

2001 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-SB55)

Received: 06/21/2001

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Spencer Black (608) 266-7521**

By/Representing: **Susan McMurray**

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

Drafter: **shoveme**

May Contact:

Addl. Drafters: **champra**

Subject: **Tax - individual income**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Black@legis.state.wi.us**

Pre Topic:

No specific pre topic given

Topic:

CN10: Exempt retirement income from income tax

Instructions:

See Attached; based on LRB -3369/3, with changes

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>
/?	shoveme 06/21/2001	jdye 06/22/2001		_____			

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			06/23/2001 _____		06/23/2001	06/23/2001	

FE Sent For:

<END>

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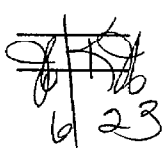
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Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

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<END>

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Assembly Amendment (AA-ASA1-^{SBSS}~~AB144~~)

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By/Representing: Susan McMurray


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1?	shoveme	1/9/22 JLD		_____			

1 MES 6/21/01

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<END>

LRB #:

Assembly Democrat Budget Amendment Requests

Request Number: 10
(not LRB number)

Agency: DOR

Description: Exempt retirement income from income tax. Modify so that income (including pension) over \$100,000 individual and \$200,000 couple is taxed.

Attachments: LRB 3369/3 *as modified by the \$100,000
per individual and \$200,000 per
couple limit.*

Cost (if known):

Contact person: Susan McMurray, 266-7521, Representative Black's Office

b1451

MES

2001

Date (time) needed _____

LRB b 1451, 1

**ADC CAUCUS BUDGET AMENDMENT
[ONLY FOR CAUCUS]**

ME SPRAC LD: (RMNR)

See form **AMENDMENTS — COMPONENTS & ITEMS.**

*LPS -
Fix
request sheet*

**CAUCUS AMENDMENT
TO ASSEMBLY SUBSTITUTE AMENDMENT 1
TO 2001 SENATE BILL 55**

>>FOR CAUCUS SUPERAMENDMENT — NOT FOR INTRODUCTION<<

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

#. Page 728, line 17: *after that line insert:* 

~~#. Page , line :~~

~~#. Page , line :~~

~~#. Page , line :~~

~~#. Page , line :~~

~~#. Page , line :~~

2001 BILL

1 AN ACT *to create* 71.05 (1) (am) of the statutes; relating to: exempting from
2 taxation retirement plan 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.

This bill exempts from taxation any amount of payments received each year by an individual from a retirement plan, if such payments are not already exempt from taxation. The exemption in the bill includes all qualified pension, profit-sharing, and stock bonus plans under the Internal Revenue Code (IRC), deferred compensation plans offered by state and local governments and tax-exempt organizations under the IRC, self-employed plans, tax-sheltered annuities, plans that are not qualified under the IRC, and individual retirement accounts. The exemption in the bill also applies to a distribution from a retirement plan that is used for certain medical expenses, first-time home buyer expenses, certain higher education expenses, and amounts needed to prevent eviction from a principal residence or mortgage foreclosure.



BILL

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.

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

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

71.05 (1) (am) *Pension income.* Except for a payment that is exempt under par.

(a) or that is exempt as a railroad retirement benefit, ~~any amount~~ of payments received each year by ~~an~~ individual from a retirement plan, including a plan that is

included in sections 401 to 409 or section 457 of the Internal Revenue Code and any amount that is withdrawn from a retirement plan for one or more of the following

amounts that is withdrawn from a retirement plan for one or more of the following

reasons:

1. The payment of medical expenses of the plan's participant, his or her spouse, or his or her dependent who is claimed under section 151 (c) of the Internal Revenue Code, to the extent that the payments exceed 7.5% of the participant's federal adjusted gross income.

2. Amounts used to pay for first-time home buyer expenses, up to \$10,000, if the distribution is used within 120 days to pay the costs of acquiring, constructing, or reconstructing the first-time home buyer's principal residence.

3. Qualified higher education expenses, as that term is used in section 72 (t) (7) of the Internal Revenue Code, for the plan's participant, his or her spouse, or his or her dependent who is claimed under section 151 (c) of the Internal Revenue Code.

4. Amounts that are necessary to prevent eviction from the participant's principle residence or mortgage foreclosure.

~~SECTION 2. Initial applicability.~~

or a married individual who files a separate return, or up to \$200,000 of payments received each year by a married couple that files a joint return,

Handwritten notes: "2142 m x" and "up to \$100,000" with arrows pointing to the statute text.

Handwritten note: "a single" with an arrow pointing to "an individual".

Handwritten checkmarks: "✓, ✓" next to the fourth reason.

BILL

Page 1403, line 15: after last line insert:

1 ~~(4)(a)~~ ~~This act~~ first applies to taxable years beginning on January 1 of the year
 2 in which this subsection takes effect, except that if this subsection takes effect after
 3 July 31 ~~this act~~ first applies to taxable years beginning on January 1 of the year
 4 following the year in which this subsection takes effect. " , ✓

(END)

Tax exemption; certain retirement income,

CS