



2003 SENATE BILL 453

February 11, 2004 - Introduced by Senators WIRCH, SCHULTZ, BRESKE, HANSEN, ROESSLER, CHVALA, LASSA, M. MEYER and CARPENTER, cosponsored by Representatives SERATTI, J. LEHMAN, LADWIG, HINES, ALBERS, PLOUFF, LOEFFELHOLZ, J. WOOD and GUNDERSON. Referred to Joint Survey Committee on Tax Exemptions.

- 1 **AN ACT to create** 71.05 (1) (ap) of the statutes; **relating to:** exempting from
2 taxation certain amounts of pension income received by an individual.

Analysis by the Legislative Reference Bureau

Under current law, the pension benefits of certain public employees are exempt from state taxation. The pensions that are exempt include payments received from the U.S. Civil Service Retirement System, the U.S. Military Employee Retirement System, the Milwaukee city and county retirement systems, the Police Officer's Annuity and Benefit Fund of Milwaukee, the Milwaukee Public School Teachers' Retirement Fund, the Wisconsin State Teachers' Retirement Fund and the Sheriff's Annuity and Benefit Fund of Milwaukee County. For all of these pension plans, the exemption applies only to persons who were members of or retired from the plans as of December 31, 1963.

To the extent that they are not currently exempt from taxation, current law also exempts all retirement payments received from the U.S. Military Employee Retirement System and all retirement payments received from the federal government related to service with the Coast Guard or the commissioned corps of either the National Oceanic and Atmospheric Administration or the Public Health Service.

This bill exempts from taxation up to \$5,000 of pension payments received each year by an individual, if such payments are not already exempt from taxation.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

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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:

1 **SECTION 1.** 71.05 (1) (ap) of the statutes is created to read:

2 71.05 (1) (ap) *Pension income*. Except for a payment that is exempt under par.
3 (a), (am), or (an), or that is exempt as a railroad retirement benefit, up to \$5,000 of
4 payments received each year by an individual from a retirement plan offered by an
5 employer.

6 **SECTION 2. Initial applicability.**

7 (1) This act first applies to taxable years beginning on January 1 of the year
8 in which this subsection takes effect, except that if this subsection takes effect after
9 July 31 this act first applies to taxable years beginning on January 1 of the year
10 following the year in which this subsection takes effect.

11 (END)