



1997 ASSEMBLY BILL 814

February 24, 1998 - Introduced by Representatives GOETSCH, LADWIG, ALBERS, PORTER, OLSEN, MUSSER, HAHN, OWENS, GROTHMAN, TURNER and ROBSON, cosponsored by Senators SCHULTZ and FARROW. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 71.52 (6) of the statutes; **relating to:** modifying the definition
2 of "income" under the homestead tax credit.

Analysis by the Legislative Reference Bureau

Under current law, the definition of "income" under the homestead tax credit is the sum of Wisconsin adjusted gross income (AGI) and a number of items that are not otherwise includable in Wisconsin AGI, such as certain public assistance payments, nontaxable interest received on state and municipal bonds and certain retirement benefits.

Under the bill, the definition of "income" for homestead credit purposes, as it applies to certain pensions and annuities, is modified such that nontaxable recoveries of a claimant's investment in a pension or annuity is excluded from the definition of "income" and only the taxable portion of the pension or annuity is included.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 **SECTION 1.** 71.52 (6) of the statutes, as affected by 1997 Wisconsin Act 39, is
4 amended to read:

ASSEMBLY BILL 814**SECTION 1**

1 71.52 (6) "Income" means the sum of Wisconsin adjusted gross income and the
2 following amounts, to the extent not included in Wisconsin adjusted gross income:
3 maintenance payments (except foster care maintenance and supplementary
4 payments excludable under section 131 of the ~~internal revenue code~~ Internal
5 Revenue Code), support money, cash public assistance (not including credit granted
6 under this subchapter and amounts under s. 46.27), cash benefits paid by counties
7 under s. 59.53 (21), retirement benefits excludable under s. 71.05 (1) (a), the gross
8 amount of ~~any pension or annuity (including railroad retirement benefits and~~
9 veterans disability pensions, all payments received under the federal social security
10 act ~~and veterans disability pensions~~), nontaxable interest received from the federal
11 government or any of its instrumentalities, nontaxable interest received on state or
12 municipal bonds, worker's compensation, unemployment insurance, the gross
13 amount of "loss of time" insurance, compensation and other cash benefits received
14 from the United States for past or present service in the armed forces, scholarship
15 and fellowship gifts or income, capital gains, gain on the sale of a personal residence
16 excluded under section 121 of the ~~internal revenue code~~ Internal Revenue Code,
17 dividends, income of a nonresident or part-year resident who is married to a
18 full-year resident, housing allowances provided to members of the clergy, the
19 amount by which a resident manager's rent is reduced, nontaxable income of an
20 American Indian, nontaxable income from sources outside this state ~~and nontaxable~~
21 ~~deferred compensation~~ , life insurance proceeds received on account of the death of
22 the insured and compensation for injuries or sickness excluded under section 104 of
23 the Internal Revenue Code. Intangible drilling costs, depletion allowances and
24 depreciation, including first-year depreciation allowances under section 179 of the
25 ~~internal revenue code~~ Internal Revenue Code, amortization, ~~contributions to~~

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1 ~~individual retirement accounts under section 219 of the internal revenue code,~~
2 ~~contributions to Keogh plans, net operating loss carry-forwards and capital loss~~
3 ~~carry-forwards deducted in determining Wisconsin adjusted gross income shall be~~
4 ~~added to "income". "Income" does not include gifts from natural persons, cash~~
5 ~~reimbursement payments made under title XX of the federal social security act,~~
6 ~~surplus food or other relief in kind supplied by a governmental agency, the gain on~~
7 ~~the sale of a personal residence deferred under section 1034 of the internal revenue~~
8 ~~code Internal Revenue Code or nonrecognized gain from involuntary conversions~~
9 ~~under section 1033 of the internal revenue code Internal Revenue Code. Amounts~~
10 ~~not included in adjusted gross income but added to "income" under this subsection~~
11 ~~in a previous year and repaid may be subtracted from income for the year during~~
12 ~~which they are repaid. Scholarship and fellowship gifts or income that are included~~
13 ~~in Wisconsin adjusted gross income and that were added to household income for~~
14 ~~purposes of determining the credit under this subchapter in a previous year may be~~
15 ~~subtracted from income for the current year in determining the credit under this~~
16 ~~subchapter. A marital property agreement or unilateral statement under ch. 766 has~~
17 ~~no effect in computing "income" for a person whose homestead is not the same as the~~
18 ~~homestead of that person's spouse.~~

SECTION 2. Initial applicability.

20 (1) This act first applies to taxable years beginning on January 1 of the year
21 in which this subsection takes effect, except that if this subsection takes effect after
22 July 31, this act first applies to taxable years beginning on January 1 of the year
23 following the year in which this subsection takes effect.

24 (END)