

1999 ASSEMBLY BILL 73

February 2, 1999 – Introduced by Representatives HOVEN, PLALE, MUSSER, HASENOHRL, SYKORA, RYBA, KREIBICH, F. LASEE, PORTER, LADWIG, TURNER, ALBERS and GUNDERSON, cosponsored by Senators FARROW, WIRCH and DARLING. Referred to Joint survey committee on Tax Exemptions.

1 **AN ACT to create** 71.05 (6) (b) 29. of the statutes; **relating to:** creating an
2 individual income tax exemption for interest income received from deposits in
3 financial institutions.

Analysis by the Legislative Reference Bureau

This bill creates an individual income tax exemption for certain amounts of interest income received from deposits in a bank, a savings bank, a savings and loan association, a trust company or a credit union. The amount of the exemption is limited to \$500 each year for married persons who file jointly, to \$350 each year for persons who file as heads of household and to \$250 each year for single individuals or married persons who file separately.

The amount of an exemption that may be claimed by a nonresident or part-year resident of this state is reduced by multiplying the amount of the exemption that the individual would otherwise be eligible for by a ratio of the individual's income that is taxable by this state and the individual's total income.

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:

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1 **SECTION 1.** 71.05 (6) (b) 29. of the statutes is created to read:

2 71.05 **(6)** (b) 29. a. An amount of interest income up to the limit specified in
3 subd. 29. b. to d., as modified in subd. 29. e. or f., received by an individual from a
4 deposit account in a financial institution, as that term is defined in s. 214.01 (1) (jn).
5 In this subdivision, “deposit account” means any monetary interest that a depositor
6 maintains in a financial institution, including a demand, time, money market,
7 savings, certificate or negotiable order of withdrawal account.

8 b. For a married couple that files jointly, the maximum amount of interest to
9 which the exemption in subd. 29. a. applies is \$500 each taxable year.

10 c. For an individual who files as a head of household, the maximum amount of
11 interest to which the exemption in subd. 29. a. applies is \$350 each taxable year.

12 d. For an individual who is single or who is married and files separately, the
13 maximum amount of interest to which the exemption in subd. 29. a. applies is \$250
14 each taxable year.

15 e. For an individual who is a nonresident or part-year resident of this state,
16 multiply the appropriate amount under subd. 29. b., c. or d. by a fraction the
17 numerator of which is the individual’s wages, salary, tips, unearned income and net
18 earnings from a trade or business that are taxable by this state and the denominator
19 of which is the individual’s total wages, salary, tips, unearned income and net
20 earnings from a trade or business. In this subd. 29. e., for married persons filing
21 separately, “wages, salary, tips, unearned income and net earnings from a trade or
22 business” means the separate wages, salary, tips, unearned income and net earnings
23 from a trade or business of each spouse, and for married persons filing jointly, “wages,
24 salary, tips, unearned income and net earnings from a trade or business” means the

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1 total wages, salary, tips, unearned income and net earnings from a trade or business
2 of both spouses.

3 f. Reduce the amount under subd. 29. b., c. or d. or the amount calculated under
4 subd. 29. e. to the individual's aggregate wages, salary, tips, unearned income and
5 net earnings from a trade or business that are taxable by this state.

6 **SECTION 2. Initial applicability.**

7 (1) This act first applies to taxable years beginning on January 1 of the year
8 in which this subsection takes effect, except that if this subsection takes effect after
9 July 31, this act first applies to taxable years beginning on January 1 of the year
10 following the year in which this subsection takes effect.

11 (END)