

1999 DRAFTING REQUEST

Bill

Received: **08/11/1999**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Michael Powers (608) 266-1192**

By/Representing: **vince**

This file may be shown to any legislator: NO

Drafter: **shoveme**

May Contact:

Alt. Drafters:

Subject: **Tax - individual income
Tax Credits - miscellaneous**

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

working families credit

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Reaquired</u>
I?	jkreye 08/18/1999			_____			State
/1	shoveme 10/12/1999	csicilia 10/15/1999	hhagen 10/15/1999	_____	lrb-docadmin 10/15/1999	lrb-docadmin 02/11/2000	

FE Sent For: **10/22/1999, 10/22/1999, 10/22/1999, 10/22/1999, 10/22/1999.**

<END>

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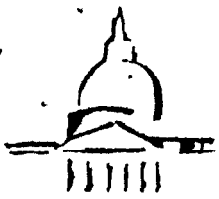
See Attached

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1?	jkreye	11 cjs 10/14 8/99 tay	dl 10/15	dl LF 10/15			
11 MES							

FE Sent For:

<END>



WISCONSIN STATE REPRESENTATIVE

MIKE POWERS

80TH ASSEMBLY DISTRICT

3914

8-10-99

Joe,

A constituent has asked us to make some changes to the married couples credit and the working families credit. It is my understanding that Marc Shovers will be out of the office until August 23. Would it be possible for you to review the enclosed materials and prepare two drafts that address our constituent's concern.

Thank You,

Vince Williams
Research Assistant

MAY 26 1999

a/7/99
I called & talked to
Vince -- I needed to know
how they wanted to change
the phase-in -- Vince said
he'd get back to me

Mike...

ONE
Draft

Here are some examples of tax returns for married couples with the same income. Under current law there is no married couple credit if only one or neither spouse has earned income. By changing the instructions for line 3 of schedule 2, each spouse is assumed to have earned \$10,000. This would give all married couples a minimum credit of \$217 while still allowing the maximum credit of \$304 if both spouses worked. (the \$10,000 figure could be adjusted as necessary to make the credit even more equitable) This is one possibility for consideration to eliminate the married couple penalty for all who file jointly.

Second
Draft

Another point to be made is regarding the working families credit. For the 1998 tax year a married couple would pay no tax if their taxable income was \$18,000, but would pay \$601 tax if their income was \$19,000. Somehow a table could be used to make the transition more gradual.

Also, please revisit my previous letter regarding the use of the current year's property tax bill in determining school tax credit.

Thank you for your interest. I'm available anytime for clarification or further information.

Thanks again



Jim Kosir
P O Box 455
Albany WI 53502
(608)862-1155

Vince 10/12/99
Phase in between
\$18K & 2K - single
\$18K & 21K - married

$$\text{WT AGI} = 9700$$

$$\frac{200}{1000} = \frac{7}{10} \text{ or } .7$$

$$\begin{array}{r} 1.0 \\ .7 \\ \hline = .3 \end{array}$$

Phase out
q-12

WT AGI = \$10K

$$\frac{1000}{3000} = \frac{1}{3} \text{ or } .33$$

$$\begin{array}{r} 1.0 \\ -.33 \\ \hline = .67 \end{array}$$

$$\text{WT AGI} = 11,500$$

$$\frac{2,500}{3000} = .83$$

$$\begin{array}{r} 1.0 \\ -.17 \\ \hline = .83 \end{array}$$



Handwritten initials: cjs & tay

1999 BILL

Handwritten word: gen

1 AN ACT ...; relating to: increasing the working families tax credit.

Analysis by the Legislative Reference Bureau

The working families income tax credit is a nonrefundable credit which may be claimed by an individual or by an individual and his or her spouse. As a nonrefundable credit, it may be claimed only up to the amount of the taxpayer's income tax liability

Under current law, for a single individual whose adjusted gross income is less than \$9,000, for a married individual filing separately whose adjusted gross income is less than \$9,000 or for a married couple filing jointly whose combined adjusted gross income is less than \$18,000, the credit is equal to the claimant's net tax liability. Also under current law, the credit phases out to zero as a single person's or married separate filer's adjusted gross income increases from \$9,000 to \$10,000. A similar phase-out occurs for a married joint filer whose combined adjusted gross income increases from \$18,000 to \$19,000.

This bill increases the credit by increasing the range over which the credit phases out to zero. Under the bill, the credit phases out to zero as a single person's or married separate filer's adjusted gross income increases from \$9,000 to \$12,000. A similar phase-out occurs for a married joint filer whose combined adjusted gross income increases from \$18,000 to \$21,000.

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.** 71.07 (5m) (b) 2. (intro.) of the statutes is amended to read:

2 71.07 (5m) (b) 2. (intro.) If the claimant is single and his or her adjusted gross
3 income is at least \$9,000 but less than ~~\$10,000~~ \$12,000 in the year to which the claim
4 relates, an amount that is calculated as follows:

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27
ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5.

5 **SECTION 2.** 71.07 (5m) (b) 2. a. of the statutes is amended to read:

6 71.07 (5m) (b) 2. a. Calculate the value of a fraction, the denominator of which
7 is ~~\$1,000~~ \$3,000 and the numerator of which is the difference between the claimant's
8 adjusted gross income and \$9,000.

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27
ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5.

9 **SECTION 3.** 71.07 (5m) (b) 4. (intro.) of the statutes is amended to read:

10 71.07 (5m) (b) 4. (intro.) If the claimant is married and filing jointly and the
11 sum of the claimant's adjusted gross income and his or her spouse's adjusted gross
12 income is at least \$18,000 but less than ~~\$19,000~~ \$21,000 in the year to which the
13 claim relates, an amount that is calculated as follows:

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27
ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5.

14 **SECTION 4.** 71.07 (5m) (b) 4. a. of the statutes is amended to read:

15 71.07 (5m) (b) 4. a. Calculate the value of a fraction, the denominator of which
16 is ~~\$1,000~~ \$3,000 and the numerator of which is the difference between the married
17 couple's adjusted gross income and \$18,000.

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27
ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5.

18 **SECTION 5.** 71.07 (5m) (b) 6. (intro.) of the statutes is amended to read:

19 71.07 (5m) (b) 6. (intro.) If the claimant is married and filing separately and
20 his or her adjusted gross income is at least \$9,000 but less than ~~\$10,000~~ \$12,000 in
21 the year to which the claim relates, an amount that is calculated as follows:

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27
ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5.

22 **SECTION 6.** 71.07 (5m) (b) 6. a. of the statutes is amended to read:

**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: 10/15/1999

To: Representative Powers

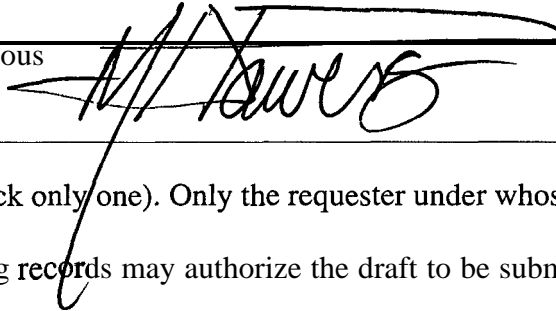
Relating to LRB drafting number: LRB-3414

Topic

working families credit

Subject(s)

Tax - individual income, Tax Credits - miscellaneous



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