

1999 DRAFTING REQUEST

Assembly Amendment (AA-AB133)

Received: 06/11/99	Received By: shoveme
Wanted: As time permits	Identical to LRB:
For: Legislative Fiscal Bureau 7-7417	By/Representing: Doty
This file may be shown to any legislator: NO	Drafter: shoveme
May Contact:	Alt. Drafters:
Subject: Tax - individual income	Extra Copies:

Pre Topic:

LFB:.....Doty -

Topic:

Technical changes related to income tax indexing provisions; incorporate federal indexing methods.

Instructions:

See Attached. LFB paper # 108, alternative 1

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 06/12/99	wjackson 06/12/99	martykr 06/12/99	_____	lrb_docadmin 06/13/99		
/2	shoveme 06/14/99	wjackson 06/14/99	martykr 06/14/99	_____	lrb_docadmin 06/14/99		
/3	shoveme 06/14/99	chanaman 06/14/99	mclark 06/14/99	_____	lrb_docadmin 06/14/99		

FE Sent For:

<END>

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/2	shoveme 06/14/99	wjackson 06/14/99	martykr 06/14/99	_____	lrb_docadmin 06/14/99		

13 MES 6/14/99
 FE Sent For: 13 6/14 WJ
 MRC 6/14
 MRC/Km 6/14
 <END>

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/1	shoveme 06/12/99	wjackson 06/12/99	martykr 06/12/99	_____	lrb_docadmin 06/13/99		

12 MES 6/14/99
 FE Sent For: ^{12 @14 wj} *Km/14* *JA 6/14*

<END>

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/1	shoveme	1 wlj 6/12	xmb/12	JL 6 2/20/12			

11 NES 6/2/99

FE Sent For:

<END>

Shovers, Marc

From: Doty, Kelsie
Sent: Friday, June 11, 1999 9:45 AM
To: Shovers, Marc
Subject: Income tax drafting request

I have six items that need drafts. Give me a call if you need clarification.

1. Paper #100 -- Alt 2. Maintain the current law tax treatment of social security benefits.
2. Paper #101 -- Alt 2. Retain indexing of the income tax brackets. Start indexing the newly created top tax bracket in 2001.
3. Add the provisions of Substitute Amendment 1 to SB 49 (filing thresholds).
4. Paper #106 -- Alt 1 (as modified). Approve the Governor's recommendation to eliminate miscellaneous itemized deductions with two changes.
 - a. Continue to allow professional dues and union dues to be included as a miscellaneous itemized deduction under the credit.
 - b. Create a subtract modification from federal AGI for the amount claimed as a federal miscellaneous itemized deduction for repayment of income that was taxed in a prior year. Specify that the amount claimed under the claim of right credit can not be claimed under the subtraction.
5. Paper #108 -- Alt 1. Modify the current indexing provisions to incorporate the federal indexing method into state law. Specifically, eliminate the maximum income amounts for the standard deduction from the statutes and specify that the tax brackets and standard deduction be indexed based on the 1998 amounts.
6. Motion #1407. Modify current law as it relates to the taxation of inter vivos trusts. I'll fax over a copy of the motion and the language that the lobbyist attempted to draft.

Kelsie Doty
Fiscal Analyst
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Madison, WI 53703
Phone: (608) 266-3847
Fax: (608) 267-6873
Kelsie.Doty@legis.state.wi.us

See changes in attached e-mails



Legislative Fiscal Bureau

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

June 7, 1999

Joint Committee on Finance

Paper #108

Individual Income Tax: Indexing (General Fund Taxes -- Individual and Corporate Income Taxes)

[LFB 1999-01 Budget Summary: Page 20, #1]

CURRENT LAW

The 1997-99 biennial budget (1997 Wisconsin Act 27) provided for the indexing of the standard deduction and income tax brackets for changes in inflation, beginning in tax year 1999. Under this mechanism, the income and maximum deduction amounts under the standard deduction will be adjusted for annual changes in the U.S. consumer price index (CPI) for all urban consumers, U.S. city average, for the month of August, rounded to the nearest \$10. The income tax brackets will also be adjusted under the same mechanism.

GOVERNOR

Maintain indexing in tax year 1999. Increase the standard deduction statutorily in tax year 2000 and resume indexing in 2001 and thereafter. The bill would also suspend the indexing of the tax brackets in tax years 2000 and 2001, to be resumed in 2002 and thereafter. This provision is discussed in a separate issue paper on the individual income tax rates and brackets.

DISCUSSION POINTS

1. This paper raises two points related to indexing. First, information on technical modifications to the current indexing mechanism is provided. Second, indexing the tax credits and proposed exemptions is also discussed.

Technical Modifications to the Current Indexing Mechanism

2. There are two problems with the current mechanism that is used to determine the

indexing adjustment. First, the current provision does not allow for the standard deduction to be calculated accurately for taxpayers in the phase-out range due to a technical problem with the indexing formula. This can be resolved by not indexing the maximum income amount, which would instead be derived based on the other parameters of the standard deduction formula (the maximum standard deduction, the phase-out income amount and the phase-out rate). This modification would have a minimal effect on tax revenues.

3. Second, it is not clear whether the indexing adjustments to be made after tax year 1999 should be based on the rounded or unrounded amounts. For example, the maximum standard deduction for single taxpayers in 1999 is \$5,280, which is \$5,283.20 rounded to the nearest \$10. The question is whether the maximum standard deduction for 2000 should be based on the \$5,280 or the \$5,283.20 figure. Using the rounded amounts could result in a lower or higher indexing adjustment as opposed to using the unrounded figures depending on whether the amounts were rounded up or down. This issue could be resolved by using a specific year (such as tax year 1998) as the base year and indexing the amounts accordingly. This is the same indexing mechanism used for federal income tax purposes. This change would also have a minimal impact on state tax collections.

Adjust Income Tax Credits and Proposed Exemptions for Changes in Inflation

4. The indexing provisions of Act 27 were adopted because, over time, an individual whose income kept pace with inflation would move into a higher marginal tax bracket and their standard deduction would become smaller.

5. In addition to the tax brackets and standard deduction, other tax provisions that are calculated based on fixed dollar amounts decrease in value in real terms if not adjusted for changes in inflation. Indexing the tax credits that are provided under current law for changes in inflation beginning in tax year 1999 would reduce income tax revenues by an estimated \$4,400,000 in 1999-00 and, if the Governor's income tax modifications are not adopted, \$11,100,000 in 2000-01. This alternative includes indexing the dependent credit, senior credit (including the income limits), the property tax/rent credit (PTRC) and the working families credit. Current law could also be modified to require the indexing of the married couple credit beginning in tax year 2001 after the increase adopted in Act 27 is fully phased-in (this would have no fiscal impact in the current biennium).

6. If the Governor's proposal is adopted, it could be modified to provide for the indexing of the personal exemptions and the married couple credit beginning in tax year 2002. Although this alternative would have no effect on revenues in the 1999-01 biennium, it is estimated to reduce collections by \$8,800,000 in 2002-03 and \$14,800,000 in 2003-04 (in 2000-01 dollars).

ALTERNATIVES

Technical Modifications to the Current Indexing Mechanism

1. Modify the current indexing provisions by: (a) eliminating the maximum income

amounts for the standard deduction from the statutes; and (b) specifying that the tax brackets and standard deduction be indexed based on the 1998 amounts. These changes would allow the standard deduction to be calculated accurately for taxpayers in the phase-out range for the deduction and would incorporate the federal indexing method into state law.

see

S/F

Adjust Income Tax Credits and Proposed Exemptions for Changes in Inflation

2. Index the current law dependent credit, senior credit (including the income limits), PTRC and working families credit beginning in tax year 1999. Index the married couple credit beginning in tax year 2002. Income tax revenues would be reduced by an estimated \$4,400,000 in 1999-00 and \$11,100,000 in 2000-01 if the Governor's proposed income tax modifications are not adopted. This alternative reflects maintaining the current law income tax provisions.

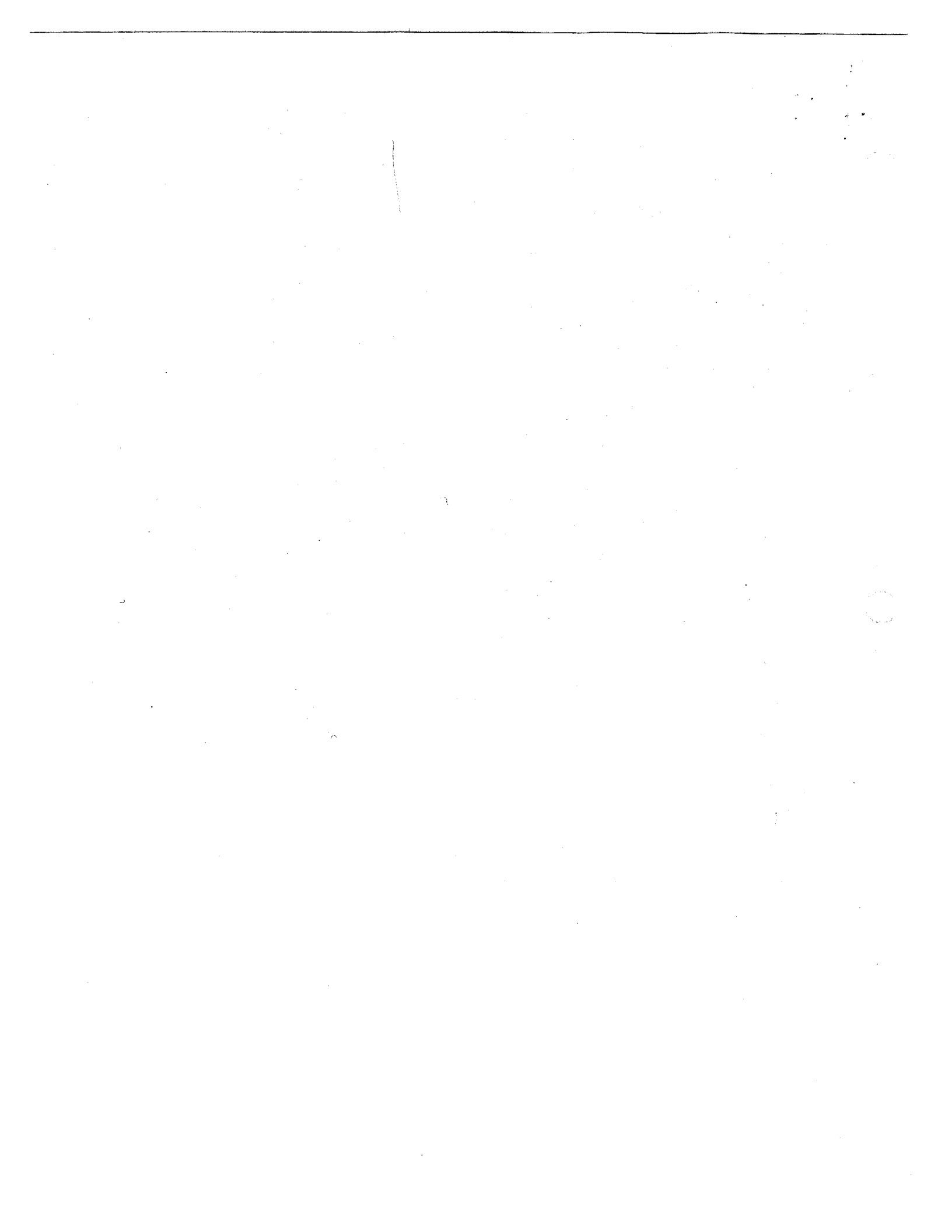
<u>Alternative 2</u>	<u>GPR</u>
1999-01 FUNDING (Change to Bill)	- \$15,500,000

3. Index the current law dependent credit, senior credit (including the income limits), PTRC and working families credit in tax year 1999. Income tax revenues would be reduced by an estimated \$4,400,000 in 1999-00. This alternative reflects indexing the current law income tax provisions prior to implementation of the Governor's proposal.

<u>Alternative 3</u>	<u>GPR</u>
1999-01 FUNDING (Change to Bill)	- \$4,400,000

4. Index the personal exemptions and married couple credit beginning in tax year 2002. This alternative would apply if the Governor's income tax modifications are adopted into law and would have no fiscal effect in the 1999-01 biennium.

Prepared by: Kelsie Doty



Shovers, Marc

From: Doty, Kelsie
Sent: Friday, June 11, 1999 5:12 PM
To: Shovers, Marc
Subject: head of household

except that when the HOH's AGI is at least equal to

This is bring back fond memories of our recent filing threshold discussion:

For a head of household who has a WI-AGI of at least \$10,380, the standard deduction is the amount obtained by subtracting from \$9,300 22.515% of AGI in excess of \$10,380 but not less than \$0 until the AGI amount ^{at which} the standard deduction is equal to the standard deduction for a single individual at the same AGI amount. For a head of household who has an AGI above this amount, the standard deduction shall be calculated as if the head of household were a single individual.

Try to enjoy what is left of your Friday, and I'll talk to you tomorrow (I hope it rains).

Kelsie Doty
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except that when a HOH's AGI

Shovers, Marc

From: Doty, Kelsie
Sent: Saturday, June 12, 1999 11:00 AM
To: Shovers, Marc
Subject: indexing



First, the "base year" for measuring changes in inflation should be 1997 rather than 1998 (and 1999 rather than 2000 for indexing the new top tax bracket).

Second, would something along the lines of the following work to deal with different tax brackets being indexed against different bases?

The tax rate and brackets for married-joint taxpayers beginning in 2001 are:

- (a) On all taxable income from \$0 to \$10,000, 4.60%
- (b) On all taxable income exceeding the amount in (a) but not exceeding \$20,000, 6.15%
- (c) On all taxable income exceeding the amount in (b) but not exceeding \$150,000, 6.50%
- (d) On all taxable income exceeding \$150,000, 6.75%

Index each bracket amount in (a) and (b) using CPI from the previous year over CPI for 1997.

Index each bracket amount in (c) and (d) using CPI from the previous year over CPI for 1999.

Kelsie Doty

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State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0668/1

MES...f:....
Wlj

LFB:.....Doty – Technical changes related to income tax indexing provisions;
incorporate federal indexing methods.

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 ✓ 1. Page 845, line 11: delete “but not more than \$70,380”.

3 ✓ 2. Page 845, line 13: delete “For a single individual who has a”.

4 ✓ 3. Page 845, line 14: delete that line.

5 ✓ 4. Page 845, line 17: delete “but not more than \$30,350”.

6 5. Page 845, line 19: delete “\$10,380 but not less than \$0” and substitute
7 “\$10,380, but not less than \$0, until the adjusted gross income amount at which the
8 standard deduction is equal to the standard deduction for a single individual at the
9 same adjusted gross income amount”.

10

6. Page 845, line 20: delete “\$30,350^g” and substitute “this amount”.

- 1 ✓ 7. Page 845, line 25: delete "but not more than \$80,150".
- 2 ✓ 8. Page 846, line 2: delete "For a married couple".
- 3 ✓ 9. Page 846, line 3: delete that line.
- 4 ✓ 10. Page 846, line 4: delete "\$80,150, the standard deduction is \$0."
- 5 (5) ✓ 11. Page 846, line 7: delete "but not^x more than \$38,070".
- 6 ✓ 12. Page 846, line 9: delete "For a married".
- 7 ✓ 13. Page 846, line 10: delete that line.
- 8 (8) ✓ 14. Page 846, line 11: delete "\$38,070, the standard deduction is \$0".
- 9 ✓ 15. Page 846, line 16: delete "and for taxable years beginning".
- 10 ✓ 16. Page 846, line 17: delete "after December 31, 2000".
- 11 (11) ✓ 17. Page 84⁶~~7~~, line 18: delete "~~par.~~ pars. (dm) and (dp)" and substitute "par.
12 (dm)".
- 13 (13) ✓ 18. Page 84⁶~~7~~, line 19: delete "~~par.~~ pars. (dm) and (dp)" and substitute "par.
14 (dm)".
- 15 19. Page 84⁷~~6~~, line 4: after that line insert:
- 16 "SECTION 1691c. 71.05 (22) (dt) ✓ of the statutes is created to read:
- 17 71.05 (22) (dt) *Standard deduction indexing, 2001 and thereafter.* ✓ For taxable
- 18 years beginning after December 31, 2000, the dollar amounts of the standard
- 19 deduction that is allowable under par. (dp) ✓ and all of the dollar amounts of Wisconsin
- 20 adjusted gross income under par. (dp) ✓ shall be increased each year by a percentage
- 21 equal to the percentage change between the U.S. consumer price index for all urban
- 22 consumers[✓] U.S. city average^{STET ✓} for the month of August of the previous year and the
- 23 U.S. consumer price index for all urban consumers[✓] U.S. city average^{STET ✓} for the month

STET →

STET
↗

1 of August 1997^{STET} as determined by the federal department of labor. Each amount that
 2 is revised under this paragraph shall be rounded to the nearest multiple of \$10 if the
 3 revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5,
 4 such an amount shall be increased to the next higher multiple of \$10. The
 5 department of revenue shall annually adjust the changes in dollar amounts required
 6 under this paragraph and incorporate the changes into the income tax forms and
 7 instructions. ⁷ ⑦

8 ✓ **20.** Page 851, line 21: delete “of the year before the previous year” and
 9 substitute “of the year before the previous year 1997”.

10 **21.** Page 851, line 22: after “labor” insert “, except that the dollar amount in
 11 the top bracket under subs. (1p) (d), (2) (e) 4., (2) (f) 4., (2) (g) 4. and (2) (h) 4. shall
 12 be increased each year by a percentage equal to the percentage change between the
 13 U.S. consumer price index for all urban consumers, U.S. city average, for the month
 14 of August of the previous year and the U.S. consumer price index for all urban
 15 consumers, U.S. city average, for the month of August 1999, as determined by the
 16 federal department of labor”.

(END)

Shovers, Marc

From: Doty, Kelsie
Sent: Sunday, June 13, 1999 10:00 AM
To: Shovers, Marc
Subject: Indexing draft

Marc -- I am requesting four changes to the indexing draft (0668/1):

1. I need the same changes you made to the standard deduction in 71.05(22)(dp) to be made to 71.05(22)(dm) for tax year 1999.

2. Page 3, line 1: change "1997" to "1999".

*- keep 1999 base year, but use
intext init app.?*

3. Page 3, lines 10 thru 16: specify that this new section begins with tax year 2001 (this change is needed because the new tax bracket is first created in 2000 and is indexed beginning in the following year).

4. Change page 3, line 11 to:

"the top bracket under subs (1p)(c)(d), (2)(g)3&4, and (2)(h)3&4 shall be increased"

Remove (2)(e)4 & (f)4 because they relate to the brackets in 2000, which aren't indexed.
Add (1p)(c), (2)(g)3&(h)3 because the top bracket is in those subdivisions.

I'm going back home again for a while. If you have any questions please call at 271-5698.

Kelsie Doty
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Madison, WI 53703
Phone: (608) 266-3847
Fax: (608) 267-6873
Kelsie.Doty@legis.state.wi.us

TODAY

RMP

LFB:.....Doty – Technical changes related to income tax indexing provisions; incorporate federal indexing methods.

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

INSI

- 1 At the locations indicated, amend the bill as follows:
- 2 1. Page 845, line 11: delete "but not more than \$70,380".
- 3 2. Page 845, line 13: delete "For a single individual who has a".
- 4 3. Page 845, line 14: delete that line.
- 5 4. Page 845, line 17: delete "but not more than \$30,350".
- 6 5. Page 845, line 19: delete "\$10,380 but not less than \$0" and substitute
- 7 "\$10,380, but not less than \$0, until the adjusted gross income amount at which the
- 8 standard deduction is equal to the standard deduction for a single individual at the
- 9 same adjusted gross income amount".
- 10 6. Page 845, line 20: delete "\$30,350" and substitute "this amount".

- 1 **7.** Page 845, line 25: delete “but not more than \$80,150”.
- 2 **8.** Page 846, line 2: delete “For a married couple”.
- 3 **9.** Page 846, line 3: delete that line.
- 4 **10.** Page 846, line 4: delete “\$80,150, the standard deduction is \$0.”.
- 5 **11.** Page 846, line 7: delete “but not more than \$38,070”.
- 6 **12.** Page 846, line 9: delete “For a married”.
- 7 **13.** Page 846, line 10: delete that line.
- 8 **14.** Page 846, line 11: delete “\$38,070, the standard deduction is \$0.”.
- 9 **15.** Page 846, line 16: delete “, and for taxable years beginning”.
- 10 **16.** Page 846, line 17: delete “after December 31, 2000”.
- 11 **17.** Page 846, line 18: delete “~~par. pars. (dm) and (dp)~~” and substitute “par.
12 (dm)”.
- 13 **18.** Page 846, line 19: delete “~~par. pars. (dm) and (dp)~~” and substitute “par.
14 (dm)”.
- 15 **19.** Page 847, line 4: after that line insert:
16 “**SECTION 1691c.** 71.05 (22) (dt) of the statutes is created to read:
17 71.05 (22) (dt) *Standard deduction indexing, 2001 and thereafter.* For taxable
18 years beginning after December 31, 2000, the dollar amounts of the standard
19 deduction that is allowable under par. (dp) and all of the dollar amounts of Wisconsin
20 adjusted gross income under par. (dp) shall be increased each year by a percentage
21 equal to the percentage change between the U.S. consumer price index for all urban
22 consumers, U.S. city average, for the month of August of the previous year and the
23 U.S. consumer price index for all urban consumers, U.S. city average, for the month

1

of August ~~1997~~¹⁹⁹⁹, as determined by the federal department of labor. Each amount that
 2 is revised under this paragraph shall be rounded to the nearest multiple of \$10 if the
 3 revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5,
 4 such an amount shall be increased to the next higher multiple of \$10. The
 5 department of revenue shall annually adjust the changes in dollar amounts required
 6 under this paragraph and incorporate the changes into the income tax forms and
 7 instructions.”.

8

20. Page 851, line 21: delete “of the year before the previous year” and
 9 substitute “of the year before the previous year 1997”.

10

21. Page 851, line 22: after “labor” insert “, except that the dollar amount in
 11 the top bracket under subs. (1p) ^{(c) and} (d), (2) ~~(a) and (b)~~ ^{(g) 4.} and (h) ^{3. and} 4. shall be increased
 12 each year by a percentage equal to the percentage change between the U.S. consumer
 13 price index for all urban consumers, U.S. city average, for the month of August of the
 14 previous year and the U.S. consumer price index for all urban consumers, U.S. city
 15 average, for the month of August 1999, as determined by the federal department of
 16 labor”.

17

(END)

*for taxable years
beginning after December
31, 2000*

1999-2000 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb0668/2ins
MES:wlj:km

INS 1-1
p. 1 of 2

1 ✓ 1. Page 844, line 2: delete "but not more than \$50,830" and substitute "~~but not~~
2 ~~more than \$50,830~~".

3 ✓ 2. Page 844, line 4: delete "For a single individual who has a Wisconsin
4 adjusted" and substitute "~~For a single individual who has a Wisconsin adjusted~~".

5 ✓ 3. Page 844, line 5: delete "gross income of more than \$50,830, the standard
6 deduction is \$0." and substitute "~~gross income of more than \$50,830, the standard~~
7 ~~deduction is \$0.~~".

8 ✓ 4. Page 844, line 8: delete "but not more than \$25,000" and substitute "~~but not~~
9 ~~more than \$25,000~~".

10 ✓ 5. Page 844, line 10: after "\$0" insert "until the adjusted gross income amount
11 at which the standard deduction is equal to the standard deduction for a single
12 individual at the same adjusted gross income amount".

13 ✓ 6. Page 844, line 11: delete "\$25,000" and substitute "\$25,000 this amount".

14 ✓ 7. Page 844, line 15: delete "but not" and substitute "~~but not~~".

15 ✓ 8. Page 844, line 16: delete "more than \$55,000" and substitute "~~more than~~
16 ~~\$55,000~~".

17 ✓ 9. Page 844, line 18: delete "For a married couple filing jointly that has an
18 aggregate" and substitute "~~For a married couple filing jointly that has an aggregate~~".

19 ✓ 10. Page 844, line 19: delete "Wisconsin adjusted gross income of more than
20 \$55,000, the standard deduction is \$0." and substitute "~~Wisconsin adjusted gross~~
21 ~~income of more than \$55,000, the standard deduction is \$0.~~".

ins 1-1
p. 2 of 2

1 ✓ **11.** Page 844, line 23: delete "but not more than \$26,140" and substitute "but
2 ~~not more than \$26,140~~".

3 ③ ✓ **12.** Page 844, line 2⁵~~4~~: delete "For a married couple filing separately who has
4 a" and substitute "~~For a married couple filing separately who has a~~".

5 ✓ **13.** Page 845, line 1: delete "Wisconsin adjusted gross income of more than
6 \$26,140, the standard deduction is \$0." and substitute "~~Wisconsin adjusted gross~~
7 ~~income of more than \$26,140, the standard deduction is \$0.~~".

end of ins 1-1



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0668/2³
MES:wj:km

RMR

LFB:.....Doty - Technical changes related to income tax indexing provisions;
incorporate federal indexing methods.

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

See p. 4, l. 19

1 At the locations indicated, amend the bill as follows:

2 1. Page 844, line 2: delete "but not more than \$50,830" and substitute "but not
3 more than ~~\$50,830~~".

4 2. Page 844, line 4: delete "For a single individual who has a Wisconsin
5 adjusted" and substitute "~~For a single individual who has a Wisconsin~~ adjusted".

6 3. Page 844, line 5: delete "gross income of more than \$50,830, the standard
7 deduction is \$0." and substitute "~~gross income of more than \$50,830, the standard~~
8 deduction is \$0".

9 4. Page 844, line 8: delete "but not more than \$25,000" and substitute "but not
10 more than ~~\$25,000~~".

1 **5.** Page 844, line 10: after "\$0" insert ". until the adjusted gross income amount
2 at which the standard deduction is equal to the standard deduction for a single
3 individual at the same adjusted gross income amount".

4 **6.** Page 844, line 11: delete "\$25,000" and substitute "\$25,000 this amount".

5 **7.** Page 844, line 15: delete "but not" and substitute "but not".

6 **8.** Page 844, line 16: delete "more than \$55,000" and substitute "more than
7 \$55,000".

8 **9.** Page 844, line 18: delete "For a married couple filing jointly that has an
9 aggregate" and substitute "~~For a married couple filing jointly that has an aggregate~~".

10 **10.** Page 844, line 19: delete "Wisconsin adjusted gross income of more than
11 \$55,000, the standard deduction is \$0." and substitute "~~Wisconsin adjusted gross~~
12 ~~income of more than \$55,000, the standard deduction is \$0.~~".

13 **11.** Page 844, line 23: delete "but not more than \$26,140" and substitute "but
14 not more than \$26,140".

15 **12.** Page 844, line 25: delete "For a married couple filing separately who has
16 a" and substitute "~~For a married couple filing separately who has a~~".

17 **13.** Page 845, line 1: delete "Wisconsin adjusted gross income of more than
18 \$26,140, the standard deduction is \$0." and substitute "~~Wisconsin adjusted gross~~
19 ~~income of more than \$26,140, the standard deduction is \$0.~~".

20 **14.** Page 845, line 11: delete "but not more than \$70,380".

21 **15.** Page 845, line 13: delete "For a single individual who has a".

22 **16.** Page 845, line 14: delete that line.

23 **17.** Page 845, line 17: delete "but not more than \$30,350".

- 1 **18.** Page 845, line 19: delete “\$10,380 but not less than \$0” and substitute
2 “\$10,380, but not less than \$0, until the adjusted gross income amount at which the
3 standard deduction is equal to the standard deduction for a single individual at the
4 same adjusted gross income amount”.
- 5 **19.** Page 845, line 20: delete “\$30,350” and substitute “this amount”.
- 6 **20.** Page 845, line 25: delete “but not more than \$80,150”.
- 7 **21.** Page 846, line 2: delete “For a married couple”.
- 8 **22.** Page 846, line 3: delete that line.
- 9 **23.** Page 846, line 4: delete “\$80,150, the standard deduction is \$0.”.
- 10 **24.** Page 846, line 7: delete “but not more than \$38,070”.
- 11 **25.** Page 846, line 9: delete “For a married”.
- 12 **26.** Page 846, line 10: delete that line.
- 13 **27.** Page 846, line 11: delete “\$38,070, the standard deduction is \$0.”.
- 14 **28.** Page 846, line 16: delete “, and for taxable years beginning”.
- 15 **29.** Page 846, line 17: delete “after December 31, 2000”.
- 16 **30.** Page 846, line 18: delete “par. pars. (dm) and (dp)” and substitute “par.
17 (dm)”.
- 18 **31.** Page 846, line 19: delete “par. pars. (dm) and (dp)” and substitute “par.
19 (dm)”.
- 20 **32.** Page 847, line 4: after that line insert:
21 “SECTION 1691c. 71.05 (22) (dt) of the statutes is created to read:

1 71.05 (22) (dt) *Standard deduction indexing, 2001 and thereafter.* For taxable
2 years beginning after December 31, 2000, the dollar amounts of the standard
3 deduction that is allowable under par. (dp) and all of the dollar amounts of Wisconsin
4 adjusted gross income under par. (dp) shall be increased each year by a percentage
5 equal to the percentage change between the U.S. consumer price index for all urban
6 consumers, U.S. city average, for the month of August of the previous year and the
7 U.S. consumer price index for all urban consumers, U.S. city average, for the month
8 of August 1999, as determined by the federal department of labor. Each amount that
9 is revised under this paragraph shall be rounded to the nearest multiple of \$10 if the
10 revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5,
11 such an amount shall be increased to the next higher multiple of \$10. The
12 department of revenue shall annually adjust the changes in dollar amounts required
13 under this paragraph and incorporate the changes into the income tax forms and
14 instructions.”.

15 **33.** Page 851, line 21: delete “of the year before the previous year” and
16 substitute “~~of the year before the previous year~~ 1997”.

17 **34.** Page 851, line 22: after “labor” insert “, except that for taxable years
18 beginning after December 31, 2000, the dollar amount in the top bracket under subs.
19 (1p) ~~and~~ ^(c) and (d), (2) (g) 3. and 4. and (h) 3. and 4. shall be increased each year by a
20 percentage equal to the percentage change between the U.S. consumer price index
21 for all urban consumers, U.S. city average, for the month of August of the previous
22 year and the U.S. consumer price index for all urban consumers, U.S. city average,
23 for the month of August 1999, as determined by the federal department of labor”.

24 (END)



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0668/3
MES:wlj:mrc

LFB:.....Doty – Technical changes related to income tax indexing provisions;
incorporate federal indexing methods.

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 844, line 2: delete “but not more than \$50,830” and substitute “~~but not~~
3 ~~more than \$50,830~~”.

4 **2.** Page 844, line 4: delete “For a single individual who has a Wisconsin
5 adjusted” and substitute “~~For a single individual who has a Wisconsin adjusted~~”.

6 **3.** Page 844, line 5: delete “gross income of more than \$50,830, the standard
7 deduction is \$0.” and substitute “~~gross income of more than \$50,830, the standard~~
8 ~~deduction is \$0.~~”.

9 **4.** Page 844, line 8: delete “but not more than \$25,000” and substitute “~~but not~~
10 ~~more than \$25,000~~”.

1 **5.** Page 844, line 10: after “\$0” insert “, until the adjusted gross income amount
2 at which the standard deduction is equal to the standard deduction for a single
3 individual at the same adjusted gross income amount”.

4 **6.** Page 844, line 11: delete “\$25,000” and substitute “\$25,000 this amount”.

5 **7.** Page 844, line 15: delete “but not” and substitute “~~but not~~”.

6 **8.** Page 844, line 16: delete “more than \$55,000” and substitute “~~more than~~
7 ~~\$55,000~~”.

8 **9.** Page 844, line 18: delete “For a married couple filing jointly that has an
9 aggregate” and substitute “~~For a married couple filing jointly that has an aggregate~~”.

10 **10.** Page 844, line 19: delete “Wisconsin adjusted gross income of more than
11 \$55,000, the standard deduction is \$0.” and substitute “~~Wisconsin adjusted gross~~
12 ~~income of more than \$55,000, the standard deduction is \$0.~~”.

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4 same adjusted gross income amount”.

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22 year and the U.S. consumer price index for all urban consumers, U.S. city average,
23 for the month of August 1999, as determined by the federal department of labor”.

24 (END)