



Legislative Fiscal Bureau

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March 28, 2019

TO: Senator Tim Carpenter
Room 109 South, State Capitol

FROM: Rick Olin, Fiscal Analyst

SUBJECT: Individual Income Tax Calculations Relating to Winning Powerball Ticket

At your request, this memorandum provides an estimate of the state individual tax calculation on last night's winning Powerball ticket. The Wisconsin Lottery has reported that last night's winning Powerball ticket was purchased in Wisconsin, and the "jackpot" total equaled \$768.4 million. Since the ticket was purchased in Wisconsin, the winnings will be taxable in Wisconsin. If the winner elects the cash payout option, a lump sum payment of \$477.0 million is estimated. Based on the 2019 rate and bracket structure reported on Department of Revenue Form 1-ES, a state tax liability of \$36.5 million would result. If the "winner" chooses the annuity option, the tax liability would be different. The calculation also depends on when the prize is claimed and the tax rate and bracket structure in effect at that time. Under 2017 Wisconsin Act 368, the rate and bracket structure for tax year 2019 will be modified based on the amount of sales and use tax collected from out-of-state retailers during the 12-month period from October 1, 2018, to September 30, 2019, and could result in a slightly lower estimated tax.

If you have any additional questions, please let me know.

RO/sas