

**1999 DRAFTING REQUEST**

**Bill**

Received: **11/16/98**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Tim Hoven (608) 267-2369**

By/Representing: **Mike Welsh**

This file may be shown to any legislator: **NO**

Drafter: **shoveme**

May Contact:

Alt. Drafters:

Subject: **Tax - individual income**

Extra Copies:

**Topic:**

Individual income tax exemption for certain interest income

**Instructions:**

See Attached. Create tax exemption for following amounts of interest income received from a "deposit acct" as defined in s. 214.01 (1) (g): \$300, married joint filers; \$200 for head of household; \$150 for single, married separate filers

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	shoveme 12/2/98	ptellez 12/18/98	jfrantze 12/18/98	_____	lrb_docadmin 12/18/98		State Tax
/2	shoveme 12/23/98	ygeller 12/23/98	martykr 12/29/98	_____	lrb_docadmin 12/29/98	lrb_docadmin	State Tax

FE Sent For: **12/29/98.**

(1/2")

<END>

**1999 DRAFTING REQUEST****Bill**Received: **11/16/98**Received By: **shoveme**Wanted: **As time permits**

Identical to LRB:

For: **Tim Hoven (608) 267-2369**By/Representing: **Mike Welsh**This file may be shown to any legislator: **NO**Drafter: **shoveme**

May Contact:

Alt. Drafters:

Subject: **Tax - individual income**

Extra Copies:

**Topic:**

Individual income tax exemption for certain interest income

**Instructions:**

See Attached. Create tax exemption for following amounts of interest income received from a "deposit acct" as defined in s. 214.01 (1) (g): \$300, married joint filers; \$200 for head of household; \$150 for single, married separate filers

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	shoveme 12/2/98	ptellez 12/18/98	jfrantze 12/18/98	_____	lrb_docadmin 12/18/98		State Tax
/2	shoveme 12/23/98	ygeller 12/23/98	martykr 12/29/98	_____	lrb_docadmin 12/29/98		State Tax

FE Sent For:

&lt;END&gt;



1999 DRAFTING REQUEST

Bill

Received: 11/16/98

Received By: shoveme

Wanted: As time permits

Identical to LRB:

For: Tim Hoven (608) 267-2369

By/Representing: Mike Welsh

This file may be shown to any legislator: NO

Drafter: shoveme

May Contact:

Alt. Drafters:

Subject: Tax - individual income

Extra Copies:

Topic:

Individual income tax exemption for certain interest income

Instructions:

See Attached. Create tax exemption for following amounts of interest income received from a "deposit acct" as defined in s. 214.01 (1) (g): \$300, married joint filers; \$200 for head of household; \$150 for single, married separate filers

Drafting History:

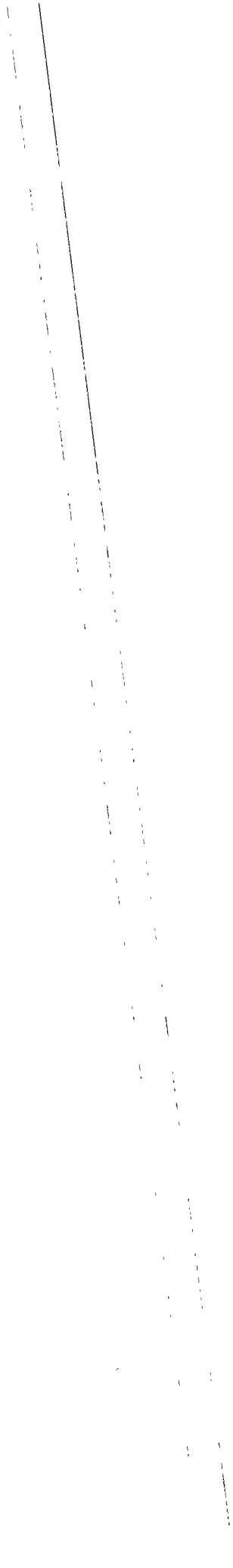
<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	shoveme 12/2/98	ptellez 12/18/98	jfrantze 12/18/98	_____	lrb_docadmin 12/18/98		State Tax

FE Sent For:

1/2 12/23/98 jlg km 12/29

<END>

Please Jacket 1/2 & send for FE



1999 DRAFTING REQUEST

Bill

Received: 11/16/98

Received By: shoveme

Wanted: As time permits

Identical to LRB:

For: Tim Hoven (608) 267-2369

By/Representing: Mike Welsh

This file may be shown to any legislator: NO

Drafter: shoveme

May Contact:

Alt. Drafters:

Subject: Tax - individual income

Extra Copies:

Topic:

Individual income tax exemption for certain interest income

Instructions:

See Attached. Create tax exemption for following amounts of interest income received from a "deposit acct" as defined in s. 214.01 (1) (g): \$300, married joint filers; \$200 for head of household; \$150 for single, married separate filers

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
1?	shoveme	1 i pt 12/15/98	[Signature]	[Signature]			
1	MES 12/2/98	1 JG 12/18	12/18	12/18			
			Km 12/29	cmk 12/29			

<END>





## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

November 10, 1998

**TO:** Representative Timothy Hoven  
Room 17 North, State Capitol

**FROM:** Kelsie Doty, Fiscal Analyst

**SUBJECT:** Individual Income Tax Exemption for Interest Income

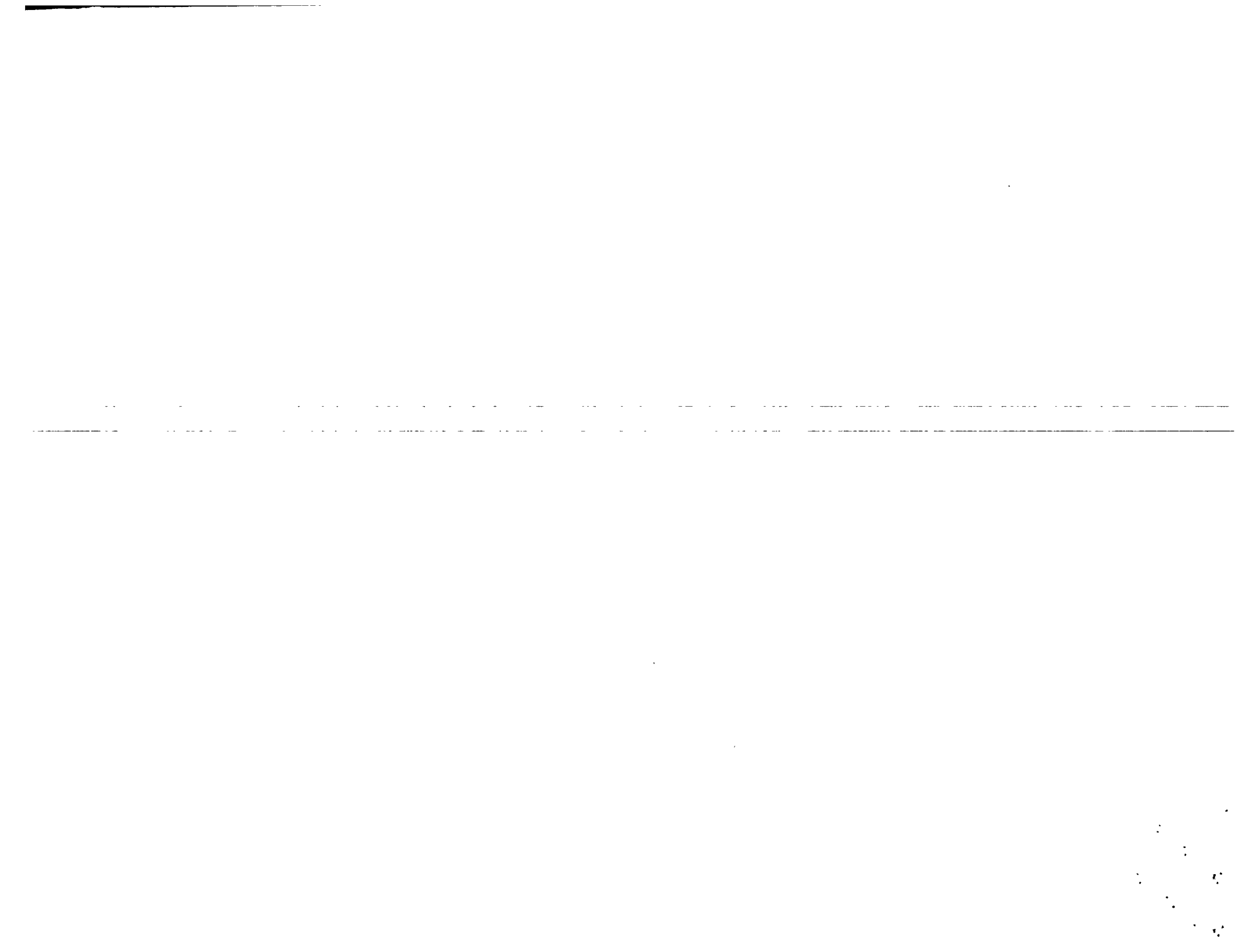
At your request, I am providing information on a proposal to exempt a portion of interest income from the state's individual income tax.

Under the proposal, up to \$300 in interest income would be exempt from taxation for married couples filing joint returns. Up to \$200 would be exempt for head-of-household taxpayers and up to \$150 would be exempt for single and married-separate taxpayers. This proposal would reduce general fund revenues by an estimated \$14.0 million on an annualized basis.

I hope this information is helpful. If I can be of further assistance, please contact me.

KD/dls





**LEGISLATIVE REFERENCE BUREAU****BILL REQUEST FORM**

Legal Section, 5<sup>th</sup> Floor, 100 N. Hamilton St.  
 (608) 266-3561

Use of this form is optional. It is often helpful to talk directly with the LRB attorney who will draft the bill.  
 Use this form only for **BILL** drafts. Attach more pages if necessary.

Date of request: 16 NOV 98	Legislator or agency requesting this draft: REP. HOVEN (60 <sup>th</sup> ASSEMBLY DIST)
Name/phone number of person submitting request: 267-2370	
Persons to contact for questions about this draft (names and phone numbers please): Mike Welsh - 267-2370	
Describe the problem, including any helpful examples. How do you want to solve the problem? IN AN EFFORT TO ENCOURAGE WISCONSIN RESIDENTS TO SAVE, I AM PROPOSING <del>THE</del> LEGISLATION TO EXEMPT INTEREST EARNED ON <sup>(A PORTION OF)</sup> "DEPOSIT ACCOUNTS" FROM THE STATE'S INDIVIDUAL INCOME TAX. (AS DEFINED BY 21% 01 (1) (9))	
If you know of any statute sections that might be affected, please list them or provide a marked (not re-typed) copy. 71.05	

Please attach a copy of any correspondence or material that may help us. You may also attach a marked (not re-typed) copy of any LRB draft, or provide its number (e.g., 1997 LRB-2345/1 or 1995 AB-67):

Requests are confidential unless stated otherwise.

May we tell others that we are working on this for you?  YES  NO

If yes, anyone who asks?  YES  NO

Any legislator?  YES  NO  ONLY the following persons:

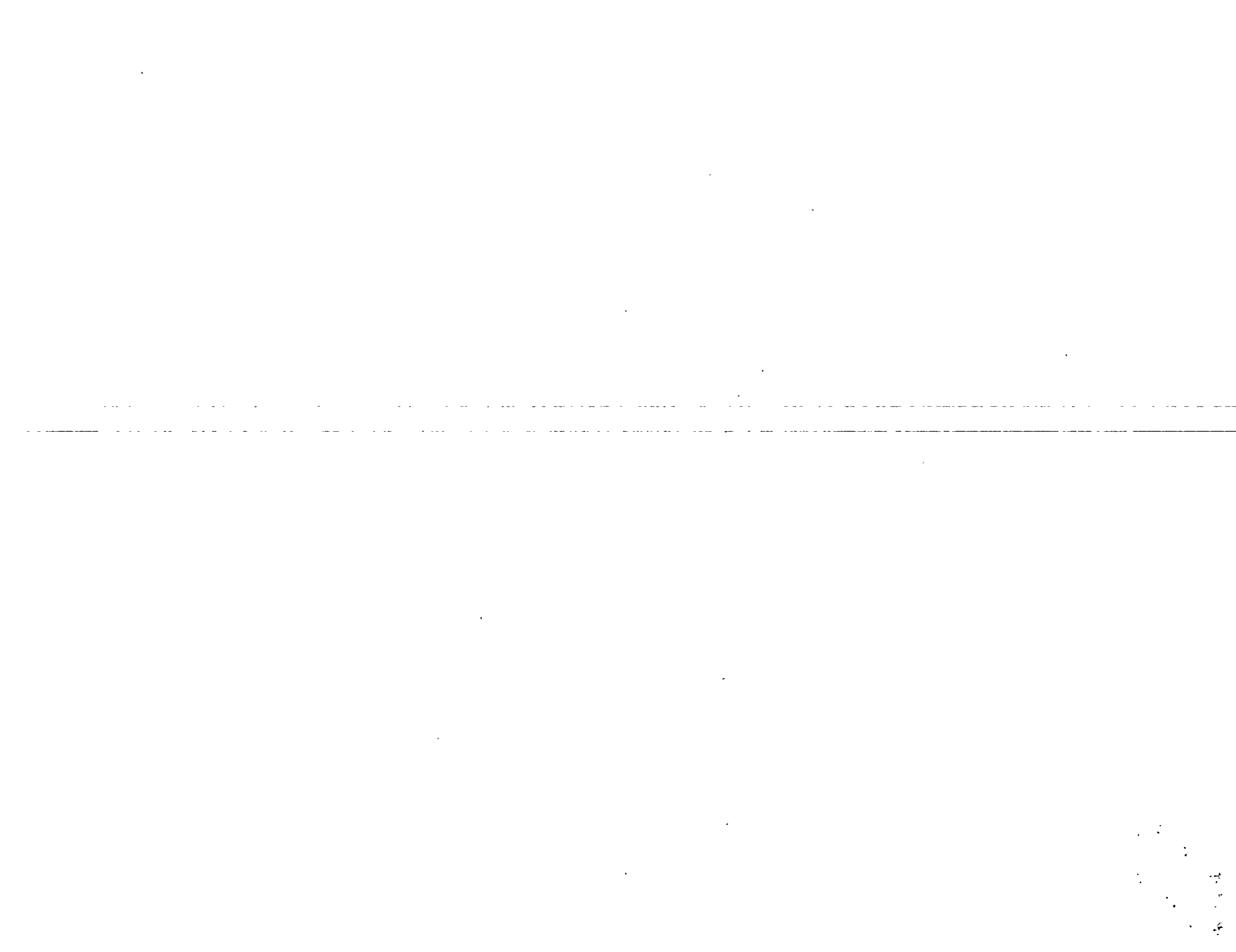
Do you consider this urgent?  YES  NO If yes, please indicate why:

WOULD LIKE BEFORE THE 29<sup>th</sup> of NOV.

Is this request of higher priority than other pending request(s) you have made?

YES  NO If yes, please sign your name here:

N/A



## SUBCHAPTER I

## GENERAL PROVISIONS

**214.01 Definitions. (1)** In this chapter:

(a) "Affiliate" means a company that controls, is controlled by or is under common control with a savings bank.

(c) "Bank" means a commercial bank chartered by the U.S. comptroller of the currency or organized under ch. 221.

(d) "Branch office" means a place of business, other than the home office, where the business of the savings bank is conducted. "Branch office" does not include a remote service unit, a limited office or an extended office.

(e) "Capital" includes net worth, paid-in-surplus, capital stock equity, undivided profits, earnings and other forms of capital considered to be qualifying capital by a deposit insurance corporation.

(g) "Deposit account" means any monetary interest that a depositor maintains in a savings bank, including a demand, time, money market, savings, certificate or negotiable order of withdrawal account.

(h) "Deposit insurance corporation" means the federal deposit insurance corporation or other instrumentality of or corporation chartered by the United States that is supported by the full faith and credit of the U.S. government as stated in a congressional resolution.

(ig) "Director" means a member of a board of directors of a savings bank. "Director" does not include an advisory director, honorary director, director emeritus, or similar person, unless the person is otherwise performing functions similar to those of a director.

(im) "Division" means the division of savings and loan.

(ip) "Extended office" means a place of business located within 1,000 feet of a home office or a branch office of the same savings bank.

(jg) "Fiduciary" means a trustee, executor, administrator, guardian, agent, receiver, trustee in bankruptcy, assignee for creditors, or any holder of a similar position of trust.

(jn) "Financial institution" means a bank, a savings bank, a savings and loan association, a trust company, or a credit union, whether chartered under the laws of this state, another state or territory or under the laws of the United States.

(k) "Geographic area" means the states of Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri and Ohio.

(L) "Home office" means the office of the savings bank that is designated as such in its bylaws.

(m) "Impairment" means a condition in which the aggregate appraised value of the savings bank's assets is less than the aggregate amount of the savings bank's deposit accounts and liabilities to other creditors and the aggregate value of its stock.

(p) "Interest" means dividends, earnings, interest, return or rate of return paid on a deposit account.

(pm) "Investment" includes consumer, residential, agricultural and commercial loans, purchases of corporate debentures, securities, bonds and joint venture shares, and purchases of mutual fund shares subject to the rules of the division.

(q) "Limited office" means a place of business at which a savings bank provides lending and other services, but at which a savings bank may not accept deposits except through a remote service unit.

(qm) "Marketable investment securities" means investment grade marketable obligations evidencing indebtedness of any person in the form of bonds, notes or debentures, rated in one of the 4 highest categories by at least one nationally recognized rating service and of a type customarily sold on recognized exchanges or traded over the counter, but does not include stocks.

(r) "Net profit" means the remainder of all earnings from current operations plus actual recoveries on loans, investments and

other assets after deducting all current expenses, including interest on deposit accounts, additions to reserves that are required by the division, actual losses, accrued dividends on preferred stock and all state and federal taxes.

(rm) "Person" includes an individual, corporation, limited liability company, partnership, joint venture, trust, estate, governmental entity or unincorporated association.

(s) "Principal place of business" means the state in which the total deposits of a savings bank, or of a savings bank holding company from all offices of all subsidiaries, are the greatest as shown by the most recent reports of condition filed with a state or federal regulatory authority.

(sm) "Remote service unit" means a terminal or other facility or installation, attended or unattended, which is not located at the home office or at another office of a savings bank and through which customers and savings banks may engage, by means of either the direct transmission of electronic impulses to and from a savings bank or the recording of electronic impulses or other indicia of a transaction for delayed transmission to a savings bank, in transactions which are incidental to the conduct of the business of a savings bank and which are otherwise permitted by law. "Remote service unit" includes all equipment, regardless of location, that is interconnected with a remote service unit and that is necessary to transmit, route and process electronic impulses in order to enable the remote service unit to perform any function for which it is designed.

(sr) "Review board" means the savings bank review board.

(t) "Savings bank" means a financial institution organized under this chapter.

(tm) "Savings bank holding company" means a company that directly or indirectly, or acting in concert with one or more other persons or through one or more subsidiaries, owns, controls, or holds with power to vote, or holds proxies representing more than 25% of the voting shares or rights of a savings bank or savings bank holding company or controls in any manner whether by the holding of proxies or otherwise, the election of a majority of the directors of a savings bank or savings bank holding company.

(u) "Service corporation" means a corporation that is more than 50% owned by one or more savings banks, or by savings banks and other financial institutions, whose purposes are reasonably incident to the accomplishment of the express or incidental powers conferred upon savings banks by this chapter.

(um) "Subsidiary" means a company that is controlled by a person or by a company.

(v) "Value" means the present worth of all rights to future benefits arising from ownership.

(2) Any of the following persons shall be considered to be a person affiliated with a savings bank:

(a) A director, officer or controlling person of a savings bank.

(b) A spouse of a director, officer or controlling person of a savings bank.

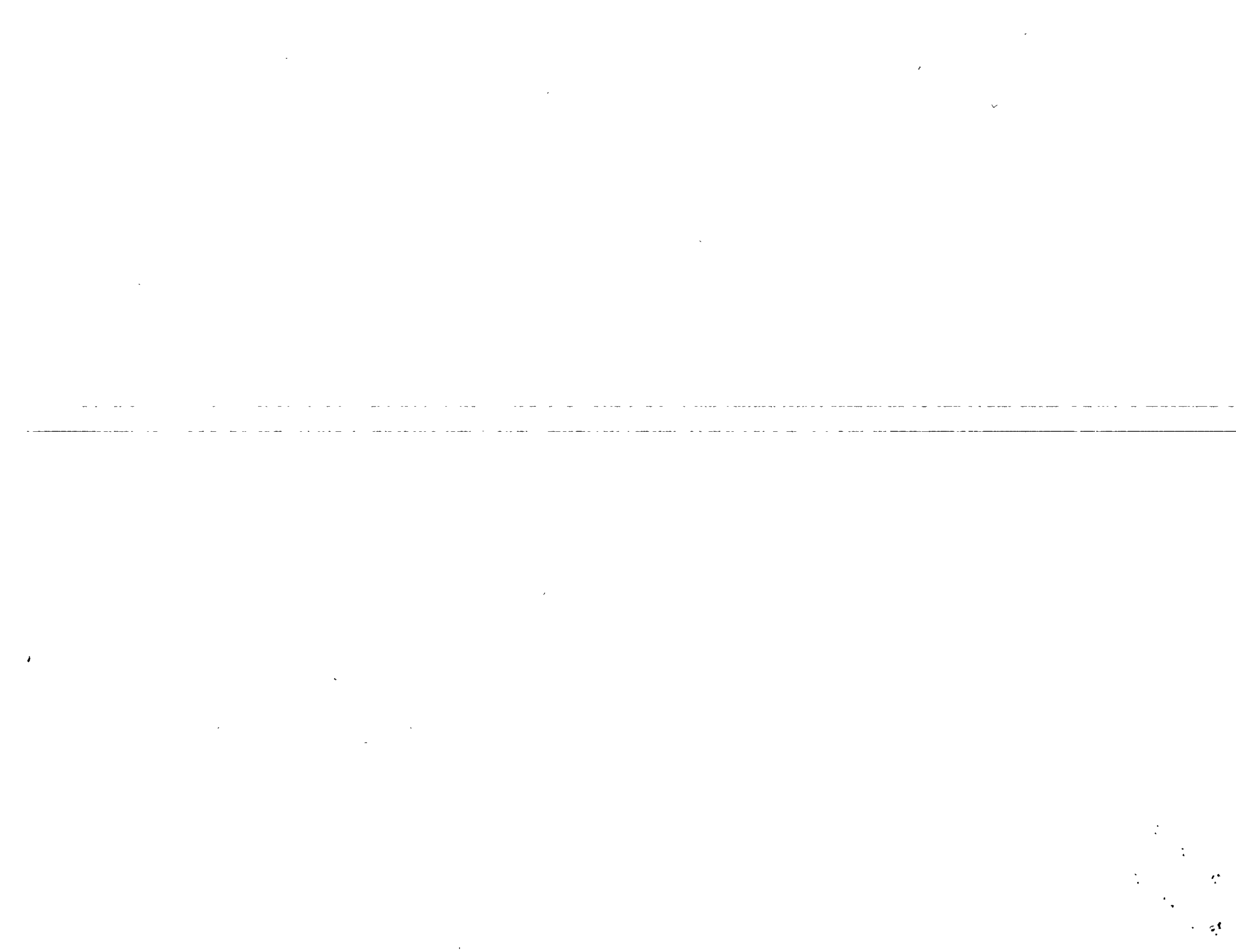
(c) A member of the immediate family of a director, officer or controlling person of a savings bank, who has the same home as that person or who is a director or officer of any subsidiary of the savings bank or of any holding company affiliate of the savings bank.

(d) A corporation or organization, other than the savings bank or a corporation or organization through which the savings bank operates, of which a director, officer or controlling person of the savings bank is any of the following:

1. Chief executive officer, chief financial officer or a person performing similar functions.

2. A general partner.

3. A limited partner who, directly or indirectly either alone with a spouse and the members of the person's immediate family who are also affiliated persons, owns an interest of 10% or more in the partnership, based on the value of the person's contribution or who, directly or indirectly with other directors, officers



## Savings Information:

The savings rate for Americans fell to a 58-year low with American adults saving only approximately 3.8% of disposable income. 6% save nothing; 45% save less than 5% of their income; 20% save between 6% and 10% and 14% save more than 10%. (CPC/CELI Poll)

The average debt an American carries is between \$6,000 to \$7,000 (\$529.7 billion total in the nation) Spending rose 5.4 percent last year to \$5.47 trillion, exceeding the 5 percent gain in after-tax, or disposable income, which stood at \$5.87 trillion last year.

In 1995, Americans save less than half as much as Europeans. The Japanese saved 13.4% of their disposable income. Germans saved 12.3%.

More than 20% of U.S. adults have nothing saved for retirement. (employee benefit research institute)

The nation's 25 million teenagers made approximately \$122 billion last year, but they are expected to spend \$141 billion by the end of 1998.

About 53% of teens receive no financial/savings education or advice from their parents.

.....

.....

.....

# Memo

**To:** Marc Shovers  
**From:** Rep. Tim Hoven  
**Date:** December 22, 1998  
**Re:** LRB-0894 (Individual Income Tax Exemption for Certain Interest Income)

---

The draft looks fine, but please raise the dollar figures as follows:

- Married Persons Filing Jointly: \$500
- Filing as Head of Household: \$350
- Single Individual or Married Filing Separately: \$250

After the redraft, I would like the new draft jacketed for introduction and a fiscal estimate done (prior to introduction).

Thank you for your assistance.



**SUBMITTAL  
FORM**

**LEGISLATIVE REFERENCE BUREAU  
Legal Section Telephone: 266-3561  
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and sign on the appropriate line(s) below.

**Date:** 12/18/98

**To:** Representative Hoven

**Relating to LRB drafting number:** LRB-0894

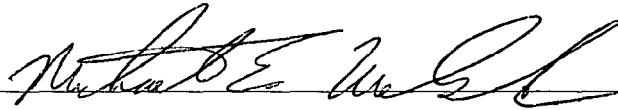
**Topic**

Individual income tax exemption for certain interest income

**Subject(s)**

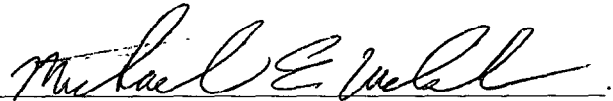
Tax - individual income

1. **JACKET** the draft for introduction



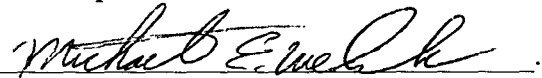
in the **Senate** \_\_\_\_ or the **Assembly**  (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached



A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction



If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Marc E. Shovers, Senior Legislative Attorney  
Telephone: (608) 266-0129

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92  
93  
94  
95  
96  
97  
98  
99  
100

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92  
93  
94  
95  
96  
97  
98  
99  
100



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-0894/1

MES *pt*:...

*+*  
*JLg*

1999 BILL

1 AN ACT *(handwritten mark)* relating to: creating an individual income tax exemption for interest  
2 income received from deposits in 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 \$300<sup>✓</sup> each year for married persons who file jointly, to \$200<sup>✓</sup> each year for persons who file as heads of household and to \$150<sup>✓</sup> each year for single individuals or married persons who file separately.

The amount of an exemption that may be claimed by a <sup>✓</sup>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:*

3 SECTION 1. 71.05 (6) (b) <sup>+</sup>29. of the statutes is created to read:

-----

10

**BILL**

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

7           b. For ~~an individual who is~~ <sup>a</sup> married <sup>couple that</sup> and files jointly, the maximum amount of  
 8 interest to which the exemption in subd. 29. a. applies is \$300 each taxable year.

9           c. For an individual who files as a head of household, the maximum amount of  
 10 interest to which the exemption in subd. 29. a. applies is \$200 each taxable year.

11           d. For an individual who is single or who is married and files separately, the  
 12 maximum amount of interest to which the exemption in subd. 29. a. applies is \$150  
 13 each taxable year.

14           SECTION 2 71.05 (6) (b) 28. e. of the statutes is amended to read:

15 <sup>New</sup> <sup>subd.</sup> <sup>e.</sup> ~~71.05 (6) (b) 28. e.~~ <sup>AR</sup> For an individual who is a nonresident or part-year resident  
 16 of this state, multiply the <sup>appropriate</sup> amount ~~calculated~~ under subd. ~~28~~ <sup>29</sup> b., c. or d. by a fraction  
 17 the numerator of which is the individual's wages, salary, tips, unearned income and  
 18 net earnings from a trade or business that are taxable by this state and the  
 19 denominator of which is the individual's total wages, salary, tips, unearned income  
 20 and net earnings from a trade or business. In this subd. ~~28~~ <sup>29</sup> e., for married persons  
 21 filing separately, "wages, salary, tips, unearned income and net earnings from a trade  
 22 or business" means the separate wages, salary, tips, unearned income and net  
 23 earnings from a trade or business of each spouse, and for married persons filing  
 24 jointly, "wages, salary, tips, unearned income and net earnings from a trade or

100  
100  
100  
100  
100

**BILL**

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

*History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237. History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237.*

3 **SECTION 3. 71.05 (6) (b) 28. f. of the statutes is amended to read:**

4 ~~71.05 (6) (b) 28. f.~~ *(under subd. a, b, c, or d. of the amount)* Reduce the amount calculated under subd. ~~28. f.~~ *29* to the  
5 individual’s aggregate wages, salary, tips, unearned income and net earnings from  
6 a trade or business that are taxable by this state.

*new subd "f."*

*History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237. History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237.*

7 **SECTION 4. Initial applicability.**

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

12 (END) ✓

12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92  
93  
94  
95  
96  
97  
98  
99  
100





RMR

1999 BILL

Regen

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.

\$500

*Analysis by the Legislative Reference Bureau*

\$350

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 ~~\$500~~ each year for persons who file as heads of household and to ~~\$250~~ each year for single individuals or married persons who file separately. <sup>\$250</sup>

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:*

**BILL**

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 ~~\$2000~~<sup>\$500</sup> 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 ~~\$2000~~<sup>\$350</sup> 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 ~~\$2000~~<sup>\$250</sup>  
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

**BILL**

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) ✓

**SUBMITTAL  
FORM**

**LEGISLATIVE REFERENCE BUREAU  
Legal Section Telephone: 266-3561  
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and **sign** on the appropriate line(s) below.

**Date:** 12/29/98

**To:** Representative Hoven


**Relating to LRB drafting number:** LRB-0894

**Topic**

Individual income tax exemption for certain interest income

**Subject(s)**

Tax - individual income

1. **JACKET** the draft for introduction   
in the **Senate** \_\_\_\_\_ or the **Assembly**  (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached \_\_\_\_\_.

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction .

If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Marc E. Shovers, Senior Legislative Attorney  
Telephone: (608) 266-0129



# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET  
P. O. BOX 2037  
MADISON, WI 53701-2037

LRB  
~

LEGAL SECTION.  
REFERENCE SECTION  
FAX

(608) 266-3561  
(608) 266-0341  
(608) 266-5648

STEPHEN R. MILLER  
CHIEF

February 18, 1999

## MEMORANDUM

**To:** Representative Hoven

**From:** Marc E. Shovers, Sr. Legislative Attorney, (608) 266-0129

**Subject:** Technical Memorandum to **1999 AB 73** (LRB 99-0894/2)

---

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

**MEMORANDUM**

February 15, 1999

**TO:** Marc Shovers  
Legislative Reference Bureau

**FROM:** Yeang-Eng Braun <sup>YEB</sup>  
Department of Revenue

**SUBJECT:** Technical Memorandum on LRB 0894/2, Relating to an Individual Income Tax Exemption for Interest Earned on Certain Deposit Accounts

The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language needs to be developed and costs allocated in the following manner:

	<u>Chapter 20</u>	<u>Amount</u>	<u>FTE Positions</u>
One-time cost	20.566 (1)(a)	\$26,000	None
Annual cost	20.566 (1)(a)	37,100	None

If you have questions regarding this technical memorandum, please contact Pat Lashore at 266-3347.

YEB:DC:ds  
t:\fsn99-00\dc\lrb08942.tec