

1999 DRAFTING REQUEST

Bill

Received: 12/11/98

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Robert Goetsch (608) 266-2540**

By/Representing: **Kent Vernon**

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

Drafter: **shoveme**

May Contact:

Alt. Drafters:

Subject: **Tax Credits (inc) - homestead**

Extra Copies:

Topic:

Modifying the definition of "income" under the homestead tax credit

Instructions:

Redraft 1997 AB 814, LRB -4786

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>
/?	shoveme 12/16/98	jgeller 12/16/98		_____			State
/1			hhagen 12/17/98	_____	lrb_docadmin 12/17/98	lrb_docadmin 12/21/98	

FE Sent For:

02-04-99 ~~12/21/98~~

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<END>



State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET • P. O. BOX 8933 • MADISON, WISCONSIN 53708-8933 • (608) 266-1911
FAX (608) 261-6240 • <http://www.dor.state.wi.us>



January 13, 1998

The Honorable Robert Goetsch
State Representative
Room 314N - State Capitol
Madison, WI

instructions
from 1997 AB814
bill file

Dear Representative Goetsch:

As discussed in our telephone conversation of January 6, 1998, I am enclosing a draft showing revisions to s. 71.52(6), relating to the definition of "income" for homestead credit purposes. This draft, we believe, accomplishes the intent of my original proposal - to exclude nontaxable recoveries of a claimant's investment in a pension or annuity. By deleting "the gross amount of any pension or annuity" and adding "retirement benefits excludable under s. 71.05(1)(a)", the claimant's contributions to a pension or annuity will no longer be includable for homestead credit purposes - just the taxable portion.

This draft has been approved by the Department's Office of Legal Services, and Tom Fonfara, the Executive Assistant, has approved my routing this to you for your action.

Please keep me posted regarding the progress of this proposal (my phone number is 6-8253). Feel free to contact me if you have any questions about the proposal. We appreciate your efforts in moving this proposal along.

Sincerely,

Mark P. Wipperfurth

Mark P. Wipperfurth
Staff Specialist
(608) 266-8253

MPW:cil
goetsch.mpw.9

Enclosure

Homestead credit - modify definition of income.

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

71.52(6) "Income" means the sum of Wisconsin adjusted gross income and the following amounts, to the extent not included in Wisconsin adjusted gross income: maintenance payments (except foster care maintenance and supplementary payments excludable under section 131 of the internal revenue code), support money, cash public assistance (not including credit granted under this subchapter and amounts under s. 46.27), cash benefits paid by counties under s. 59.53(21), retirement benefits excludable under s. 71.05(1)(a), the gross amount of ~~any pension or annuity (including railroad retirement benefits and veterans disability pensions)~~, all payments received under the federal social security act ~~and veterans disability pensions~~, nontaxable interest received from the federal government or any of its instrumentalities, nontaxable interest received on state or municipal bonds, worker's compensation, unemployment compensation, the gross amount of "loss of time" insurance, compensation and other cash benefits received from the United States for past or present service in the armed forces, scholarship and fellowship gifts or income, capital gains, gain on the sale of a personal residence excluded under section 121 of the internal revenue code, dividends, income of a nonresident or part-year resident who is married to a full-year resident, housing allowances provided to members of the clergy, the amount by which a resident manager's rent is reduced, nontaxable income of an American Indian, nontaxable income from sources outside this state ~~and nontaxable deferred compensation~~, life insurance proceeds received on account of the death of the insured and compensation for injuries or sickness excluded under section 104 of the internal revenue code. Intangible drilling costs,

depletion allowances and depreciation, including first-year depreciation allowances under section 179 of the internal revenue code, amortization, ~~contributions to individual retirement accounts under section 219 of the internal revenue code, contributions to Keogh plans,~~ net operating loss carry-forwards and capital loss carry-forwards deducted in determining Wisconsin adjusted gross income shall be added to "income". "Income" does not include gifts from natural persons, cash reimbursement payments made under title XX of the federal social security act, surplus food or other relief in kind supplied by a governmental agency, the gain on the sale of a personal residence deferred under section 1034 of the internal revenue code or nonrecognized gain from involuntary conversions under section 1033 of the internal revenue code. Amounts not included in adjusted gross income but added to "income" under this subsection in a previous year and repaid may be subtracted from income for the year during which they are repaid. Scholarship and fellowship gifts or income that are included in Wisconsin adjusted gross income and that were added to household income for purposes of determining the credit under this subchapter in a previous year may be subtracted from income for the current year in determining the credit under this subchapter. A marital property agreement or unilateral statement under ch. 766 has no effect in computing "income" for a person whose homestead is not the same as the homestead of that person's spouse.

SECTION 2. Initial applicability.

The treatment of section 71.52(6) of the statutes first applies to taxable years beginning on January 1 of the year in which this subsection takes effect, except that if this subsection takes effect on or after August 1, the treatment of section 71.52(6) of the

3

statutes first applies to taxable years beginning on January 1 of the year following the year in which this subsection takes effect.

(END)

home.mpw.9

Stays
RMR

~~1997~~ 1997 ASSEMBLY BILL 814

February 24, 1998 - Introduced by Representatives GOETSCH, LADWIG, ALBERS, PORTER, OLSEN, MUSSER, HAHN, OWENS, GROTHMAN, TURNER and ROBSON, cosponsored by Senators SCHULTZ and FARROW. Referred to Committee on Ways and Means.

negm

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, the definition of "income" under the homestead tax credit is the sum of Wisconsin adjusted gross income (AGI) and a number of items that are not otherwise includable in Wisconsin AGI, such as certain public assistance payments, nontaxable interest received on state and municipal bonds and certain retirement benefits.

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, as affected by 1997 Wisconsin Act 29, is
4 amended to read:

ASSEMBLY BILL 814

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 excludable under s. 71.05 (1) (a), the gross
8 amount of ~~any pension or annuity (including railroad retirement benefits and~~
9 veterans disability pensions, all payments received under the federal social security
10 act ~~and veterans disability pensions~~), nontaxable interest received from the federal
11 government or any of its instrumentalities, nontaxable interest received on state or
12 municipal bonds, worker's compensation, unemployment insurance, the gross
13 amount of "loss of time" insurance, compensation and other cash benefits received
14 from the United States for past or present service in the armed forces, scholarship
15 and fellowship gifts or income, capital gains, gain on the sale of a personal residence
16 excluded under section 121 of the ~~internal revenue code~~ Internal Revenue Code,
17 dividends, income of a nonresident or part-year resident who is married to a
18 full-year resident, housing allowances provided to members of the clergy, the
19 amount by which a resident manager's rent is reduced, nontaxable income of an
20 American Indian, nontaxable income from sources outside this state ~~and nontaxable~~
21 deferred compensation, life insurance proceeds received on account of the death of
22 the insured and compensation for injuries or sickness excluded under section 104 of
23 the Internal Revenue Code. Intangible drilling costs, depletion allowances and
24 depreciation, including first-year depreciation allowances under section 179 of the
25 ~~internal revenue code~~ Internal Revenue Code, amortization, ~~contributions to~~

PROOF W/STATS.

ASSEMBLY BILL 814

PROOF w/STATS.

1 individual retirement accounts under section 219 of the internal revenue code,
2 contributions to Keogh plans, net operating loss carry-forwards and capital loss
3 carry-forwards deducted in determining Wisconsin adjusted gross income shall be
4 added to "income". "Income" does not include gifts from natural persons, cash
5 reimbursement payments made under title XX of the federal social security act,
6 surplus food or other relief in kind supplied by a governmental agency, the gain on
7 the sale of a personal residence deferred under section 1034 of the internal revenue
8 code Internal Revenue Code or nonrecognized gain from involuntary conversions
9 under section 1033 of the ~~internal revenue code~~ Internal Revenue Code. Amounts
10 not included in adjusted gross income but added to "income" under this subsection
11 in a previous year and repaid may be subtracted from income for the year during
12 which they are repaid. Scholarship and fellowship gifts or income that are included
13 in Wisconsin adjusted gross income and that were added to household income for
14 purposes of determining the credit under this subchapter in a previous year may be
15 subtracted from income for the current year in determining the credit under this
16 subchapter. A marital property agreement or unilateral statement under ch. 766 has
17 no effect in computing "income" for a person whose homestead is not the same as the
18 homestead of that person's spouse.

SECTION 2. Initial applicability.

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

24 (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: 12/17/98

To: Representative Goetsch

Relating to LRB drafting number: LRB-1247

Topic

Modifying the definition of "income" under the homestead tax credit

Subject(s)

Tax Credits (inc) - homestead

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