

Assembly Hearing Slip

(Please print plainly)

Date: 3/24/99
 Bill No. AB 40
 Or
 Subject _____

 (Name) Tom Ourada

 (Street Address or Route Number) 125 S Webster

 (City & Zip Code) MADISON WI 53702

 (Representing) Dept of Revenue

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
 Room 411 West
 State Capitol
 Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: _____
 Bill No. AB 40
 Or
 Subject _____

 (Name) Bob Ziegelbauer

 (Street Address or Route Number) _____

 (City & Zip Code) _____

 (Representing) _____

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.


Assembly Sergeant at Arms
 Room 411 West
 State Capitol
 Madison, WI 53702

1999 - 2000 LEGISLATURE


1999 ASSEMBLY BILL 40 

January 19, 1999 - Introduced by Representatives Ziegelbauer, Plale, Ainsworth, Black, Grothman, Kaufert, La Fave, F. Lasee, Lassa, J. Lehman, Meyer, Musser, Plouff, Reynolds, Ryba and Staskunas, cosponsored by Senators Wirch and Plache. Referred to Committee on Ways and Means.

Pg1Ln1 **An Act** to amend 71.07 (6) (am) 2. (intro.); and to create 71.07 (5m) (bm), 71.07
Pg1Ln2 (6) (as), 71.07 (8) (bm) and 71.07 (9) (bm) of the statutes; relating to: indexing
Pg1Ln3 for inflation the working families tax credit, the dependent tax credit, the senior
Pg1Ln4 citizen tax credit, the married couples tax credit and the school property tax
Pg1Ln5 credit.

Analysis by the Legislative Reference BureauAB40 


Under the current law individual income tax system, the sliding scale standard deduction and the tax brackets are indexed for inflation, for taxable years beginning after December 31, 1998. Current law also contains a number of tax credits that are based on statutorily set dollar amounts.

AB40 

This bill indexes for inflation the following individual income tax credits: the working families tax credit, the dependent tax credit, the senior citizen tax credit, the married couples tax credit and the school property tax credit. The indexing provisions created in the bill first apply to taxable years beginning after December 31, 1998.


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:

AB40, s. 1 

Pg2Ln1

Section 1. 71.07 (5m) (bm) of the statutes is created to read:

AB40, s. 1 - continued 

Pg2Ln2

Pg2Ln3

Pg2Ln4

Pg2Ln5

Pg2Ln6

Pg2Ln7

Pg2Ln8

Pg2Ln9

Pg2Ln10

Pg2Ln11


Pg2Ln12

Pg2Ln13

Pg2Ln14


Pg2Ln15

71.07 (5m) (bm) Indexing for inflation. For taxable years beginning after December 31, 1998, the dollar amounts relating to the denominator of a fraction under par. (b), and all of the dollar amounts of Wisconsin adjusted gross income under par. (b), shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the year before the previous year, as determined by the federal department of labor. Each amount that is revised under this paragraph shall be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased to the next higher multiple of \$10. The department of revenue shall annually adjust the changes in dollar amounts required under this paragraph and incorporate the changes into the income tax forms and instructions.

AB40, s. 2 

Pg2Ln16

Section 2. 71.07 (6) (am) 2. (intro.) of the statutes is amended to read:

AB40, s. 2 - continued 


Pg2Ln17

Pg2Ln18

Pg2Ln19


Pg2Ln20

71.07 (6) (am) 2. (intro.) Married persons filing a joint return, except those who reduce their gross income under section 911 or 931 of the Internal Revenue Code, may claim as a credit against the tax imposed under s. 71.02, up to the amount of those taxes, an amount equal to one of the following and subject to par. (as):

AB40, s. 3 

Pg2Ln21

Section 3. 71.07 (6) (as) of the statutes is created to read:

AB40, s. 3 - continued 

Pg2Ln22

Pg2Ln23

Pg2Ln24

Pg2Ln25

Pg3Ln1

Pg3Ln2

Pg3Ln3

Pg3Ln4


Pg3Ln5

Pg3Ln6

71.07 (6) (as) For taxable years beginning after December 31, 1998, the dollar amounts under par. (am) 2., shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the year before the previous year, as determined by the federal department of labor. Each amount that is revised under this paragraph shall be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased to the next higher multiple of \$10. The department of revenue shall annually adjust the changes in dollar amounts


Pg3Ln7
Pg3Ln8

required under this paragraph and incorporate the changes into the income tax forms and instructions.

AB40, s. 4 


Pg3Ln9

Section 4. 71.07 (8) (bm) of the statutes is created to read:

AB40, s. 4 - continued 


Pg3Ln10
Pg3Ln11
Pg3Ln12
Pg3Ln13
Pg3Ln14
Pg3Ln15
Pg3Ln16
Pg3Ln17
Pg3Ln18
Pg3Ln19
Pg3Ln20
Pg3Ln21
Pg3Ln22

71.07 (8) (bm) For taxable years beginning after December 31, 1998, the dollar amounts under pars. (a) and (b), including the dollar amounts of Wisconsin adjusted gross income under par. (a), shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the year before the previous year, as determined by the federal department of labor. Each amount that is revised under this paragraph shall be rounded to the nearest multiple of \$1 if the revised amount is not a multiple of \$1 or, if the revised amount is a multiple of 50 cents, such an amount shall be increased to the next higher multiple of \$1. The department of revenue shall annually adjust the changes in dollar amounts required under this paragraph and incorporate the changes into the income tax forms and instructions.

AB40, s. 5 

Pg3Ln23

Section 5. 71.07 (9) (bm) of the statutes is created to read:

AB40, s. 5 - continued 

Pg3Ln24
Pg3Ln25
Pg4Ln1
Pg4Ln2
Pg4Ln3
Pg4Ln4
Pg4Ln5
Pg4Ln6
Pg4Ln7
Pg4Ln8
Pg4Ln9
Pg4Ln10
Pg4Ln11

71.07 (9) (bm) For taxable years beginning after December 31, 1998, the dollar amounts under par. (b) 1. shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the year before the previous year, as determined by the federal department of labor. Each amount that is revised under this paragraph shall be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased to the next higher multiple of \$10. The department of revenue shall annually adjust the changes in dollar amounts required under this paragraph and incorporate the changes into the income tax forms and instructions.

(End)

Ways & Means Committee
Preliminary Report on Referred Legislation
January 28, 1999

Bill: AB40
Author: Ziegelbauer
Date Referred: 1-19-1999

Relating Clause: *indexing for inflation the working families tax credit, the dependent tax credit, the senior citizen tax credit, the married couples tax credit and the school property tax credit.*

Comments from Department of Revenue-

In general, The DOR *loves* indexing. It's good logic. Whatever is being indexed, is being kept in real terms year after year. However, in the case of AB40, fiscal reality makes this piece of legislation not feasible. In addition, with the Governor harboring plans to alter the income tax...

Comments from the Author-

Author's reasoning for introducing legislation:

Good idea.

Author's intent:

The intent is to keep credits given to recipients to stay in real terms year after year.

Does the Author want the legislation moved forward?

Yes No

If no, do we have this in writing?

Yes No

Is the legislation in its final form?

Yes No

If major changes are required, the author shall prepare and introduce the necessary amendments.

Comments from potentially affected parties-



State of Wisconsin • DEPARTMENT OF REVENUE

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Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

Ways & Means Committee Wednesday, February 24, 1999

Thank you, Mr. Chairman and members of the committee for the opportunity to address you on Assembly Bill 40.

AB 40 would index for inflation a number of tax credits beginning with tax year 1999. Under the proposal, the working families tax credit, the dependent tax credit, the senior citizen tax credit, the married couples tax credit and the school property tax credit would be indexed based on the change in the consumer price index from August of the second prior year to August of the prior year.

In general, the department supports efforts to adjust the tax code for inflation so that the value of credits, deductions and other features are not eroded by inflation. The dependent and elderly credits have been unchanged since 1986; as well as the maximum property tax eligible for the school property tax credit. Since then, all three have lost about one-third of their value to inflation. The maximum earnings for the married couple credit was \$15,000 from 1989 to 1998, when it was lowered to \$14,000. The working families credit first took effect in 1998.

The Governor has proposed in his budget elimination of the dependent, elderly, school property tax and working families credits, and raising the maximum earnings eligible for the married couple credit to \$16,000. The approach put forth by Governor Thompson calls for simplifying the tax code by eliminating several credits and replacing them with a significantly larger standard deduction and a personal exemption for all tax filers, their spouses and dependents.

The Department of Revenue is anxious to work with members of the committee and others in the legislature on individual income tax reduction and reform. We appreciate your interest.

AB 40

1998

1 Wisconsin income tax

Form For the year Jan. 1 - Dec. 31, 1998, or other tax year beginning _____, 1998 ending _____, 19

Use label or print	Your last name	First name and middle initial	Your social security number	QUICK REFUND Do you qualify (see page 5)?
	If a joint return, spouse's last name	First name and middle initial	Spouse's social security number	
	Home address (number and street)			▲ IMPORTANT ▲ You must enter your social security number(s)
	City or post office, state, zip code			

Check only one box

Single

Married filing joint return

Married filing separate return. Fill in spouse's full name and social security number ▼

Head of household (with qualifying person)
Fill in qualifying person's name ▼

If you want \$1 to go to the **State Election Campaign Fund**, check box(es). You Your spouse

Checking the box(es) will not change your tax or refund.

Illinois wages

Were any of your wages earned in Illinois? (See page 5) Yes No

If yes, fill in amount of Illinois wages

You \$ _____

Spouse \$ _____

Income	1 Federal adjusted gross income (see page 6)	1	_____
	2 State and municipal interest (see page 6)	2	_____
	3 Capital gain/loss adjustment (see page 7)	3	_____
	4 Other additions (list)	4	_____
	5 Add lines 1 through 4	5	_____
	6 State income tax refund (Form 1040, line 10)	6	_____
	7 United States government interest	7	_____
	8 Unemployment compensation (see page 8)	8	_____
	9 Social security (see page 8)	9	_____
	10 Capital gain/loss adjustment (see page 9)	10	_____
	11 Other subtractions (list)	11	_____
	12 Add lines 6 through 11	12	_____
	13 Subtract line 12 from line 5. This is your Wisconsin income	13	_____
	14 Tax. (See page 14). Check if from <input type="checkbox"/> Tax Table or <input type="checkbox"/> Special Tax Worksheet	14	_____
	15 Dependent credit. Fill in number of dependents (do not count yourself or spouse) _____ x \$50 =	15	_____
	16 Senior citizen credit (Caution: see page 14)	16	_____
	17 Wisconsin itemized deduction credit. Complete Schedule 1 on page 3 .	17	_____
	18 School property tax credit		
	a. Rent paid in 1998 - heat included		_____
	Rent paid in 1998 - heat not included ...		_____
	Find credits from table, page 16	▶ 18a	_____
b. Property taxes paid on home in 1998		_____	
Find credit from table, page 17	▶ 18b	_____	
19 Working families tax credit	19	_____	
20 Add lines 15 through 19	20	_____	
21 Subtract line 20 from line 14. If line 20 is larger than line 14, fill in -0-	21	_____	

Name(s) shown on Form 1

Your social security number

Schedule 1 – Wisconsin Itemized Deduction Credit (see page 15)

1	Medical and dental expenses from line 4, federal Schedule A. See instructions for exceptions	1	_____
2	Interest paid from line 14, federal Schedule A. Do not include interest paid on a second home located outside Wisconsin or on a residence which is a boat. Also, do not include interest paid to purchase or hold U.S. government securities	2	_____
3	Gifts to charity from line 18, federal Schedule A. See instructions for exceptions	3	_____
4	Job expenses and miscellaneous deductions from line 26, federal Schedule A. See instructions for exceptions	4	_____
5	Other miscellaneous deductions from line 27, federal Schedule A. See instructions for exceptions	5	_____
6	Add lines 1 through 5	6	_____
7	Using Wisconsin income from line 13 on page 1, find your standard deduction from table on page 31. (If Special Tax Worksheet on page 14 used, fill in the standard deduction from line 6 of that worksheet.)	7	_____
8	Subtract line 7 from line 6. If line 7 is more than line 6, fill in -0-	8	_____
9	Rate of credit is .05 (5%)	9	_____ x .05
10	Multiply line 8 by line 9. Fill in here and on line 17 on page 1	10	_____

Schedule 2 – Married Couple Credit When Both Spouses Are Employed (see page 18)

(When completing this schedule, be sure to fill in your income in column (A) and your spouse's income in column (B))

	(A) YOURSELF	(B) SPOUSE	
1	Taxable wages, salaries, tips, and other employe compensation. Do NOT enter interest, dividends, pensions, unemployment compensation, or other unearned income	1 _____	_____
2	Net profit or loss from self-employment from federal Schedules C, C-EZ, and F (Form 1040), Schedule K-1 (Form 1065), and any other taxable self-employment or earned income	2 _____	_____
3	Combine lines 1 and 2. This is earned income	3 _____	_____
4	Add amounts from your federal Form 1040, lines 23 and 29, plus repayment of supplemental unemployment benefits, employe expenses of qualified performing artists and of fee-basis state or local government officials, and contributions to Section 501(c)(18) pension plans included in line 32, and any Wisconsin disability income exclusion. Fill in the total of these adjustments that apply to your or your spouse's income	4 _____	_____
5	Subtract line 4 from line 3. This is qualified earned income. If less than zero, fill in -0-	5 _____	_____
6	Compare the amounts in columns (A) and (B) of line 5. Fill in the smaller amount here. If more than \$14,010, fill in \$14,010	6 _____	_____
7	Rate of credit is .0217 (2.17%)	7 _____	_____ x .0217
8	Multiply line 6 by line 7. Fill in here and on line 25 on page 2. Do not fill in more than \$304	8 _____	_____