



State of Wisconsin
2005 - 2006 LEGISLATURE

LRBs0109/1
MES:lmk:ch

**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 2005 ASSEMBLY BILL 402**

May 24, 2005 - Offered by Representative KERKMAN.

1 **AN ACT** *to renumber and amend* 71.05 (6) (b) 21.; and *to create* 71.05 (6) (b)
2 21. b., 71.05 (6) (b) 21. c., 71.05 (6) (b) 21. d., 71.05 (6) (b) 21. e. and 71.05 (6) (b)
3 21. f. of the statutes; **relating to:** increasing the amount of the individual
4 income tax subtract modification for social security benefits.

Analysis by the Legislative Reference Bureau

In general, under current law, 50 percent of certain social security benefits are taxed by this state once the recipient's income reaches \$34,000 for a single individual or \$44,000 for a married couple filing jointly, while the federal government taxes 85 percent of these same benefits.

Over the course of five years, beginning with 2006, this substitute amendment increases the exemption amount such that by 2010, the social security benefits which are included in the calculation of a taxpayer's federal adjusted gross income will be completely exempt from taxation. In 2006 the exemption amount is approximately 60 percent; in 2007, 70 percent; in 2008, 80 percent; in 2009, 90 percent; and in 2010 and thereafter, 100 percent.

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

1 **SECTION 1.** 71.05 (6) (b) 21. of the statutes is renumbered 71.05 (6) (b) 21. a. and
2 amended to read:

3 71.05 **(6)** (b) 21. a. ~~The~~ For taxable years beginning before January 1, 2006, the
4 difference between the amount of social security benefits included in federal
5 adjusted gross income for the current year and the amount calculated under section
6 86 of the ~~internal revenue code~~ Internal Revenue Code as that section existed on
7 December 31, 1992.

8 **SECTION 2.** 71.05 (6) (b) 21. b. of the statutes is created to read:

9 71.05 **(6)** (b) 21. b. For taxable years beginning after December 31, 2005, and
10 before January 1, 2007, the difference between the amount of social security benefits
11 included in federal adjusted gross income for the current year and 80 percent of the
12 amount calculated under section 86 of the Internal Revenue Code as that section
13 existed on December 31, 1992.

14 **SECTION 3.** 71.05 (6) (b) 21. c. of the statutes is created to read:

15 71.05 **(6)** (b) 21. c. For taxable years beginning after December 31, 2006, and
16 before January 1, 2008, the difference between the amount of social security benefits
17 included in federal adjusted gross income for the current year and 60 percent of the
18 amount calculated under section 86 of the Internal Revenue Code as that section
19 existed on December 31, 1992.

20 **SECTION 4.** 71.05 (6) (b) 21. d. of the statutes is created to read:

21 71.05 **(6)** (b) 21. d. For taxable years beginning after December 31, 2007, and
22 before January 1, 2009, the difference between the amount of social security benefits
23 included in federal adjusted gross income for the current year and 40 percent of the
24 amount calculated under section 86 of the Internal Revenue Code as that section
25 existed on December 31, 1992.

1 **SECTION 5.** 71.05 (6) (b) 21. e. of the statutes is created to read:

2 71.05 **(6)** (b) 21. e. For taxable years beginning after December 31, 2008, and
3 before January 1, 2010, the the difference between the amount of social security
4 benefits included in federal adjusted gross income for the current year and 20 percent
5 of the amount calculated under section 86 of the Internal Revenue Code as that
6 section existed on December 31, 1992.

7 **SECTION 6.** 71.05 (6) (b) 21. f. of the statutes is created to read:

8 71.05 **(6)** (b) 21. f. For taxable years beginning after December 31, 2009, the
9 amount of social security benefits included in federal adjusted gross income under
10 section 86 of the Internal Revenue Code.

11

(END)