

## 1999 ASSEMBLY BILL 952

March 30, 2000 – Introduced by Representative GROTHMAN. Referred to Joint survey committee on Tax Exemptions.

1 **AN ACT to amend** 71.01 (16); and **to create** 71.05 (23) of the statutes; **relating**  
2 **to:** creating a personal individual income tax exemption.

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### *Analysis by the Legislative Reference Bureau*

The bill creates a personal individual income tax exemption for a taxpayer, the taxpayer's spouse and the taxpayer's dependents. The amount of the personal exemption is \$4,000 for each of these persons.

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 and local* fiscal estimate, which will be printed as an appendix to this bill.

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

3 **SECTION 1.** 71.01 (16) of the statutes is amended to read:

4 71.01 **(16)** "Wisconsin taxable income" of natural persons means Wisconsin  
5 adjusted gross income less the Wisconsin standard deduction, less the personal  
6 exemption described under s. 71.05 (23), with losses, depreciation, recapture of  
7 benefits, offsets, depletion, deductions, penalties, expenses and other negative

**ASSEMBLY BILL 952**

1 income items determined according to the manner that income is or would be  
2 allocated, except that the negative income items on individual or separate returns  
3 for net rents and other net returns which are marital property attributable to the  
4 investment, rental, licensing or other use of nonmarital property shall be allocated  
5 to the owner of the property.

6 **SECTION 2.** 71.05 (23) of the statutes is created to read:

7 71.05 (23) PERSONAL EXEMPTIONS. (a) In computing Wisconsin taxable income  
8 and subject to par. (b), an individual taxpayer may subtract the following amounts:

9 1. A personal exemption of \$4,000 if the taxpayer is required to file a return  
10 under s. 71.03 (2) (a) 1. or 2. and \$4,000 for the taxpayer's spouse, except if the spouse  
11 is filing separately or as a head of household.

12 2. An exemption of \$4,000 for each individual for whom the taxpayer is entitled  
13 to an exemption for the taxable year under section 151 (c) of the Internal Revenue  
14 Code.

15 (b) With respect to persons who change their domicile into or from this state  
16 during the taxable year and nonresident persons, personal exemptions under par. (a)  
17 shall be limited to the fraction of the amount so determined that Wisconsin adjusted  
18 gross income is of federal adjusted gross income. In this paragraph, for married  
19 persons filing separately "adjusted gross income" means the separate adjusted gross  
20 income of each spouse and for married persons filing jointly "adjusted gross income"  
21 means the total adjusted gross income of both spouses. If a person and that person's  
22 spouse are not both domiciled in this state during the entire taxable year, their  
23 personal exemptions on a joint return are determined by multiplying the personal  
24 exemption that would be available to each of them if they were both domiciled in this  
25 state during the entire taxable year by a fraction the numerator of which is their joint

**ASSEMBLY BILL 952**

1 Wisconsin adjusted gross income and the denominator of which is their joint federal  
2 adjusted gross income.

3 **SECTION 3. Initial applicability.**

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

8 (END)