



**WISCONSIN LEGISLATIVE COUNCIL  
AMENDMENT MEMO**

**2003 Assembly Bill 155**

**Assembly Substitute  
Amendment 1**

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**ASSEMBLY BILL 155**

Under current law, income received from the federal government by armed forces and reserve component members serving in a combat zone is excluded from income for federal and state tax purposes. The bill would extend the state income tax exemption to a reserve component member (Reserves and National Guard) called to federal active duty, regardless of whether the person is serving in a combat zone. The exemption applies to any amounts of military pay that are paid to the person that relate to the period of time during which the person is on active duty.

The bill includes in the tax exemption the pay that members of the National Guard and Reserves receive during their weekend and two-week annual training.

**ASSEMBLY SUBSTITUTE AMENDMENT 1**

The substitute amendment addresses the concern that the bill was drafted too broadly in exempting pay received during periods of training. To eliminate the bill's exemption of training wages, the substitute amendment removes the reference to 26 U.S.C. s. 7701 (a) (15) and instead specifies the following types of federal active duty for which members of a reserve component are eligible for the exemption:

- a. Partial mobilization under 10 U.S.C. s. 12302 (a) [generally to a combat zone]; and
- b. Presidential selective reserve call-up under 10 U.S.C. s. 12304 [generally for a peace-keeping mission].

In addition, the substitute amendment makes the tax exemption available to a member of the reserve component who is called to special state service under 32 U.S.C. s. 502 (f). This is state service authorized by the U.S. Department of Defense in which the Governor may call up members

of the National Guard for purposes such as airport security duty and other homeland security assignments.

**LEGISLATIVE HISTORY**

Assembly Bill 155 was introduced on March 13, 2003 by Representative Musser and others; cosponsored by Senator Schultz and others. The bill was referred to the Assembly Committee on Veterans and Military Affairs. The committee held a public hearing on April 2, 2003.

Representatives Musser and Pettis introduced Assembly Substitute Amendment 1 on April 16, 2003. At an executive session on that date, the committee adopted Assembly Substitute Amendment 1 on a vote of Ayes, 13; Noes, 0, and recommended passage of the bill, as amended, on a vote of Ayes, 12; Noes, 1.

On March 10, 2004, the Assembly adopted Assembly Substitute Amendment 1 and passed the bill, as amended, on a vote of Ayes, 99; Noes, 0.

PS:rv:tlu;ksm