



State of Wisconsin  
1997 - 1998 LEGISLATURE

LRBs0430/2  
MES:kmg:jf

**SENATE SUBSTITUTE AMENDMENT 1,  
TO 1997 SENATE BILL 366**

February 4, 1998 - Offered by JOINT COMMITTEE ON FINANCE.

1 **AN ACT to renumber** 71.78 (4) (h); and **to create** 20.566 (3) (go), 20.855 (4) (cm),  
2 20.855 (4) (cn), 20.855 (4) (co), 71.10 (7e) and 71.78 (4) (h) 2. of the statutes;  
3 **relating to:** nonresident individual income tax reciprocity with the state of  
4 Illinois and making appropriations.

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

5 **SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert  
6 the following amounts for the purposes indicated:

				<b>1997-98</b>	<b>1998-99</b>
7					
8	<b>20.566</b>	<b>Revenue, department of</b>			
9	(3)	ADMINISTRATIVE SERVICES AND SPACE RENTAL			
10	(go)	Reciprocity agreement, Illinois	PR	A	-0- 74,300

1     **20.855 Miscellaneous appropriations**

2     (4)    TAX, ASSISTANCE AND TRANSFER PAYMENTS

3        (cn)   Illinois income tax reciprocity

4            bench mark                                   GPR     A           -0-       74,300

5        (co)   Illinois income tax reciprocity,

6            1998 and 1999                               GPR     A           -0-       5,500,000

7            **SECTION 2.** 20.566 (3) (go) of the statutes is created to read:

8            20.566 (3) (go) *Reciprocity agreement, Illinois.* The amounts in the schedule  
9            to provide services for the Illinois income tax reciprocity agreement under s. 71.10  
10           (7e). All moneys received by the department of revenue in return for the provision  
11           of these services shall be credited to this appropriation.

12           **SECTION 3.** 20.855 (4) (cm) of the statutes is created to read:

13           20.855 (4) (cm) *Illinois income tax reciprocity.* For taxable years beginning  
14           after December 31, 1999, a sum sufficient to pay to the state of Illinois any losses of  
15           income taxes occurring because of income tax reciprocity between this state and  
16           Illinois and any interest payments due under s. 71.10 (7e).

17           **SECTION 4.** 20.855 (4) (cn) of the statutes is created to read:

18           20.855 (4) (cn) *Illinois income tax reciprocity bench mark.* The amounts in the  
19           schedule to fund this state's portion of a bench mark study by the department of  
20           revenue of the revenue loss under s. 71.10 (7e) (b).

21           **SECTION 5.** 20.855 (4) (co) of the statutes is created to read:

22           20.855 (4) (co) *Illinois income tax reciprocity, 1998 and 1999.* The amounts in  
23           the schedule to pay to the state of Illinois any losses of income taxes occurring  
24           because of income tax reciprocity between this state and Illinois, as determined

1 under s. 71.10 (7e), for taxable years beginning after December 31, 1997, and before  
2 January 1, 2000.

3 **SECTION 6.** 71.10 (7e) of the statutes is created to read:

4 71.10 (7e) ILLINOIS INCOME TAX RECIPROACITY. (a) For purposes of income tax  
5 reciprocity reached with the state of Illinois under s. 71.05 (2), whenever the income  
6 taxes on residents of one state which would have been paid to the 2nd state without  
7 reciprocity exceed the income taxes on residents of the 2nd state which would have  
8 been paid to the first state without reciprocity, the state with the net revenue loss  
9 shall receive from the other state the amount of the loss. Interest shall be payable  
10 on all delinquent balances relating to taxable years beginning after December 31,  
11 1999. The secretary of revenue may enter into agreements with the state of Illinois  
12 specifying the reciprocity payment due date, conditions constituting delinquency,  
13 interest rates and the method of computing interest due on any delinquent amounts.

14 (b) The data used for computing the loss to either state shall be determined by  
15 the respective departments of revenue of both states on or before December 1 of the  
16 year following the close of the previous calendar year. If an agreement cannot be  
17 reached as to the amount of the loss, the secretary of revenue of this state and the  
18 director of taxation of the state of Illinois shall each appoint a member of a board of  
19 arbitration and these members shall appoint a 3rd member of the board. The board  
20 shall select one of its members as chairperson. The board may administer oaths, take  
21 testimony, subpoena witnesses and require their attendance, require the production  
22 of books, papers and documents and hold hearings at such places as it considers  
23 necessary. The board shall then make a determination as to the amount to be paid  
24 the other state which shall be conclusive. This state shall pay no more than 50% of  
25 the cost of such arbitration.

1 (c) 1. The payments under this subsection may be made only if the secretary  
2 of revenue of this state and the director of taxation of the state of Illinois enter into  
3 a written agreement relating to income tax reciprocity that applies to taxable years  
4 beginning after December 31, 1997.

5 2. Subject to subd. 1., for taxable years beginning after December 31, 1997, and  
6 before January 1, 1999, the maximum amount that may be paid to Illinois under this  
7 subsection is \$5,500,000, and for taxable years beginning after December 31, 1998,  
8 and before January 1, 2000, the maximum amount that may be paid to Illinois under  
9 this subsection is \$8,250,000.

10 **SECTION 7.** 71.78 (4) (h) of the statutes is renumbered 71.78 (4) (h) 1.

11 **SECTION 8.** 71.78 (4) (h) 2. of the statutes is created to read:

12 71.78 (4) (h) 2. A member of the board of arbitration established under s. 71.10  
13 (7e) or a consultant under joint contract with the states of Illinois and Wisconsin for  
14 the purpose of determining the reciprocity loss to which either state is entitled.

15 **SECTION 9. Appropriation changes.**

16 (1) In the schedule under section 20.005 (3) of the statutes for the appropriation  
17 to the department of revenue under section 20.566 (1) (a) of the statutes, as affected  
18 by the acts of 1997, the dollar amount is increased by \$19,300 for fiscal year 1997-98  
19 and the dollar amount is increased by \$9,500 for fiscal year 1998-99 to increase  
20 funding for the administration of income tax laws relating to the Illinois income tax  
21 reciprocity bench mark study.

22 **SECTION 10. Initial applicability.**

23 (1) This act first applies to taxable years beginning on January 1, 1998.

24 (END)