

Assembly Hearing Slip

(Please print plainly)

Date: 11/17/99

Bill No. or Subject: SAC

Subject: _____

Name: Paul T. Weyrauch

Street Address or Route Number: 4801 Washington Rd.

City & Zip Code: Kauaiki, WI 53144-4206

Representing: The untired

Speaking in favor:

Speaking against:

Registering in favor:

Registering against:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 411 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 11/17/99

Bill No. or Subject: AB3346

Subject: _____

Name: Rep. Tim Kilmer

Street Address or Route Number: 305-14th Ave

City & Zip Code: Kenosha, WI 53144

Representing: for Paul Weyrauch

Speaking in favor:

Speaking against:

Registering in favor:

Registering against:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 411 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 11/17/99

Bill No. AB 546
Or
Subject: _____

Tom Ouzak
(Name)

(Street Address or Route Number)

(City & Zip Code)

(Representing)

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only:
Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 411 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 11/17/99

Bill No. AB 546
Or
Subject: _____

Rep. David Cullen
(Name)

216 Nanny
(Street Address or Route Number)

(City & Zip Code)

(Representing)

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only:
Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 411 West
State Capitol
Madison, WI 53702



State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933 • 608-266-6466 • FAX 608-266-5718 • <http://www.dor.state.wi.us>

Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

Assembly Bill 546 Relating to Limiting Retirement Income in Homestead Credit Household Income to the Taxable Amount

Assembly Bill 546 amends the definition of income for purposes of the Homestead Credit so that only taxable pension and annuity income would be included in household income.

The Department of Revenue supports the intention to exclude the nontaxable portion of pensions and annuities, since that would allow these types of income to be treated the same as other types of income. The nontaxable portion of pensions and annuities represents amounts invested in these plans. Because these amounts are taxable under current law, pensions and annuities are treated less favorably than other types of withdrawals from savings and investment plans, where only the net earnings and not the initial investment are included in income.

However, as drafted, AB 546 would also exclude nontaxable social security benefits, railroad retirement benefits and veterans disability pensions from household income. That is because a parenthetical statement in the definition of income in sec. 71.52 (6) includes these types of income as a pension or annuity. The Department would oppose the removal of nontaxable social security, railroad retirement and veterans disability benefits from the definition of household income.

The Department suggests that AB 85 be used as a guide in amending the definition of income. That language would limit the amount excluded to the nontaxable portion of pensions and annuities. AB 85 makes several other changes to the definition of household income that DOR also supports. It excludes contributions to IRAs, Keogh accounts and deferred compensation plans from household income to eliminate double counting of these amounts for Homestead purposes. It also includes life insurance death benefits and compensation for sickness and injury benefits in income, since these are sources of income available for payment of property taxes or rent that should be taken into account in determining whether Homestead relief is provided.

AB 546, if it excludes nontaxable social security, railroad retirement and veterans disability income from household income, would raise Homestead expenditures by \$40 million for current recipients and by an undetermined amount for persons currently ineligible because their income currently exceeds the income ceiling. These new claims would require additional expenditures by the Department of Revenue, not estimated at this time, for processing and verification of claims. If amended to limit the amount excluded from income to the nontaxable portion of pensions and annuities, the bill would increase Homestead expenditures by approximately \$1 million annually.

If the bill is amended to incorporate changes to pensions and annuities similar to AB 85, the Department of Revenue would support this legislation. In addition, we are still interested in seeing other changes to the definition of household income, such as the treatment of contributions to IRA's and deferred compensation plans, and the consideration of death benefits and compensation for sickness and injury. We hope the legislature will continue to examine these issues in proposals like AB 85 or other efforts.



625 Fourth Avenue South, Minneapolis, Minnesota 55415

October 23, 1997

Marjorie T Sebetic
2534 18th St Apt 21
Kenosha WI 53140-4651

Contract A3168981

A brief summary of the income provisions in your new annuity contract is attached.

Please let us know if you have any questions.

Sincerely,

Life and Annuity Benefits
Income Benefits Section
(612) 340-5867

F14IN3B

73IJE

DR 0009907

GA 00300

Weyrauch



625 Fourth Avenue South, Minneapolis, Minnesota 55415

CONTRACT SUMMARY

Contract A3168981 cannot be surrendered. A schedule of the death benefit payable to your beneficiary is attached.

Type of Contract: Fixed Installment
Owner: Marjorie T Sebetic
Payee: Marjorie T Sebetic
Beneficiary: Mathew Sebetic

Issue Date: September 17, 1997
Single Premium: \$45,000.00
Payment Frequency: Monthly
First Payment: October 17, 1997
Final Payment: September 17, 2002
Payment Amount: \$848.97

Disbursed to Financial Inst.: \$848.97



625 Fourth Avenue South, Minneapolis, Minnesota 55415

October 23, 1997

Death Benefit Schedule.

The schedule below shows the benefits to the beneficiary upon the death of the annuitant during the certain, or guaranteed, period. If an annuitant dies during the certain period the beneficiary has two options: 1) continue to receive the regularly scheduled payments for the remainder of the certain period or, 2) receive the death benefit, which represents the present value at the time of death of the remaining payments in the certain period.

For contracts with life contingent payments, the difference between the single premium amount and the death benefit prior to the first payment is the amount paid for the opportunity to receive payments beyond the certain period.

Name: Marjorie T Sebetic

Contract Number: A3168981

Type of Contract: Single Premium Immediate Annuity

Issue Date: 09-17-97

Single Premium: \$45,000.00

Payment Amount: \$848.97

Number of Payments/Year: 12

Certain Period: Years 5

Months 0

| Remaining Guaranteed Payments | As of Date | Death Benefit * | Sum of Remaining Guaranteed Payments |
|-------------------------------|------------|-----------------|--------------------------------------|
| 60 | 10-17-1997 | \$45,090.20 | \$50,938.20 |
| 49 | 09-17-1998 | \$37,655.71 | \$41,599.53 |
| 37 | 09-17-1999 | \$29,141.49 | \$31,411.89 |
| 25 | 09-17-2000 | \$20,184.49 | \$21,224.25 |
| 13 | 09-17-2001 | \$10,761.74 | \$11,036.61 |
| 1 | 09-17-2002 | \$848.97 | \$848.97 |
| 0 | 10-17-2002 | \$0.00 | \$0.00 |

* - The death benefit of this contract is based on GUARANTEED PAYMENTS ONLY.



LUTHERAN BROTHERHOOD

625 Fourth Avenue South, Minneapolis, Minnesota 55415

FEDERAL INCOME TAX INFORMATION

| | |
|--|---------------------------|
| NAME OF ANNUITANT | Marjorie T Sebetic |
| CONTRACT NUMBER | A3168981 |
| INVESTMENT IN CONTRACT | \$45,000.00 |
| GUARANTEED PERIODIC PAYMENT | \$848.97 |
| TAXABLE AMOUNT OF EACH PAYMENT* | \$99.33 |

*This amount is taxable as ordinary income for the year in which it is earned.

NOTE: A 1099-R form will be sent to you each January with the taxable income for the previous year. Use the 1099-R form when filing your income tax returns.

Proposal Issue Page

For use at public hearings and any other forum of debate

Date 11-17-99

Proposal 546

Lead Author(s) Kreuser

Pros:

Income under homestead tax credit to only include income that is taxable

Essentially changes the definition so that the principal portion of the annuity is not considered income under this proposal.

Cons:

Clarify what is a qualified & unqualified annuity

Jim Kreuser

State Representative
64th Assembly District



January 24, 2000

Chairman Mickey Lehman
Assembly Committee on Ways & Means
State Capitol
Room 103-West
Madison, WI 53703

*file
w/bill*

Dear Chairman Lehman,

I am writing to request that an executive session be held on Assembly Bill 546 relating to modifying the definition of "income" under the homestead tax credit.

AB 546, which has received bi-partisan support, was referred to Ways & Means on October 20th and received a public hearing on November 17th.

Thank you for your consideration of this request. If you have any questions regarding this or any other issue, please feel free to contact me directly at 266-5504.

Sincerely,

A handwritten signature in black ink that reads "Jim".

Jim Kreuser
State Representative
64th Assembly District

MADISON: P.O. Box 8952, Madison, WI 53708-8952 • (608) 266-5504
FAX: (608) 282-3664 • **Toll-Free:** 1-888-534-0064 • **E-MAIL:** Rep.Kreuser@legis.state.wi.us
DISTRICT PHONE: (414) 657-5555

PRINTED ON RECYCLED PAPER

Schedule H Wisconsin homestead credit claim

\$20,290

1999

| | | | | |
|---------------------------|--|-----------------------------------|---|-----------------------------------|
| Place label here or print | Claimant's last name | Claimant's first name and initial | Check proper box and fill in name of city, village, or town, and the county in which you lived at the end of 1999 <input type="checkbox"/> City of _____ <input type="checkbox"/> Village of _____ <input type="checkbox"/> Town of _____ County of _____ Daytime telephone number () _____ | Claimant's social security number |
| | Spouse's last name | Spouse's first name and initial | | Spouse's social security number |
| | Home address (number and street) | | | |
| | City or post office, state, and zip code | | | |

▲ IMPORTANT ▲
You must enter your social security number(s)

- Questions** Questions 1-8 must be answered. See page 4. **If your spouse was age 65 or over, check here**
- 1 What was your age as of December 31, 1999? (if you were under 18, you do not qualify for homestead credit for 1999) Fill in age
 - 2 Were you a legal resident of Wisconsin for all of 1999? (see page 4; if "no," you do not qualify) Yes No
 - 3 Were you claimed or will you be claimed as a dependent on someone else's 1999 federal income tax return? (if "yes" and you were under age 62 on December 31, 1999, you do not qualify) Yes No
 - 4 a. Are you now living in a nursing home? (if "yes," indicate the date you entered _____ and the nursing home name and address _____) Yes No
 b. If "yes," are you receiving medical assistance under Title XIX? (if both 4a and 4b are "yes," you do not qualify) Yes No
 - 5 a. Homeowners — Was your home for 1999 located on more than one acre of land? Yes No
 b. If "yes," was your home part of a farm? (if 5a is "yes" and 5b is "no," complete Schedule 2) Yes No
 - 6 Was your home used for nonhomestead or nonfarm purposes in 1999? (if "yes," see Schedule 3) Yes No
 - 7 a. Did you become married or divorced in 1999? (if "yes," fill in date _____; see page 12) Yes No
 b. If married, did you and your spouse maintain separate homes on December 31, 1999? (if "yes," see page 11) Yes No
 - 8 Did you receive any Wisconsin Works payments or county relief during 1999? (if "yes," complete Schedule 4) Yes No

- Household Income** Include all 1999 income as listed below. If married, include the incomes of both spouses. See pages 5 to 8
- 9 Wisconsin income from your 1999 Wisconsin income tax return. If you already filed your income tax return, attach a copy marked "Duplicate"; see page 3, Part B.1, paragraph 3
 - 10 If you or you and your spouse are not filing a 1999 Wisconsin income tax return, fill in taxable income on lines 10a and b
 a. Wages _____ + Interest _____ + Dividends _____ = 10a _____
 b. Other taxable income. Attach a schedule
 - 11 Other household income. Do not include amounts filled in on line 9 or 10
 a. Income adjustments. Complete Schedule 1
 b. Unemployment compensation
 c. Social security, SSI, and railroad retirement benefits, including Medicare premium deductions
 d. Nontaxable scholarships, fellowships, grants (see page 7), and military compensation or cash benefits
 e. Pensions and annuities; IRA, Keogh, SEP, and SIMPLE distributions; veterans' pensions; and disability payments
 f. Workers' compensation, income continuation, and loss of time insurance
 g. Support money and maintenance payments (court ordered)
 h. Wisconsin Works payments, county relief, and other cash public assistance. Complete Schedule 4
 - 12 a. Subtotal. Add lines 9 through 11h
 b. Number of qualifying dependents. Do not count yourself or your spouse (see page 7) _____ x \$250 = 12b _____
 c. Household income. Subtract line 12b from line 12a (if \$20,290 or more, no credit is allowed)

- Taxes and/or Rent** If you received Wisconsin Works payments or county relief, see Schedule 5
- 13 Homeowners — Fill in net 1999 property taxes on your homestead, payable in 2000 (see pages 8-10)
 - 14 Renters — Fill in allowable rent from line 13a of your rent certificate(s) (see pages 9 and 10)
 Rent — heat included (line 13b of rent certificate(s) is "Yes") x .20 (20%) =
 Rent — heat not included (line 13b of rent certificate(s) is "No") x .25 (25%) =
 - 15 Total of lines 13, 14b, and 14d (or amount from line 6 of Schedule 5) ATTACH TAX BILL / RENT CERTIFICATE

- Credit Computation**
- 16 Fill in the smaller of (a) amount on line 15 or (b) \$1,450
 - 17 Using household income on line 12c, find the appropriate amount from Table A (page 13) and fill in here
 - 18 Subtract line 17 from line 16 (if line 17 is more than line 16, fill in -0-; no credit is allowable)
 - 19 Homestead credit — Using the amount on line 18, find the appropriate amount from Table B (page 14) and fill in here
- If you file a Wisconsin income tax return, attach this claim to the return. Fill in your homestead credit on Form 1A, Form 1, or Form 1NPR, on the line titled "Homestead credit." You CANNOT file Form WI-Z with a homestead credit claim.

Sign Here Under penalties of law, I declare this homestead credit claim and all attachments are true, correct, and complete to the best of my knowledge and belief.

| | | |
|---|--------------------|---|
| Claimant's signature, date | Spouse's signature | For Department Use Only R YR T D A C <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
| Mail tax return and claim to: Wisconsin Department of Revenue PO Box 34 Madison WI 53786-0001 | | |

Attach rent certificate and/or copy of tax bill to the back of this claim

If you or your spouse are age 65 or over and received no social security, SSI, or railroad retirement benefits in 1999, attach a note stating that you did not receive any income from any of these sources.

11d Scholarships, fellowships, grants, and military compensation Fill in the total amount received in 1999 for NONTAXABLE scholarship and fellowship income (for example, books or tuition), educational grants, or military benefits (for example, basic quarters and subsistence allowances, VEAP payments, or G.I. Bill benefits). Do not include student loans or amounts included elsewhere.

Note: If scholarship or fellowship income is included on line 9 of Schedule H, and all or any portion of that same income was also included in household income on your 1998 homestead credit claim, you may subtract the amount included in 1998 household income from your 1999 household income. Fill in the amount as a negative number on line 11d, and reduce your 1999 household income by this amount.

★ **11e Pensions and annuities** Fill in the GROSS amount of ALL pensions and annuities received in 1999 and not included elsewhere. Include veterans' pensions, disability payments, any amounts you contributed to a pension fund, and nontaxable IRA, Keogh, SEP, and SIMPLE distributions. Both taxable and nontaxable amounts must be included in household income.

Exceptions: Do not include rollovers (amounts transferred from one plan to another), or Section 1035 exchanges (tax-free exchanges of insurance contracts).

Note If all or a part of a pension or annuity distribution in 1999 includes a rollover amount or a tax-free exchange, write "Rollover" or "Tax-Free Exchange" near line 11e, and attach a copy of federal Form 1099-R.

Determine the amount to fill in on line 11e as follows:

1. Total amount received in 1999 _____
2. Total amount reported on line 9 or 10b _____
3. Rollover or tax-free exchange _____
4. Line 1 minus lines 2 and 3. Fill in this amount on line 11e _____

Example: In 1999, you received pension income of \$3,500, \$2,700 of which is taxable income and is included on line 9. No portion of the \$3,500 was a rollover. Fill in \$800 (\$3,500 - \$2,700) on line 11e.

11f Workers' compensation, income continuation, and loss of time insurance Fill in the total amount received in 1999 from these sources.

11g Support money and maintenance payments Fill in the total amount of any court ordered support payments received in 1999, including child support and family maintenance, but not foster care, voluntary support, or amounts included elsewhere.

11h Wisconsin Works, county relief, and other cash public assistance Fill in on Schedule 4 on back of Schedule H any Wisconsin Works payments, kinship care payments, county relief payments, or other cash public assistance payments received in 1999. Fill in the total on line 11h. Do not include the following: a prior year's homestead credit; nontaxable foster care; gifts; food stamps; nontaxable community options program (COP) payments; or fuel or energy assistance paid to a fuel supplier or utility, or provided under the federal Low-Income Home Energy Assistance Act.

Note If you fill in amounts on Schedule 4, you may also need to fill in Schedule 5. See paragraph 4 under "Exceptions: Homeowners and/or Renters," on page 9.

Repaid amounts Nontaxable income which was included in household income in a prior year and was required to be repaid in 1999 may be subtracted from household income on your 1999 Schedule H. Subtract the amount repaid on the income line of Schedule H to which the repayment relates. Attach an explanation indicating the amount of the repayment and the year it was included on a homestead credit claim.

Example: You filed a 1998 Schedule H and reported \$8,000 of social security benefits received in 1998. In 1999, you received social security benefits of \$9,000 but were required to pay back \$2,000 of the benefits you received in 1998. On line 11c of the 1999 Schedule H, fill in \$7,000, the social security received in 1999 (\$9,000 less the amount repaid (\$2,000)).

■ **Lines 12a Through 12c – Total Household Income**

12a Fill in the total of lines 9 through 11h.

12b You may claim a "dependent deduction" by filling in the number of "qualifying dependents" and multiplying that number by \$250.

A qualifying dependent is a person who: a) is claimed or may be claimed as a dependent on your federal income tax return; and b) occupied your (the claimant's) homestead for more than six months during 1999. A dependent is considered to have occupied your homestead during temporary absences for reasons such as school, illness, or vacations.

The six months' occupancy requirement is considered to have been met if: a) the dependent was born or died during 1999 and occupied your homestead during the entire time he or she lived in 1999; or b) during 1999 the