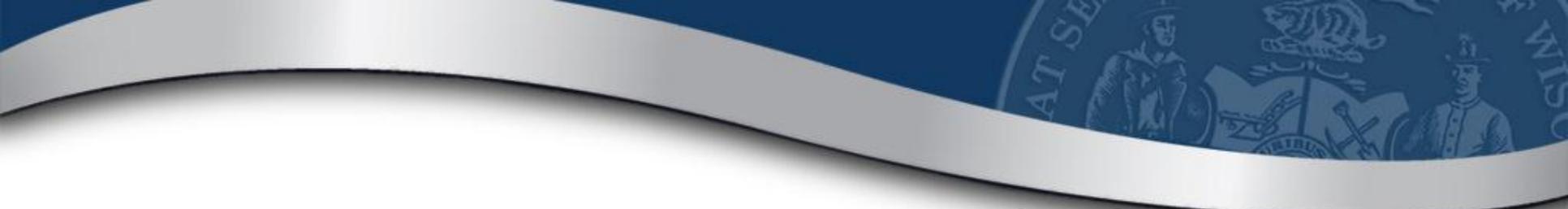


Governor Walker's Tax Reform and Fiscal Stability Initiatives

Including Proposals in
2014 Special Session Legislation



Property Tax Relief

- \$406 million is provided to offset technical college levies
 - An owner of a median value home will see savings of \$100 on their December 2014 property tax bill, compared with the prior year
 - This will add to the \$100 million in property tax relief provided in special session legislation in the fall of 2013

Income Tax Reduction

- \$98 million is provided to lower the tax rate for the bottom bracket from 4.4% to 4.0% for tax year 2014
 - A median income family will see tax savings of \$403 in tax years 2013 and 2014 when this cut is combined with the cuts implemented in tax year 2013
 - This will add to the \$1.4 billion in state tax reductions already provided in the 2011 legislative session and 2013 budget

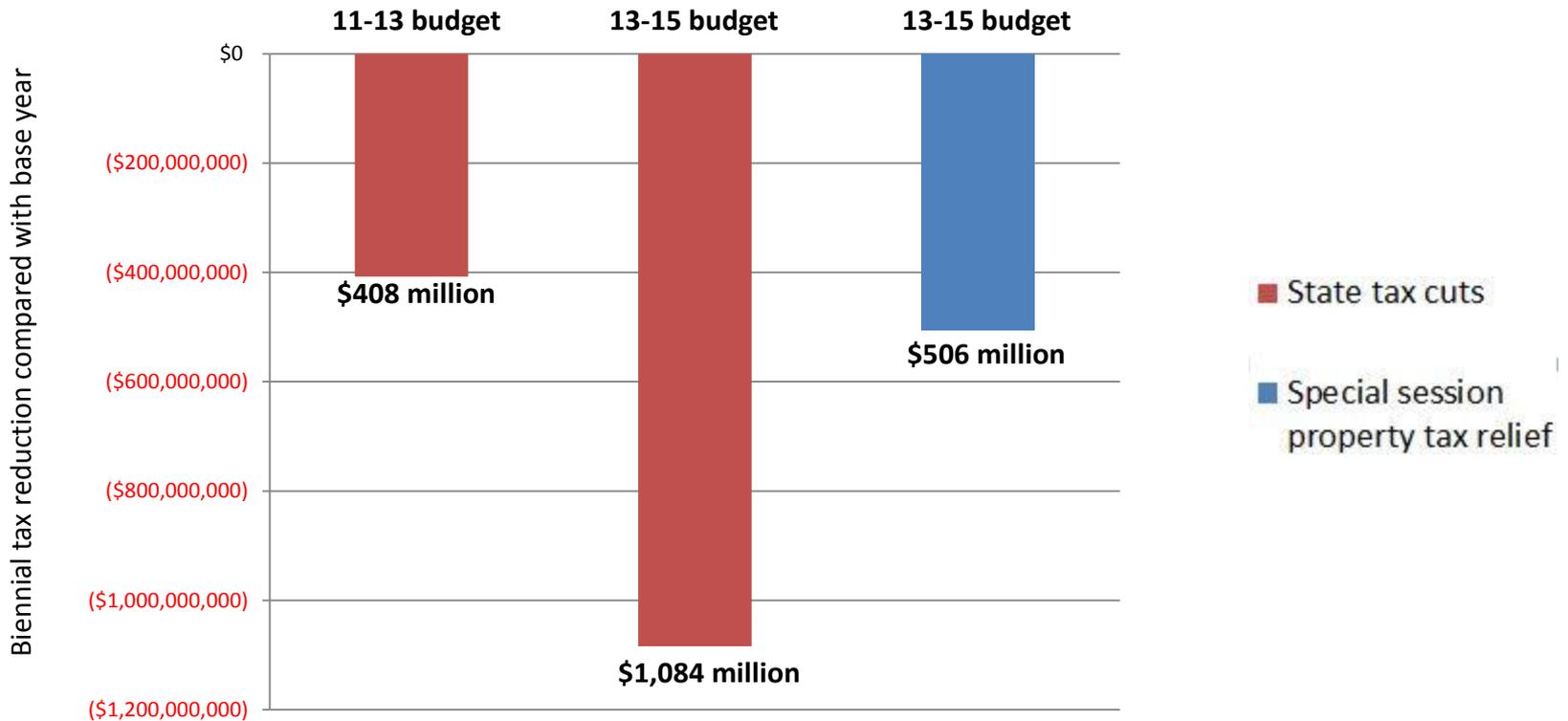


Withholding Table Changes and Stabilization Fund Deposit

- Tax withholding table changes
 - \$323 million is provided to lower withholding to reflect lower rates
 - A median income family will see withholding drop by \$58 per month, starting April 1, 2014
- Stabilization fund deposit
 - \$117 million will be added to the stabilization fund
 - This will bring the total fund balance to \$396 million

Reversing Direction on State Taxes

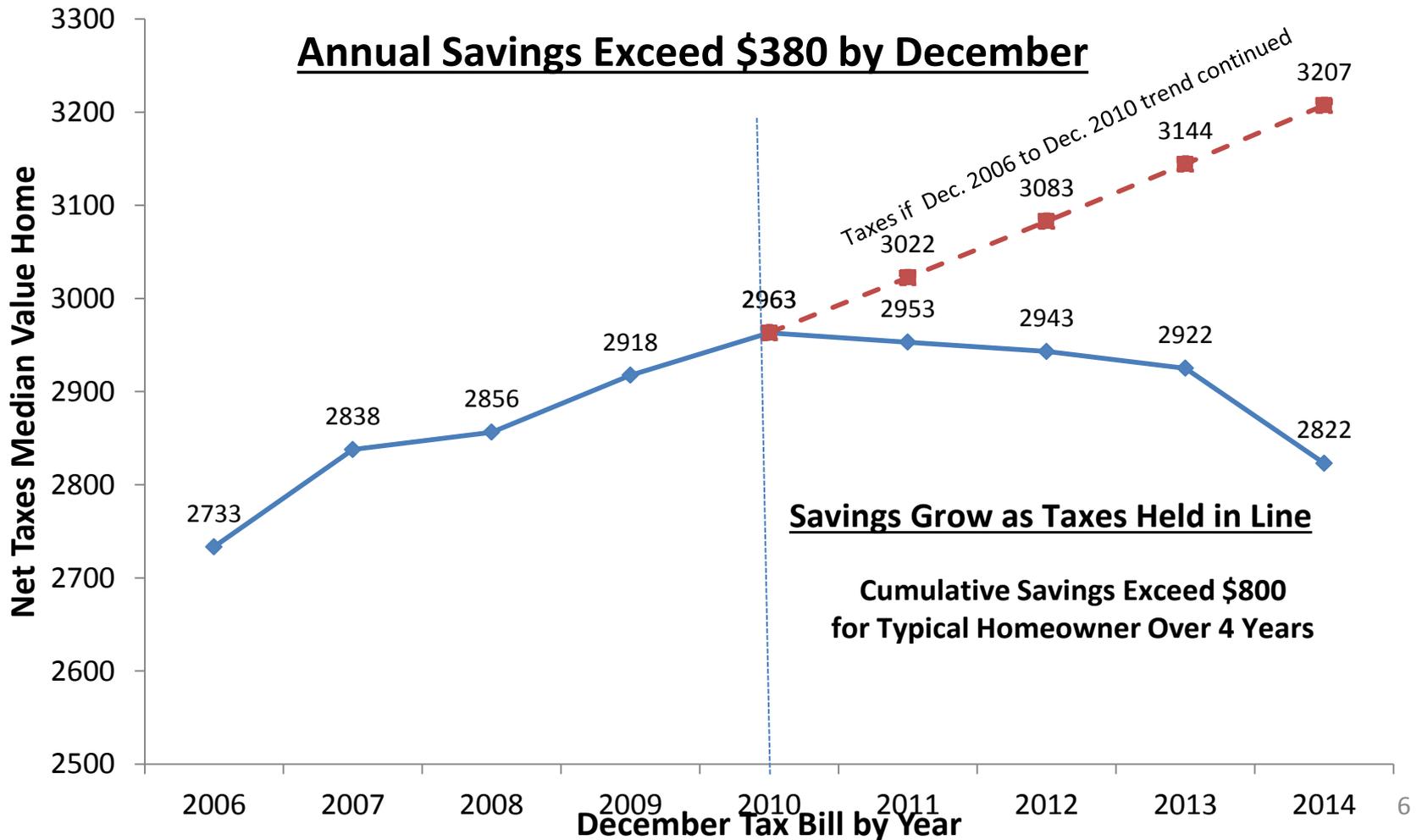
State taxes have been cut in the most recent two budget periods



Total tax cuts: \$2 billion in two budget periods

Holding the Line on Property Taxes

Property taxes on typical home will drop four consecutive years



Governor Walker's Tax Reform Initiative

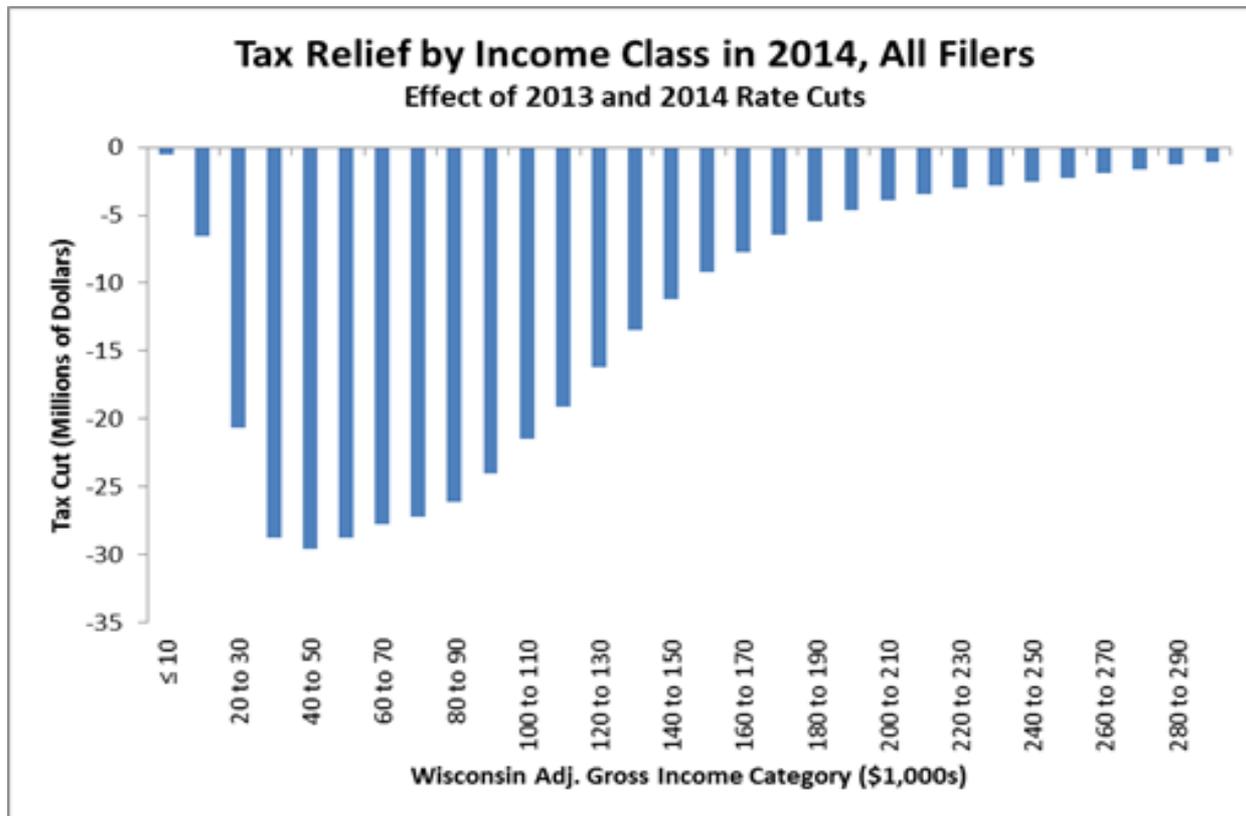
Reduces Income Tax Rates

| Tax Rate Reduction | | | | | |
|--------------------|--|--|--|--|----------|
| Rate | Bottom Rate | 2 nd Rate | 3 rd Rate | 4 th Rate | Top Rate |
| Before | 4.60% | 6.15% | 6.50% | 6.75% | 7.75% |
| |  |  |  |  | |
| After | 4.00% | 5.84% | 6.27% | 7.65% | |

Overall Income Tax Reduction From Rate Cuts: \$748 Million
 (Amount of reduction for Tax Years 2013 and 2014)

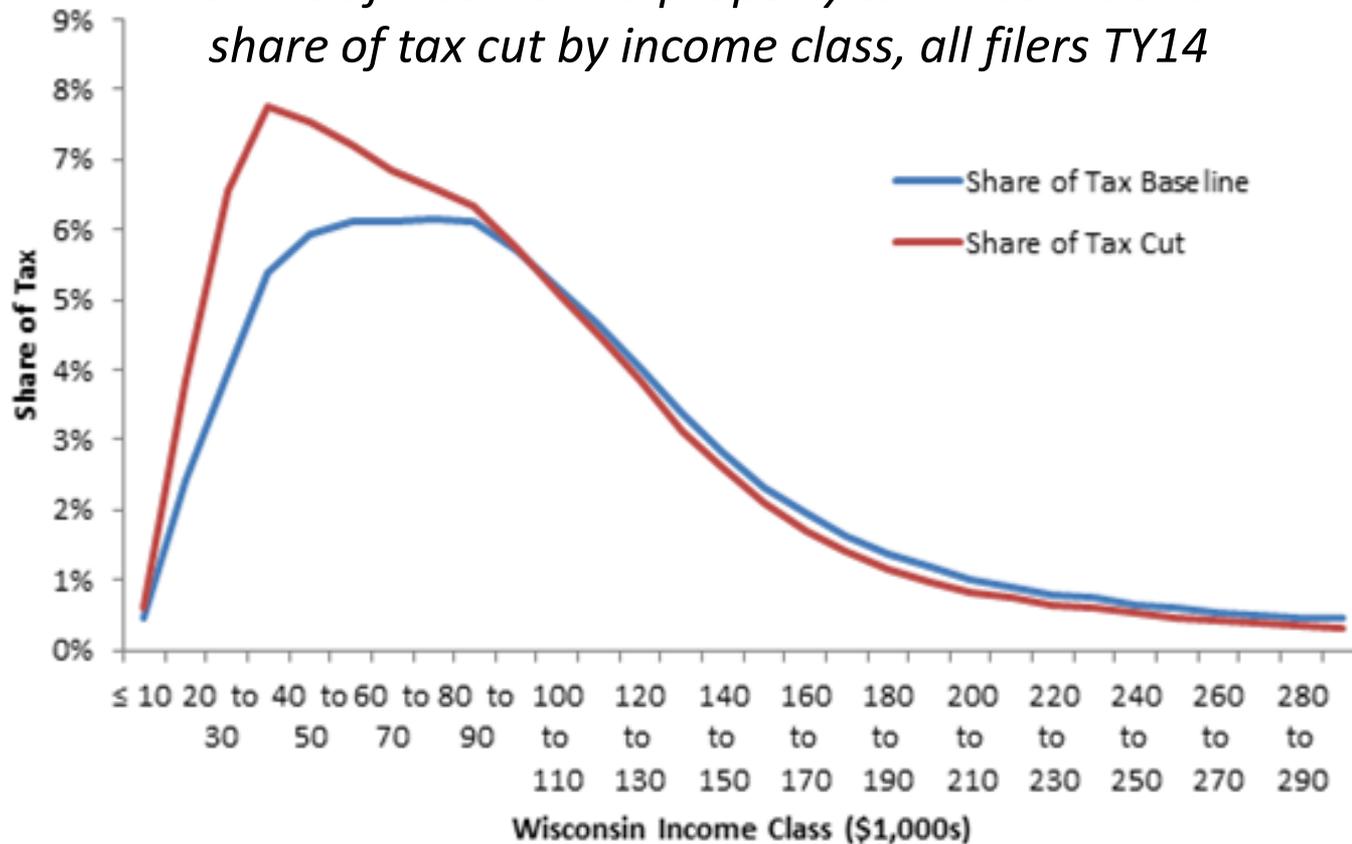
Income Tax Payments Are Reduced for Taxpayers at All Income Levels

Middle Class Taxpayers See the Greatest Relief



Lower and Middle Income Taxpayers Receive Greater Share of the Tax Cuts Than Their Share of Existing Tax Liability

Share of income and property tax baseline and share of tax cut by income class, all filers TY14



Income Tax Impact for Median Income Family

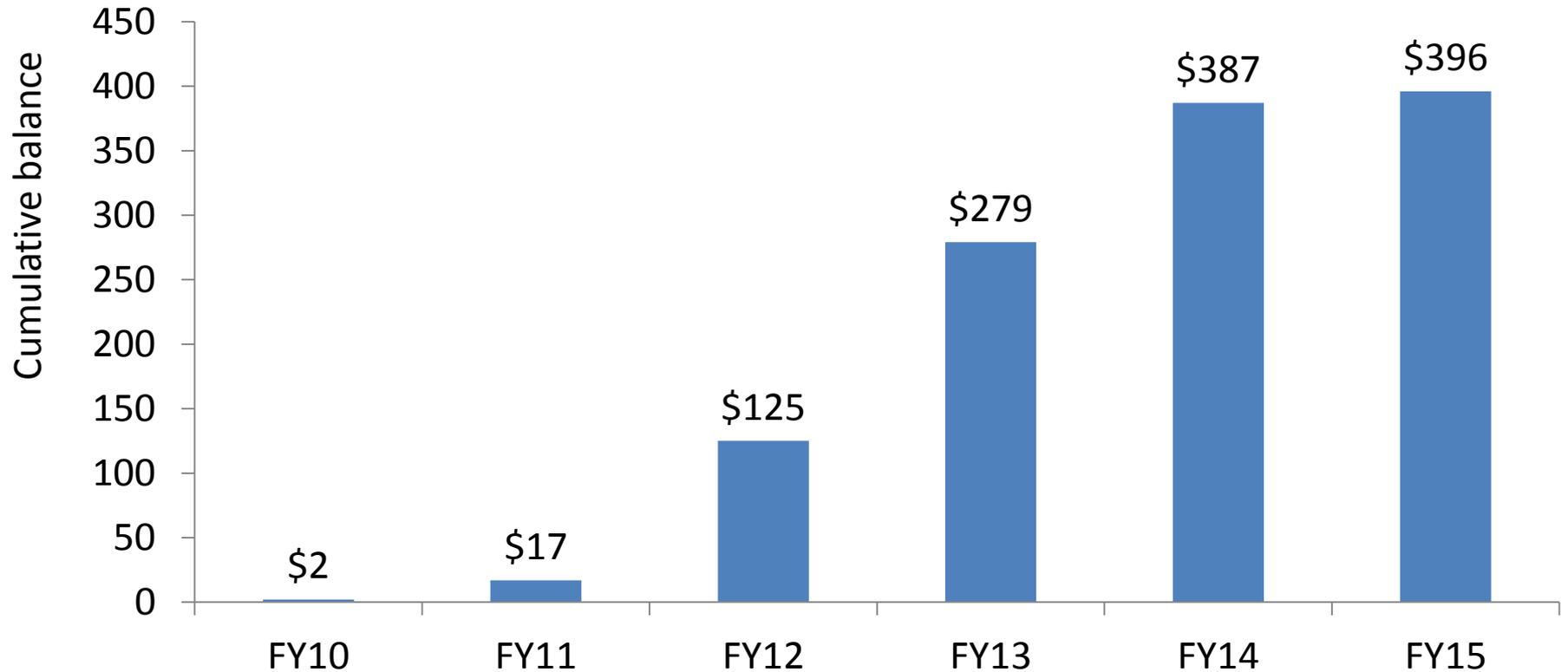
Median income family would see a tax reduction of \$403 in tax years 2013 and 2014,
and reduced withholding of \$58 per month starting in April of 2014

| Median income family | TY13 reduction | TY14 reduction | Biennial total |
|---------------------------------------|---|-------------------|----------------|
| Rate cuts effective in TY13 | -\$173 | -\$172 | -\$345 |
| Rate cuts effective in TY14 | -- | -\$58 | -\$58 |
| Total | -\$173 | -\$230 | -\$403 |
| Income tax withholding changes | Reduction in withholding effective April 1, 2014 | | |
| Median income family | Lower withholding of \$58 per monthly paycheck | | |

Stabilization Fund Deposits

Stabilization fund continues to grow

Stabilization Fund Balance, Millions of Dollars



Projected deposits