



1999 ASSEMBLY BILL 763

February 17, 2000 - Introduced by Representatives POWERS, AINSWORTH, BLACK, BRANDEMUEHL, GRONEMUS, LADWIG, MUSSER, OLSEN, WARD and PETTIS, cosponsored by Senators ROESSLER and DRZEWIECKI. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 71.52 (6) of the statutes; **relating to:** modifying the definition
2 of "income" under the homestead tax credit.

Analysis by the Legislative Reference Bureau

Under current law, "income" is defined under the homestead tax credit as the sum of Wisconsin adjusted gross income (AGI) and a number of other items, to the extent that the other items are not included in Wisconsin AGI, such as certain public assistance payments, nontaxable interest received on state and municipal bonds and certain retirement benefits. One of the retirement benefits that is currently included in the definition of income is the gross amount of any pension or annuity.

Under the bill, the definition of "income" for homestead credit purposes, as it applies to certain pensions and annuities, is modified such that nontaxable recoveries of a claimant's investment in a pension or annuity is excluded from the definition of "income" and only the taxable portion of the pension or annuity is included.

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:

3 **SECTION 1.** 71.52 (6) of the statutes is amended to read:

ASSEMBLY BILL 763**SECTION 1**

1 71.52 (6) "Income" means the sum of Wisconsin adjusted gross income and the
2 following amounts, to the extent not included in Wisconsin adjusted gross income:
3 maintenance payments (except foster care maintenance and supplementary
4 payments excludable under section 131 of the ~~internal revenue code~~ Internal
5 Revenue Code), support money, cash public assistance (not including credit granted
6 under this subchapter and amounts under s. 46.27), cash benefits paid by counties
7 under s. 59.53 (21), retirement benefits under s. 71.05 (1) (a), the gross amount of any
8 ~~pension or annuity (including railroad retirement benefits and veterans disability~~
9 ~~pensions)~~, all payments received under the federal ~~social security act and veterans~~
10 ~~disability pensions)~~ Social Security Act, nontaxable interest received from the
11 federal government or any of its instrumentalities nontaxable interest received on
12 state or municipal bonds, worker's compensation, unemployment insurance, the
13 gross amount of "loss of time" insurance, compensation and other cash benefits
14 received from the United States for past or present service in the armed forces,
15 scholarship and fellowship gifts or income, capital gains, gain on the sale of a
16 personal residence excluded under section 121 of the ~~internal revenue code~~ Internal
17 Revenue Code, dividends, income of a nonresident or part-year resident who is
18 married to a full-year resident, housing allowances provided to members of the
19 clergy, the amount by which a resident manager's rent is reduced, nontaxable income
20 of an American Indian, nontaxable income from sources outside this state and
21 ~~nontaxable deferred compensation~~ life insurance proceeds received on account of the
22 insured. Intangible drilling costs, depletion allowances and depreciation, including
23 first-year depreciation allowances under section 179 of the ~~internal revenue code~~
24 Internal Revenue Code, amortization, ~~contributions to individual retirement~~
25 ~~accounts under section 219 of the internal revenue code~~, contributions to Keogh

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1 plans, net operating loss carry-forwards and capital loss carry-forwards deducted
2 in determining Wisconsin adjusted gross income shall be added to "income".
3 "Income" does not include gifts from natural persons, cash reimbursement payments
4 made under title XX of the federal ~~social security act~~ Social Security Act, surplus food
5 or other relief in kind supplied by a governmental agency, the gain on the sale of a
6 personal residence deferred under section 1034 of the ~~internal revenue code~~ Internal
7 Revenue Code or nonrecognized gain from involuntary conversions under section
8 1033 of the ~~internal revenue code~~ Internal Revenue Code. Amounts not included in
9 adjusted gross income but added to "income" under this subsection in a previous year
10 and repaid may be subtracted from income for the year during which they are repaid.
11 Scholarship and fellowship gifts or income that are included in Wisconsin adjusted
12 gross income and that were added to household income for purposes of determining
13 the credit under this subchapter in a previous year may be subtracted from income
14 for the current year in determining the credit under this subchapter. A marital
15 property agreement or unilateral statement under ch. 766 has no effect in computing
16 "income" for a person whose homestead is not the same as the homestead of that
17 person's spouse.

SECTION 2. Initial applicability.

18
19 (1) This act first applies to taxable years beginning on January 1 of the year
20 in which this subsection takes effect, except that if this subsection takes effect after
21 July 31, this act first applies to taxable years beginning on January 1 of the year
22 following the year in which this subsection takes effect.

23 (END)