

1999 DRAFTING REQUEST

**Bill**

Received: **01/31/2000**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Sarah Waukau (608) 266-7694**

By/Representing: **John**

This file may be shown to any legislator: NO

Drafter: **shoveme**

May Contact:

Alt. Drafters:

Subject: **Tax - individual income**

Extra Copies:

**Pre Topic:**

No specific pre topic given

**Topic:**

Exempt from income taxation the first \$5,600 of pension income

**Instructions:**

Companion to 1999 LRB -4170/1; Sen. Wirch's office said it was OK to discuss the bill w/ Rep. Waukau's office

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Reaured</u>
/?	shoveme 01/31/2000	chanaman 01/31/2000		_____			State Tax
/1			jfrantze 02/02/2000	_____	lrb-docadmin 02/02/2000	lrb-docadmin 02/18/2000	

FE Sent For:

<END>

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**Pre Topic:**

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**Topic:**

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Companion to 1999 LRB -417011; Sen. Wirch's office said it was OK to discuss the bill w/ Rep. Waukau's office

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1/1	shoveme	cm wt. 1/2	7/2/2	Jo / KM 2/2			
1/1 MES 1/31/00 1/2							

FE Sent For:

<END>

**1999 BILL**

RMR

D-note

egen

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

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**Analysis by 'the Legislative Reference Bureau**

Under current law, the pension benefits of certain public employes 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 employe retirement system, the Milwaukee city and county retirement systems, the police officer's annuity and benefit fund pf 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.

This bill exempts from taxation up to \$5,000 of pension payments received each year by an individual, provided that 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.

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

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



**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

-4449/1d4  
LRB-4170/P1dn  
MES:cmh:jf

(January 12, 2000

*new date*

Please review this bill very carefully to ensure that it captures your intent. There are a number of different pensions that exist and the language in created s. 71.05 (1) (am) is very broad, but I'm not sure if it is too broad or too narrow. IRAs, for example, would not be covered by the bill because they are not payments received from a retirement plan offered by an employer. You may want the Department of Revenue to review the bill to see how it would interpret the bill.

Also, there is no requirement under the bill that the exemption be available only to retired persons. For example, an individual could have worked someplace for 30 years, retired and started collecting his or her pension and then decided to go back to work full time at age 59. Under the bill, his or her pension would be eligible for the exemption even though he or she is working full time. Is this consistent with your intent?

Marc E. Shovers  
Senior Legislative Attorney  
Phone: (608) 266-0129  
E-mail: Marc.Shovers@legis.state.wi.us

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-4449/1dn  
MES:cmh:jf

February 2, 2000

Please review this bill very carefully to ensure that it captures your intent. There are a number of different pensions that exist and the language in created s. 71.05 (1) (am) is very broad, but I'm not sure if it is too broad or too narrow. IRAs, for example, would not be covered by the bill because they are not payments received from a retirement plan offered by an employer. You may want the Department of Revenue to review the bill to see how it would interpret the bill.

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Marc E. Shovers  
Senior Legislative Attorney  
Phone: (608) 266-0129  
E-mail: [Marc.Shovers@legis.state.wi.us](mailto:Marc.Shovers@legis.state.wi.us)

**SUBMITTAL  
.. FORM**

**LEGISLATIVE REFERENCE BUREAU  
Legal Section Telephone: 266-3561  
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection, Please check each part carefully, proofread each word, and sign on the appropriate line(s) below.

**Date:** 02/02/2000

**To:** Representative Waukau

**Relating to LRB drafting number:** LRB-4449

**Topic**

Exempt from income taxation the first \$5,000 of pension income

**Subject(s)**

Tax - individual income

1. **JACKET** the draft for introduction Josh Waukau

**in the Senate** \_\_\_ or **the Assembly**  (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached \_\_\_\_\_

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction \_\_\_\_\_

If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Marc E. Shovers, Senior Legislative Attorney  
Telephone: (608) 266-O 129