

**1999 DRAFTING REQUEST**

**Senate Amendment (SA-SA1-SSA1-AB133)**

Received: **06/30/99**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Senate Republican Caucus 7-7417**

By/Representing: **Kelsie Doty**

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

Drafter: **shoveme**

May Contact:

Alt. Drafters:

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

Extra Copies: **LFB, Sen. Welch**

**Pre Topic:**

No specific pre topic given

**Topic:**

Changes to individual income tax system

**Instructions:**

See Attached. Yank b1277's SPTC changes. In 1999, increase SPTC to 12% of prop taxes up to \$2,500; reduce rates: 1999, 4.77% (same as current); 6.23% and 6.5%; 2000 and beyond: first 2 brackets: 4.77%; 6.5%; Direct DOR to not adjust w/holding tables until 7/1/01

**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 06/30/99		mclark 06/30/99	_____	lrb_docadmin 06/30/99		

FE Sent For:

<END>

*6/30/99  
Router/Lock  
problems  
(LTSB - call  
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/1	shoveme		MRC 6/30	_____	_____		

FE Sent For:

<END>



# Legislative Fiscal Bureau

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

June 30, 1999

TO: Senator Robert Welch  
Room 404, 100 North Hamilton

FROM: Kelsie Doty, Fiscal Analyst

SUBJECT: Individual Income Tax: Proposal to Reduce the Income Tax Rates and Increase the Property Tax/Rent Credit

At your request, I am providing information on a proposal to modify the current individual income tax structure by reducing the income tax rates and increasing the property tax/rent credit (PTRC) beginning in 1999.

## Current Law

### Rates and Brackets

The individual income tax rates and brackets for tax year 1999 are outlined below. These tax rates were enacted as part of 1997 Wisconsin Act 237 (the 1997-99 budget adjustment act); the rates were 4.9%/6.55%/6.93% from tax year 1987 through 1997. The bracket structure reflects one year of indexing over the previous structure, which had been in place since tax year 1987. The 1997-99 biennial budget (1997 Wisconsin Act 27) provided for annual adjustments to the tax brackets for changes in inflation beginning with tax year 1999. Under current law, the brackets will continue to be indexed for tax years 2000 and thereafter.

<u>Taxable Income Brackets</u>			<u>Marginal Tax Rate</u>
<u>Single</u>	<u>Married-Joint</u>	<u>Married-Separate</u>	
Less than \$7,620	Less than \$10,160	Less than \$5,080	4.77%
7,620 to 15,240	10,160 to 20,320	5,080 to 10,160	6.37
15,240 and Over	20,320 and Over	10,160 and Over	6.77

### Property Tax/Rent Credit

The PTRC is currently equal to 10% of property taxes, or rent constituting property taxes, paid on a principal residence up to a maximum of \$2,000 in property taxes. The maximum credit is \$200. On a one-time basis in 1998, the credit was increased to 14% of property taxes or rent up to a maximum of \$2,500 in taxes (\$350 maximum credit). For homeowners, the credit is based on the amount of property taxes paid on a principal residence during the year. The credit is available to renters based on the amount of rent constituting property taxes. Rent constituting property taxes is defined as 25% of actual rent if payment for heat is not included or 20% of actual rent if payment for heat is included. The PTRC is applied directly against income tax liability, but the credit is not refundable.

### Alternative Structure

#### Rates and Brackets

The tax rates and brackets under the proposal for tax years 1999 and 2000 are shown below. The middle and top income tax rates would be reduced in 1999 from the current law rates. In tax year 2000 and thereafter, the middle bracket would be eliminated so that all income below the current top tax bracket would be taxed at the lowest marginal tax rate. The tax brackets would continue to be adjusted for changes in inflation after 2000 as under current law.

#### Tax Year 1999

<u>Taxable Income Bracket</u>			<u>Marginal Tax Rate</u>
<u>Single</u>	<u>Married-Joint</u>	<u>Married-Separate</u>	
Less than \$7,620	Less than \$10,160	Less than \$5,080	4.77%
7,620 to 15,240	10,160 to 20,320	5,080 to 10,160	6.23
15,240 and Over	20,320 and Over	10,160 and Over	6.50

#### Tax Year 2000

<u>Taxable Income Bracket</u>			<u>Marginal Tax Rate</u>
<u>Single</u>	<u>Married-Joint</u>	<u>Married-Separate</u>	
Less than \$15,580	Less than \$20,770	Less than \$10,380	4.77%
15,580 and Over	20,770 and Over	10,380 and Over	6.50

The Department of Revenue would be directed to not adjust the withholding tables to reflect the lower tax rates under this proposal until July 1, 2001.

### **Property Tax/Rent Credit**

The credit percentage used in calculating the PTRC would increase from 10% of property taxes or rent constituting property taxes to 12.0% beginning in 1999 under the proposal. In addition, the maximum amount of property taxes or rent that may be used to calculate the credit would increase from \$2,000 to \$2,500. The maximum credit would be \$300.

Compared to current law, the alternative discussed above would reduce individual income tax revenues by an estimated \$250.4 million in 1999-00 and \$495.0 million in 2000-01, for a total estimated cost of \$745.4 million in the 1999-01 biennium.

### **Distributional Information**

The attachments to this memorandum provide distributional information on the proposal discussed above for tax years 1999 and 2000, respectively. This information is from the 1997 Wisconsin tax sample, which has data from over 20,000 tax returns, weighted to reflect all taxpayers in 1997. However, changes over time in the number of taxpayers and the kinds and amounts of income, deductions and credits they claim cannot be shown. To the extent possible, changes in tax laws between 1997 and later years have been included. The fiscal effects shown in the attachments differ from the fiscal estimates outlined above because the tables reflect 1997 data and the fiscal estimates are for the 1999-01 biennium.

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

KD/lah  
Attachments

## ATTACHMENT 1

### Distribution of Taxpayers with a Tax Decrease Under a Proposal to Reduce the Tax Rates and Increase the PTRC Tax Year 1999

Wisconsin Adjusted Gross Income	Taxpayers With a Tax Decrease					Count of All Returns	% of All Returns in AGI Class
	Count	Percent of Count	Amount of Tax Decrease	Percent of Amount	Average Decrease		
Under \$5,000	11,400	0.7%	-\$62,000	0.03%	-\$5	354,100	3.2%
5,000 to 10,000	32,700	1.9%	-322,000	0.14%	-10	283,100	11.6%
10,000 to 15,000	137,300	7.9%	-2,681,000	1.19%	-20	234,100	58.7%
15,000 to 20,000	178,800	10.3%	-4,782,000	2.12%	-27	214,700	83.3%
20,000 to 25,000	189,300	10.9%	-7,740,000	3.43%	-41	190,200	99.5%
25,000 to 30,000	157,400	9.0%	-9,102,000	4.04%	-58	157,400	100.0%
30,000 to 40,000	260,100	14.9%	-22,022,000	9.77%	-85	260,200	100.0%
40,000 to 50,000	214,500	12.3%	-25,953,000	11.51%	-121	214,600	100.0%
50,000 to 60,000	174,400	10.0%	-27,882,000	12.36%	-160	174,500	99.9%
60,000 to 70,000	126,000	7.2%	-24,790,000	10.99%	-197	126,000	100.0%
70,000 to 80,000	78,600	4.5%	-18,240,000	8.09%	-232	78,600	100.0%
80,000 to 90,000	53,700	3.1%	-14,003,000	6.21%	-261	53,700	100.0%
90,000 to 100,000	31,100	1.8%	-9,044,000	4.01%	-291	31,100	100.0%
100,000 to 150,000	56,800	3.3%	-20,691,000	9.18%	-364	56,900	99.8%
150,000 to 200,000	16,600	1.0%	-8,456,000	3.75%	-509	16,600	100.0%
200,000 to 250,000	7,200	0.4%	-4,691,000	2.08%	-652	7,300	98.6%
250,000 to 300,000	4,100	0.2%	-3,230,000	1.43%	-788	4,200	97.6%
300,000 and over	11,000	0.6%	-21,815,000	9.67%	-1,983	11,700	94.0%
<b>TOTALS</b>	<b>1,741,000</b>	<b>100.0%</b>	<b>-\$225,506,000</b>	<b>100.00%</b>	<b>-\$130</b>	<b>2,469,000</b>	<b>70.5%</b>

SOURCE: 1997 Wisconsin Tax Sample

- Approximately 1.7 million taxpayers, or 70.5% of all taxpayers in 1997, would have a tax reduction under the proposal.

- Taxpayers with income between \$40,000 and \$70,000 would receive 34.9% of the total tax reduction and make up 29.5% of all taxpayers with a tax decrease.

- For all taxpayers with a tax decrease, the average tax reduction would be \$130.

- Individuals without a tax benefit include those who do not have a tax liability under current law or who pay the alternative minimum tax.

**ATTACHMENT 2**

**Distribution of Taxpayers with a Tax Decrease Under  
a Proposal to Reduce the Tax Rates and Increase the PTRC  
Tax Year 2000**

Wisconsin Adjusted Gross Income	Taxpayers With a Tax Decrease					Count of All Returns	% of All Returns in AGI Class
	Count	Percent of Count	Amount of Tax Decrease	Percent of Amount	Average Decrease		
Under \$5,000	13,800	0.8%	-\$155,000	0.04%	-\$11	354,100	3.9%
5,000 to 10,000	32,500	1.9%	-574,000	0.14%	-18	283,100	11.5%
10,000 to 15,000	143,600	8.2%	-4,487,000	1.06%	-31	234,100	61.3%
15,000 to 20,000	180,100	10.3%	-16,850,000	3.99%	-94	214,700	83.9%
20,000 to 25,000	189,300	10.8%	-26,587,000	6.29%	-140	190,200	99.5%
25,000 to 30,000	157,400	9.0%	-28,371,000	6.71%	-180	157,400	100.0%
30,000 to 40,000	260,100	14.9%	-55,666,000	13.17%	-214	260,200	100.0%
40,000 to 50,000	214,500	12.3%	-55,535,000	13.14%	-259	214,600	100.0%
50,000 to 60,000	174,400	10.0%	-52,984,000	12.54%	-304	174,500	99.9%
60,000 to 70,000	126,000	7.2%	-43,186,000	10.22%	-343	126,000	100.0%
70,000 to 80,000	78,600	4.5%	-29,792,000	7.05%	-379	78,600	100.0%
80,000 to 90,000	53,700	3.1%	-21,965,000	5.20%	-409	53,700	100.0%
90,000 to 100,000	31,100	1.8%	-13,376,000	3.21%	-437	31,100	100.0%
100,000 to 150,000	56,800	3.2%	-29,038,000	6.87%	-511	56,900	99.8%
150,000 to 200,000	16,600	0.9%	-10,883,000	2.58%	-656	16,600	100.0%
200,000 to 250,000	7,200	0.4%	-5,764,000	1.36%	-801	7,300	98.6%
250,000 to 300,000	4,100	0.2%	-3,828,000	0.91%	-934	4,200	97.6%
300,000 and over	11,000	0.6%	-23,381,000	5.53%	-2,126	11,700	94.0%
<b>TOTALS</b>	<b>1,750,800</b>	<b>100.0%</b>	<b>-\$422,622,000</b>	<b>100.00%</b>	<b>-\$241</b>	<b>2,469,000</b>	<b>70.9%</b>

SOURCE: 1997 Wisconsin Tax Sample

- Approximately 1.75 million taxpayers, or 70.9% of all taxpayers in 1997, would have a tax reduction under the proposal.

- Taxpayers with income between \$40,000 and \$70,000 would receive 35.9% of the total tax reduction and make up 29.5% of all taxpayers with a tax decrease.

- For all taxpayers with a tax decrease, the average tax reduction would be \$241.

- Individuals without a tax benefit include those who do not have a tax liability under current law or who pay the alternative minimum tax.



State of Wisconsin  
1999 - 2000 LEGISLATURE

NOW

LRBb1600/1  
MES.....

**SENATE AMENDMENT ,  
TO SENATE AMENDMENT 1,  
TO SENATE SUBSTITUTE AMENDMENT 1,  
TO 1999 ASSEMBLY BILL 133**

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

2 **1.** Page 198, line 19: delete the material beginning with that line and ending  
3 with page 199, line 9 and substitute:

4 INS- 1

5 **2.** Page 201, line 7: delete the material beginning with that line and ending  
6 with page 202, line 23 and substitute:

7 **"SECTION 1716p.** 71.07 (9) (b) 1. of the statutes is amended to read:

8 71.07 (9) (b) 1. Subject For taxable years beginning before January 1, 1998,  
9 subject to the limitations under this subsection and except as provided in subd. 2.,  
10 a claimant may claim as a credit against, but not to exceed the amount of, taxes under  
11 s. 71.02, 10% of the first \$2,000 of property taxes or rent constituting property taxes,



1 or 10% of the first \$1,000 of property taxes or rent constituting property taxes of a  
2 married person filing separately.

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.

3 **SECTION 1716r. 71.07 (9) (b) 3.** of the statutes is created to read:

4 71.07 (9) (b) 3. For taxable years beginning after December 31, 1998, subject  
5 to the limitations under this subsection, a claimant may claim as a credit against,  
6 but not to exceed the amount of, taxes under s. 71.02, 12% of the first \$2,500 of  
7 property taxes or rent constituting property taxes, or 12% of the first \$1,250 of  
8 property taxes or rent constituting property taxes of a married person filing  
9 separately.”.

10 **3.** Page 203, line 13: delete lines 13 to 15.

11 **4.** Page 209, line 3: delete lines 3 to 19.

12 **5.** Page 209, line 22: delete lines 22 and 23.

13 **6.** Page 947, line 4: delete “shall” and substitute “may not”.

14 **7.** Page 947, line 7: delete “on July 1, 2000” and substitute “before July 1,  
15 2001”.

16 (END)

INS  
1

1 1. A personal exemption of \$700 if the taxpayer is required to file a return under  
2 s. 71.03 (2) (a) 1. or 2. and \$700 for the taxpayer's spouse, except if the spouse is filing  
3 separately or as a head of household.

4 2. An exemption of \$700 for each individual for whom the taxpayer is entitled  
5 to an exemption for the taxable year under section 151 (c) of the Internal Revenue  
6 Code.

7 3. An additional exemption of \$250 if the taxpayer has reached the age of 65  
8 before the close of the taxable year to which his or her tax return relates and \$250  
9 for the taxpayer's spouse if he or she has reached the age of 65 before the close of the  
10 taxable year to which his or her tax return relates, except if the spouse is filing  
11 separately or as a head of household.

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

25

SECTION 1694. 71.06 (1m) (intro.) of the statutes is amended to read:

1           **71.06 (1m) FIDUCIARIES, SINGLE INDIVIDUALS AND HEADS OF HOUSEHOLDS; AFTER**  
 2 1997 TO <sup>1999</sup>~~1998~~ (intro.) The tax to be assessed, levied and collected upon the taxable  
 3 incomes of all fiduciaries, except fiduciaries of nuclear decommissioning trust or  
 4 reserve funds, and single individuals and heads of households shall be computed at  
 5 the following rates for taxable years beginning after December 31, 1997, and before  
 6 January 1, <sup>1999</sup>~~2000~~:

7           **SECTION 1695.** 71.06 (1n) of the statutes is created to read:

8           **71.06 (1n) FIDUCIARIES, SINGLE INDIVIDUALS AND HEADS OF HOUSEHOLDS;** <sup>1999,</sup>~~2000~~ The  
 9 tax to be assessed, levied and collected upon the taxable incomes of all fiduciaries,  
 10 except fiduciaries of nuclear decommissioning trust or reserve funds, and single  
 11 individuals and heads of households shall be computed at the following rates for  
 12 taxable years beginning after December 31, ~~1999~~ <sup>1998</sup> and before January 1, <sup>2000</sup>~~2001~~:

- 13 (a) On all taxable income from \$0 to \$~~7,500~~ <sup>7,620</sup> ~~4.77%~~ <sup>4.77%</sup>.
- 14 (b) On all taxable income exceeding \$~~7,500~~ <sup>7,620</sup> but not exceeding \$~~15,000~~ <sup>15,240</sup> ~~6.23%~~ <sup>6.239%</sup>.
- 15 (c) On all taxable income exceeding \$15,000 <sup>240</sup> but not exceeding \$~~112,500~~ <sup>112,500</sup> ~~6.55%~~ <sup>6.50%</sup>.
- 16 (d) ~~On all taxable income exceeding \$112,500, 6.75%.~~ <sup>(D)</sup>

17           **SECTION 1696.** 71.06 (1p) of the statutes is created to read:

18           **71.06 (1p) FIDUCIARIES, SINGLE INDIVIDUALS AND HEADS OF HOUSEHOLDS; AFTER**  
 19 <sup>1999</sup>~~2000~~ The tax to be assessed, levied and collected upon the taxable incomes of all  
 20 fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and  
 21 single individuals and heads of households shall be computed at the following rates  
 22 for taxable years beginning after December 31, ~~2000~~ <sup>1999</sup>

- 23 (a) On all taxable income from \$0 to \$~~7,500~~ <sup>15,580</sup> ~~4.77%~~ <sup>4.77%</sup>.
- 24 (b) ~~On all taxable income exceeding \$7,500 but not exceeding \$15,000, 6.23%.~~ <sup>4.77%</sup>
- 25 (c) On all taxable income exceeding \$~~15,000~~ <sup>15,580</sup> but not exceeding \$112,500, 6.5%.

1 ~~(d) On all taxable income exceeding \$12,500, 6.75%~~

2 SECTION 1697. 71.06 (2) (c) (intro.) of the statutes is amended to read:

3 71.06 (2) (c) (intro.) For joint returns, for taxable years beginning after  
4 December 31, 1997, and before January 1, ~~2000~~ <sup>1999</sup>

5 SECTION 1698. 71.06 (2) (d) (intro.) of the statutes is amended to read:

6 71.06 (2) (d) (intro.) For married persons filing separately, for taxable years  
7 beginning after December 31, 1997, and before January 1, ~~2000~~ <sup>1999</sup>

8 SECTION 1699. 71.06 (2) (e) of the statutes is created to read:

9 71.06 (2) (e) For joint returns, for taxable years beginning after December 31,  
10 ~~1999~~ <sup>1998</sup> and before January 1, ~~2000~~ <sup>2000</sup>

- 11 1. On all taxable income from \$0 to \$10,000, ~~4.75%~~ <sup>4.77%</sup>
- 12 2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, ~~6.08%~~ <sup>6.23%</sup>
- 13 3. On all taxable income exceeding \$20,000 but not exceeding \$150,000, ~~6.55%~~ <sup>6.5%</sup>
- 14 4. ~~On all taxable income exceeding \$150,000, 6.75%.~~

15 SECTION 1700. 71.06 (2) (f) of the statutes is created to read:

16 71.06 (2) (f) For married persons filing separately, for taxable years beginning  
17 after December 31, ~~1999~~ <sup>1998</sup> and before January 1, ~~2000~~ <sup>2000</sup>

- 18 1. On all taxable income from \$0 to \$5,000, ~~4.75%~~ <sup>4.77%</sup>
- 19 2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, ~~6.08%~~ <sup>6.23%</sup>
- 20 3. On all taxable income exceeding \$10,000 but not exceeding \$75,000, ~~6.55%~~ <sup>6.5%</sup>
- 21 4. ~~On all taxable income exceeding \$75,000, 6.75%.~~

22 SECTION 1701. 71.06 (2) (g) of the statutes is created to read:

23 71.06 (2) (g) For joint returns, for taxable years beginning after December 31,  
24 ~~2000~~ <sup>1999</sup>

- 25 1. On all taxable income from \$0 to \$~~10,000~~ <sup>20,770</sup>, ~~4.75%~~ <sup>4.77%</sup>

1 ~~2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 4.75%.~~

2 2. On all taxable income exceeding \$20,000<sup>770</sup> but not exceeding \$150,000, 6.5%.

3 ~~4. On all taxable income exceeding \$150,000, 6.75%~~

4 SECTION 1702. 71.06 (2) (h) of the statutes is created to read:

5 71.06 (2) (h) For married persons filing separately, for taxable years beginning  
6 after December 31, 1999:

7 1. On all taxable income from \$0 to \$10,380<sup>10,380</sup>, 4.77%.

8 ~~2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 4.75%.~~

9 2. On all taxable income exceeding \$10,380<sup>10,380</sup> but not exceeding \$75,000, 6.5%.

10 ~~4. On all taxable income exceeding \$75,000, 6.75%.~~

11 SECTION 1703. 71.06 (2e) of the statutes is amended to read:

12 71.06 (2e) BRACKET INDEXING. For taxable years beginning after December 31,  
13 1998, and before January 1, 2000, the maximum dollar amount in each tax bracket,

14 and the corresponding minimum dollar amount in the next bracket, under subs. (1m) and (1n)

15 and (2) (c) and (d) and for taxable years beginning after December 31, 1999, the

16 maximum dollar amount in each tax bracket, and the corresponding minimum dollar

17 amount in the next bracket, under subs. (1p) and (2) (g) and (h), shall be

18 increased each year by a percentage equal to the percentage change between the U.S.

19 consumer price index for all urban consumers, U.S. city average, for the month of

20 August of the previous year and the U.S. consumer price index for all urban

21 consumers, U.S. city average, for the month of August of the year before the previous

22 year 1997, as determined by the federal department of labor, except that for taxable

23 years beginning after December 31, 2000, the dollar amount in the top bracket under

24 subs. (1p) (c) and (d), (2) (g) 3. and 4. and (h) 3. and 4. shall be increased each year

25 by a percentage equal to the percentage change between the U.S. consumer price

1 ~~index for all urban consumers, U.S. city average, for the month of August of the~~  
2 ~~previous year and the U.S. consumer price index for all urban consumers, U.S. city~~  
3 ~~average, for the month of August 1999, as determined by the federal department of~~  
4 ~~labor.~~

Each amount that is revised under this subsection shall be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased to the next higher multiple of \$10. The department of revenue shall annually adjust the changes in dollar amounts required under this subsection and incorporate the changes into the income tax forms and instructions.

10 SECTION 1704. 71.06 (2m) of the statutes is amended to read:

11 71.06 (2m) RATE CHANGES. If a rate under sub. (1), (1m), (1n), (1p) or (2) changes  
12 during a taxable year, the taxpayer shall compute the tax for that taxable year by the  
13 methods applicable to the federal income tax under section 15 of the internal revenue  
14 code.

15 SECTION 1705. 71.06 (2s) (b) of the statutes is amended to read:

16 71.06 (2s) (b) For taxable years beginning after December 31, 1997, and before  
17 January 1, ~~2000~~ <sup>1999</sup> with respect to nonresident individuals, including individuals  
18 changing their domicile into or from this state, the tax brackets under subs. (1m) and  
19 (2) (c) and (d) shall be multiplied by a fraction, the numerator of which is Wisconsin  
20 adjusted gross income and the denominator of which is federal adjusted gross  
21 income. In this paragraph, for married persons filing separately "adjusted gross  
22 income" means the separate adjusted gross income of each spouse, and for married  
23 persons filing jointly "adjusted gross income" means the total adjusted gross income  
24 of both spouses. If an individual and that individual's spouse are not both domiciled  
25 in this state during the entire taxable year, the tax brackets under subs. (1m) and

1 (2) (c) and (d) on a joint return shall be multiplied by a fraction, the numerator of  
2 which is their joint Wisconsin adjusted gross income and the denominator of which  
3 is their joint federal adjusted gross income.

4 **SECTION 1706.** 71.06 (2s) (c) of the statutes is created to read:

5 71.06 (2s) (c) For taxable years beginning after December 31, ~~1998~~<sup>1998</sup> and before  
6 January 1, ~~2000~~<sup>2000</sup>, with respect to nonresident individuals, including individuals  
7 changing their domicile into or from this state, the tax brackets under subs. (1n) and  
8 (2) (e) and (f) shall be multiplied by a fraction, the numerator of which is Wisconsin  
9 adjusted gross income and the denominator of which is federal adjusted gross  
10 income. In this paragraph, for married persons filing separately “adjusted gross  
11 income” means the separate adjusted gross income of each spouse, and for married  
12 persons filing jointly “adjusted gross income” means the total adjusted gross income  
13 of both spouses. If an individual and that individual’s spouse are not both domiciled  
14 in this state during the entire taxable year, the tax brackets under subs. (1n) and (2)  
15 (e) and (f) on a joint return shall be multiplied by a fraction, the numerator of which  
16 is their joint Wisconsin adjusted gross income and the denominator of which is their  
17 joint federal adjusted gross income.

18 **SECTION 1707.** 71.06 (2s) (d) of the statutes is created to read:

19 71.06 (2s) (d) For taxable years beginning after December 31, ~~1999~~<sup>1999</sup>, with  
20 respect to nonresident individuals, including individuals changing their domicile  
21 into or from this state, the tax brackets under subs. (1p) and (2) (g) and (h) shall be  
22 multiplied by a fraction, the numerator of which is Wisconsin adjusted gross income  
23 and the denominator of which is federal adjusted gross income. In this paragraph,  
24 for married persons filing separately “adjusted gross income” means the separate  
25 adjusted gross income of each spouse, and for married persons filing jointly “adjusted

1 gross income” means the total adjusted gross income of both spouses. If an individual  
2 and that individual’s spouse are not both domiciled in this state during the entire  
3 taxable year, the tax brackets under subs. (1p) and (2) (g) and (h) on a joint return  
4 shall be multiplied by a fraction, the numerator of which is their joint Wisconsin  
5 adjusted gross income and the denominator of which is their joint federal adjusted  
6 gross income. //

7 ~~SECTION 1707t. 71.07 (2dj) (am) 1. of the statutes is amended to read:~~

8 ~~71.07 (2dj) (am) 1. Modify “member of a targeted group”, as defined in section~~  
9 ~~51 (d) of the internal revenue code as amended to December 31, 1995, to include~~  
10 ~~persons unemployed as a result of a business action subject to s. 109.07 (1m) and~~  
11 ~~persons specified under 29 USC 1651 (a) dislocated workers, as defined in 29 USC~~  
12 ~~2801 (9), and to require a member of a targeted group to be a resident of this state.~~

13 ~~SECTION 1707v. 71.07 (2dj) (am) 2. of the statutes is amended to read:~~

14 ~~71.07 (2dj) (am) 2. Modify “designated local agency”, as defined in section 51~~  
15 ~~(d) (15) of the internal revenue code, to include the job training partnership act~~  
16 ~~organization local workforce development board established under 29 USC 2832 for~~  
17 ~~the area that includes the development zone in which the employe in respect to whom~~  
18 ~~the credit under this subsection is claimed works, if the department of commerce~~  
19 ~~approves the criteria used for certification, and the department of commerce.~~

20 ~~SECTION 1708. 71.07 (2dj) (am) 3. of the statutes is amended to read:~~

21 ~~71.07 (2dj) (am) 3. Modify the rule for certification under section 51 (d) (16) (A)~~  
22 ~~of the internal revenue code to allow certification within the 90-day period beginning~~  
23 ~~with the first day of employment of the employe by the claimant.~~

24 ~~SECTION 1708g. 71.07 (2dx) (b) (intro.) of the statutes is amended to read:~~