

**1999 DRAFTING REQUEST**

**Assembly Amendment (AA-ASA1-AB133)**

Received: **06/26/99**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Sheldon Wasserman (608) 266-7671**

By/Representing: **Rep. Wasserman**

This file may be shown to any legislator: **NO**

Drafter: **shoveme**

May Contact:

Alt. Drafters: **rmarchan**

Subject: **Tax - individual income**

Extra Copies:

**Pre Topic:**

No specific pre topic given

**Topic:**

Exempt from individual income taxation the first \$25,000 of federal AGI.

**Instructions:**

See Attached.

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	shoveme 06/26/99	ygeller 06/27/99	martykr 06/27/99	_____	gretskl 06/27/99	lrb_docadmin 06/27/99	
/2	rmarchan 06/28/99	chanaman 06/28/99	hhagen 06/28/99	_____	lrb_docadmin 06/29/99	lrb_docadmin 06/29/99	

FE Sent For:

<END>

1999 DRAFTING REQUEST

STRIPES  
REQUESTED

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/1	shoveme 06/26/99	ygeller 06/27/99	martykr 06/27/99	<u>cmh</u> <u>wlj</u>	gretskl 06/27/99	lrb_docadmin 06/27/99	

FE Sent For: cmh  
w/h  
/2

<END>



SHELDON  
WASSERMAN  
STATE REPRESENTATIVE

Wisconsin Income Tax Amendment

Exempt from Wisconsin income tax the first \$25,000 of an individual's Federal Adjusted Gross Income. This is meant to replace the income tax cut package currently contained in the budget.

2

Draft to JFC



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBb1348/1  
MES.....

jlq

ASSEMBLY AMENDMENT,  
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,  
TO 1999 ASSEMBLY BILL 133

D-note

INS-1

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At the locations indicated, amend the substitute amendment as follows:

1. Page 836, line 7: after that line insert:

"SECTION 1688i. 71.05 (6) (b) 32. of the statutes is created to read:

71.05 (6) (b) 32. a. Subject to subd. 32. c., for a single individual or for a married individual who files a separate return, the first \$25,000 of the individual's federal adjusted gross income.

b. Subject to subd. 32. c., for a married couple that files a joint return, the first \$50,000 of the married couple's federal adjusted gross income.

c. For an individual, or married couple, to whom subd. 32. a. or b. applies who is a nonresident or part-year resident of this state, multiply the applicable amount under subd. 32. a. or b. by a fraction the numerator of which is the individual's or married couple's wages, salary, tips, unearned income and net earnings from a trade

and

1 or business that are taxable by this state and the denominator of which is the  
 2 individual's total wages, salary, tips, unearned income and net earnings from a trade  
 3 or business. In this subdivision, for married persons filing separately "wages, salary,  
 4 tips, unearned income and net earnings from a trade or business" means the separate  
 5 wages, salary, tips, unearned income and net earnings from a trade or business of  
 6 each spouse, and for married persons filing jointly "wages, salary, tips, unearned  
 7 income and net earnings from a trade or business" means the total wages, salary,  
 8 tips, unearned income and net earnings from a trade or business of both spouses."

INS ✓  
 →

9 **2.** Page 1598, line 20: after that line insert:

10 "(20e) FEDERAL ADJUSTED GROSS INCOME TAX EXEMPTION. The treatment of section  
 11 71.05 (6) (b) 32. of the statutes first applies to taxable years beginning on January  
 12 1 of the year in which this subsection takes effect, except that if this subsection takes  
 13 effect after July 31, the treatment of section 71.05 (6) (b) 32. of the statutes first  
 14 applies to taxable years beginning on January 1 of the year following the year in  
 15 which this subsection takes effect."

16 (END) ✓

D-note →

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

LRBb1348/1dn

MES...:.....

↑  
jg

✓  
INS D-N 1 →

The instructions did not indicate if you wanted the exemption to be \$25,000<sup>✓</sup> for single individuals or married individuals filing separately and \$50,000 for married couples filing jointly, or \$25,000 for both single individuals and married couples who file jointly; the amendment is drafted ~~with~~ to address the former situation. The instructions did not address how the amendment should treat nonresidents or part-year residents. Please let me know if the amendment is not consistent with your intent. You may also wish to have the amendment reviewed by the department of revenue.

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

LRBb1277/1dn  
MES:cmh:ch

June 26, 1999

FNS DN1

<sup>assumption</sup>  
It is my ~~understanding~~ <sup>assumption</sup> based on conversations I've had with Kelsie Dow <sup>your</sup> that it is ~~the~~ ~~SDC's~~ intent, in yanking the governor's and JCF's changes to the individual income tax system, to retain the technical changes made to the filing threshold in s. 71.03 (2) (a) 1.; the technical changes related to the taxation of trusts in ss. 71.02 (1), 71.14 (3) and 71.14 (3m); the technical changes related to calculating the standard deduction in s. 71.05 (22) (dm); and the technical changes related to income tax indexing provisions and the incorporation of federal indexing methods in s. 71.05 (22) (dt).

<sup>assumption</sup>  
In keeping with this ~~understanding~~ <sup>assumption</sup>, I have made a number of changes in s. 71.05 (22) (dm) and (dt), I have deleted s. 71.05 (22) (dp) and I have amended s. 71.06 (2e), related to bracket indexing. Please let me know if my ~~understanding~~ <sup>assumption</sup> of your intent is incorrect.

~~Please note that the calculation of slope in the homestead credit, created in s. 71.54 (1) (f) 2., is 10.357% and not 10.4%. The formula is "slope = maximum property taxes (\$1,450) divided by [maximum income - threshold], or (\$22,000 - \$8,000), or \$14,000. Is this OK?~~

end of ins DN-1

Marc E. Shovers  
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State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBb1277/1  
MES:cmh:ch

SDC:.....Walter - Yank Gov, JCF individual income tax plan; increase  
homestead credit and SPTC for renters

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

At the locations indicated, amend the substitute amendment as follows:

1. Page 822, line 12: delete lines 12 to 21.

2. Page 835, line 1: delete lines 1 to 8.

3. Page 836, line 1: delete lines 1 to 7.

4. Page 836, line 9: delete "~~and thereafter to 1999~~" and substitute "and  
thereafter".

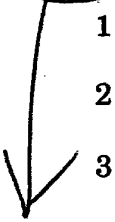
5. Page 836, line 10: delete "~~on or after January 1, 1994 after~~" and substitute  
"on or after January 1, 1994".

INS 1-1

INS.  
2-8  
P. 10/5



ins 2 8/ cont



1           **6.** Page 836, line 11: delete that line and substitute “, the Wisconsin standard  
2 deduction”.

3           **7.** Page 837, line 20: delete the material beginning with that line and ending  
4 with page 838, line 24.

5           **8.** Page 839, line 2: delete “2000” and substitute “2001”.

6           **9.** Page 839, line 18: on lines 18 and 19, delete “(dp)” and substitute “(dm)”.

7           **10.** Page 840, line 5: delete the material beginning with that line and ending  
8 with page 847, line 6, and substitute:

9           “**SECTION 1703e.** 71.06 (2e) of the statutes is amended to read:

10           71.06 (2e) BRACKET INDEXING. For taxable years beginning after December 31,  
11 1998, the maximum dollar amount in each tax bracket, and the corresponding  
12 minimum dollar amount in the next bracket, under subs. (1m) and (2)(c) and (d) shall  
13 be increased each year by a percentage equal to the percentage change between the  
14 U.S. consumer price index for all urban consumers, U.S. city average, for the month  
15 of August of the previous year and the U.S. consumer price index for all urban  
16 consumers, U.S. city average, for the month of August of the year before the previous  
17 year 1997, as determined by the federal department of labor. Each amount that is  
18 revised under this subsection shall be rounded to the nearest multiple of \$10 if the  
19 revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5,  
20 such an amount shall be increased to the next higher multiple of \$10. The  
21 department of revenue shall annually adjust the changes in dollar amounts required  
22 under this subsection and incorporate the changes into the income tax forms and  
23 instructions.”.

24           **11.** Page 849, line 8: delete lines 8 to 13.



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12. Page 849, line 18: delete the material beginning with that line and ending with page 850, line 9 and substitute

~~SECTION 1716p. 71.07 (9) (a) 4. of the statutes is amended to read:  
71.07 (9) (a) 4. "Rent constituting property taxes" means, in taxable years beginning before January 1, 2000, 25% of rent if heat is not included, or 20% of rent if heat is included, paid during the taxable year for which credit is claimed under this subsection, at arm's length, for the use of a principal dwelling and contiguous land, excluding any payment for domestic, food, medical or other services which are unrelated to use of the dwelling as housing, less any rent paid that is properly includable as a trade or business expense under the internal revenue code. "Rent" includes space rental paid to a landlord for parking a mobile home. Rent shall be apportioned among the occupants of a principal dwelling according to their respective contribution to the total amount of rent paid. "Rent" does not include rent paid for the use of housing which was exempt from property taxation, except housing for which payments in lieu of taxes were made under s. 66.40 (22).~~

~~SECTION 1716q. 71.07 (9) (a) 5. of the statutes is created to read:  
71.07 (9) (a) 5. "Rent constituting property taxes" means, in taxable years beginning after December 31, 1999, 35% of rent if heat is not included, or 30% of rent if heat is included, paid during the taxable year for which credit is claimed under this subsection, at arm's length, for the use of a principal dwelling and contiguous land, excluding any payment for domestic, food, medical or other services which are unrelated to use of the dwelling as housing, less any rent paid that is properly includable as a trade or business expense under the Internal Revenue Code. "Rent" includes space rental paid to a landlord for parking a mobile home. Rent shall be~~

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ins 2-8  
cont

1 apporportioned among the occupants of a principal dwelling according to their  
2 respective contribution to the total amount of rent paid. "Rent" does not include rent  
3 paid for the use of housing which was exempt from property taxation, except housing  
4 for which payments in lieu of taxes were made under s. 66.40 (22).

5 **SECTION 1716r.** 71.07 (9) (b) 1. of the statutes is amended to read:

6 **71.07 (9) (b) 1.** Subject For taxable years beginning before January 1, 1998, and  
7 for taxable years beginning after December 31, 1998 and before January 1, 2000,  
8 subject to the limitations under this subsection and except as provided in subd. 2.,  
9 a claimant may claim as a credit against, but not to exceed the amount of, taxes under  
10 s. 71.02, 10% of the first \$2,000 of property taxes or rent constituting property taxes,  
11 or 10% of the first \$1,000 of property taxes or rent constituting property taxes of a  
12 married person filing separately.

13 **SECTION 1716s.** 71.07 (9) (b) 3. of the statutes is created to read:

14 **71.07 (9) (b) 3.** For taxable years beginning after December 31, 1999, subject  
15 to the limitations under this subsection, a claimant may claim as a credit against,  
16 but not to exceed the amount of, taxes under s. 71.02, 10% of the first \$2,000 of  
17 property taxes or 14.1% of the first \$2,000 of rent constituting property taxes, or 10%  
18 of the first \$1,000 of property taxes or 14.1% of the first \$1,000 of rent constituting  
19 property taxes of a married person filing separately."

20 → **13.** Page 851, line 17: delete the material beginning with that line and ending  
21 with page 852, line 2.

22 **14.** Page 853, line 9: delete lines 9 to 13.

23 **15.** Page 945, line 2: delete that line and substitute: "71.54 (1) (e) 2000. The  
24 amount of any claim filed in 2000".



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**16.** Page 945, line 3: delete "thereafter".

**17.** Page 945, line 13: after that line insert:

**"SECTION 1763c.** 71.54 (1) (f) of the statutes is created to read:

71.54 (1) (f) *2001 and thereafter.* The amount of any claim filed in 2001 and thereafter and based on property taxes accrued or rent constituting property taxes accrued during the previous year is limited as follows:

1. If the household income was \$8,000 or less in the year to which the claim relates, the claim is limited to 80% of the property taxes accrued or rent constituting property taxes accrued or both in that year on the claimant's homestead.

2. If the household income was more than \$8,000 in the year to which the claim relates, the claim is limited to 80% of the amount by which the property taxes accrued or rent constituting property taxes accrued or both in that year on the claimant's homestead exceeds 10.357% of the household income exceeding \$8,000.

3. No credit may be allowed if the household income of a claimant exceeds \$22,000."

**18.** Page 946, line 4: delete the material beginning with that line and ending with page 947, line 20.

**19.** Page 1598, line 18: delete lines 18 to 20.

(END) of ins 2-8

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

LRBb1348/1dn

MES:jlg:km

June 27, 1999

It is my assumption that it is your intent, in yanking the governor's and JCF's changes to the individual income tax system, to retain the technical changes made to the filing threshold in s. 71.03 (2) (a) 1.; the technical changes related to the taxation of trusts in ss. 71.02 (1), 71.14 (3) and 71.14 (3m); the technical changes related to calculating the standard deduction in s. 71.05 (22) (dm); and the technical changes related to income tax indexing provisions and the incorporation of federal indexing methods in s. 71.05 (22) (dt).

In keeping with this assumption, I have made a number of changes in s. 71.05 (22) (dm) and (dt), I have deleted s. 71.05 (22) (dp) and I have amended s. 71.06 (2e), related to bracket indexing. Please let me know if my assumption of your intent is incorrect.

The instructions did not indicate if you wanted the exemption to be \$25,000 for single individuals or married individuals filing separately and \$50,000 for married couples filing jointly, or \$25,000 for both single individuals and married couples who file jointly; the amendment is drafted to address the former situation. The instructions did not address how the amendment should treat nonresidents or part-year residents. Please let me know if the amendment is not consistent with your intent. You may also wish to have the amendment reviewed by the department of revenue.

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



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBb1348/2

MES:jlg:km

SOON

RMR

ASSEMBLY AMENDMENT,  
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,  
TO 1999 ASSEMBLY BILL 133

STRIKES  
REQUESTED

D. Note

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 822, line 12: delete lines 12 to 21.

3 ~~2. Page 835, line 1: delete lines 1 to 8~~

4 3. Page 836, line 1: delete lines 1 to 7.

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7 71.05 (6) (b) 32. a. Subject to subd. 32. c., for a single individual or for a married  
8 individual who files a separate return, the first \$25,000 of the individual's federal  
9 adjusted gross income.

10 b. Subject to subd. 32. c., for a married couple that files a joint return, the first  
11 \$50,000 of the married couple's federal adjusted gross income.

1           c. For an individual, or married couple, to whom subd. 32. a. or b. applies and  
2 who is a nonresident or part-year resident of this state, multiply the applicable  
3 amount under subd. 32. a. or b. by a fraction the numerator of which is the  
4 individual's or married couple's wages, salary, tips, unearned income and net  
5 earnings from a trade or business that are taxable by this state and the denominator  
6 of which is the individual's total wages, salary, tips, unearned income and net  
7 earnings from a trade or business. In this subdivision, for married persons filing  
8 separately "wages, salary, tips, unearned income and net earnings from a trade or  
9 business" means the separate wages, salary, tips, unearned income and net earnings  
10 from a trade or business of each spouse, and for married persons filing jointly "wages,  
11 salary, tips, unearned income and net earnings from a trade or business" means the  
12 total wages, salary, tips, unearned income and net earnings from a trade or business  
13 of both spouses."

14           **5.** Page 836, line 9: delete "~~and thereafter to 1999~~" and substitute "*and*  
15 *thereafter*".

16           **6.** Page 836, line 10: delete "~~on or after January 1, 1994 after~~" and substitute  
17 "on or after January 1, 1994".

18           **7.** Page 836, line 11: delete that line and substitute ", the Wisconsin standard  
19 deduction".

20           **8.** Page 837, line 20: delete the material beginning with that line and ending  
21 with page 838, line 24.

22           **9.** Page 839, line 2: delete "2000" and substitute "2001".

23           **10.** Page 839, line 18: on lines 18 and 19, delete "(dp)" and substitute "(dm)".



1           **11.** Page 840, line 5: delete the material beginning with that line and ending  
2 with page 847, line 6, and substitute:

3           “SECTION 1703e. 71.06 (2e) of the statutes is amended to read:

4           71.06 (2e) BRACKET INDEXING. For taxable years beginning after December 31,  
5 1998, the maximum dollar amount in each tax bracket, and the corresponding  
6 minimum dollar amount in the next bracket, under subs. (1m) and (2) (c) and (d) shall  
7 be increased each year by a percentage equal to the percentage change between the  
8 U.S. consumer price index for all urban consumers, U.S. city average, for the month  
9 of August of the previous year and the U.S. consumer price index for all urban  
10 consumers, U.S. city average, for the month of August of the year before the previous  
11 year 1997, as determined by the federal department of labor. Each amount that is  
12 revised under this subsection shall be rounded to the nearest multiple of \$10 if the  
13 revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5,  
14 such an amount shall be increased to the next higher multiple of \$10. The  
15 department of revenue shall annually adjust the changes in dollar amounts required  
16 under this subsection and incorporate the changes into the income tax forms and  
17 instructions.”.

18           **12.** Page 849, line 8: delete lines 8 to 13.

19           **13.** Page 849, line 18: delete the material beginning with that line and ending  
20 with page 850, line 9.

21           **14.** Page 851, line 17: delete the material beginning with that line and ending  
22 with page 852, line 2.

23           **15.** Page 853, line 9: delete lines 9 to 13.



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

LRBb1348/1jn  
MES:jlg:124

June 27, 1999

It is my assumption that it is your intent, in yanking the governor's and JCF's changes to the individual income tax system, to retain the technical changes made to the filing threshold in s. 71.03 (2) (a) 1.; the technical changes related to the taxation of trusts in ss. 71.02 (1), 71.14 (3) and 71.14 (3m); the technical changes related to calculating the standard deduction in s. 71.05 (22) (dm); and the technical changes related to income tax indexing provisions and the incorporation of federal indexing methods in s. 71.05 (22) (dt).

In keeping with this assumption, I have made a number of changes in s. 71.05 (22) (dm) and (dt), I have deleted s. 71.05 (22) (dp) and I have amended s. 71.06 (2e), related to bracket indexing. Please let me know if my assumption of your intent is incorrect.

The instructions did not indicate if you wanted the exemption to be \$25,000 for single individuals or married individuals filing separately and \$50,000 for married couples filing jointly, or \$25,000 for both single individuals and married couples who file jointly; the amendment is drafted to address the former situation. The instructions did not address how the amendment should treat nonresidents or part-year residents. Please let me know if the amendment is not consistent with your intent. You may also wish to have the amendment reviewed by the department of revenue.

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E-mail: Marc.Shovers@legis.state.wi.us

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

LRBb1348/2dn

MES:jlg:ksh

June 28, 1999

It is my assumption that it is your intent, in yanking the governor's and JCF's changes to the individual income tax system, to retain the technical changes made to the filing threshold in s. 71.03 (2) (a) 1.; the technical changes related to the taxation of trusts in ss. 71.02 (1), 71.14 (3) and 71.14 (3m); the technical changes related to calculating the standard deduction in s. 71.05 (22) (dm); and the technical changes related to income tax indexing provisions and the incorporation of federal indexing methods in s. 71.05 (22) (dt).

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