300 in each year); (b) removal of noncontinuing elements from the base (-\$2,362,300 and -38.0 FTE positions in FY26 and -\$3,149,700 and -38.0 FTE positions in FY27); (c) full funding of continuing position salaries and fringe benefits (\$5,057,900 in each year); (d) reclassifications and semiautomatic pay progression (\$114,300 in FY26 and \$122,400 in FY27); (e) full funding of lease and directed moves costs (-\$800 in FY26 and \$5,500 in FY27); and (f) minor transfers within the same alpha appropriation.

ITEMS NOT APPROVED

The following requests are not included in the Governor's budget recommendations for the Department of Revenue.

Decision Item	Source of Funds	FY26		FY27	
		Dollars	Positions	Dollars	Positions
53. Municipal Sales Tax Enforcement	PR-S	0	5.00	0	5.00
54. Lottery Investigator Vehicles	SEG-O	120,000	0.00	120,000	0.00
TOTAL OF ITEMS NOT APPROVED	PR-S	0	5.00	0	5.00
	SEG-O	120,000	0.00	120,000	0.00