

Senate

Record of Committee Proceedings

JOINT SURVEY COMMITTEE on TAX EXEMPTIONS

Senate Bill 276

Relating to: exempting from taxation a rebate for individuals.
By Senators Farrow, Ellis, Rude and Drzewiecki.

November 2, 1999 Referred to Joint Committee on Tax Exemptions.

January 6, 2000 **PUBLIC HEARING HELD**

Present: (8) Senators Decker, Breske and Cowles
Representatives Hahn and Lehman
Secretary of Revenue Cate Zeuske
Mr. Alan Lee and Mr. Paul Vrakas.

Absent: (1) Representative Hebl

Appearances for

- None.

Appearances against

- None.

Appearances for Information Only

- None.

Registrations for

- Joan Hansen, Wisconsin Manufacturers and Commerce

Registrations against

- None

January 6, 2000 **EXECUTIVE SESSION**

Present: (8) Senators Decker, Breske and Cowles
Representatives Hahn and Lehman
Secretary of Revenue Cate Zeuske
Mr. Alan Lee and Mr. Paul Vrakas.

Absent: (1) Representative Hebl.

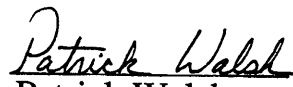
Moved by Senator Decker, Seconded by Senator Breske,
that Senate Bill 276 be recommended as good public
policy.

Ayes: (9) Senators Decker, Breske,
and Cowles,
Representatives Hahn,
Lehman and Hebl
(Polling), Secretary of
Revenue Cate Zeuske,
Mr. Alan Lee and Mr.
Paul Vrakas.

Noes: (0) None.

Absent: (0) None.

GOOD PUBLIC POLICY RECCOMMEDED, Ayes 9,
Noes 0, Absent 0


Patrick Walsh
Committee Clerk

Senate

Committee Report

The joint committee on Tax Exemptions, reports and recommends:

Senate Bill 152

Relating to: the tax exemption for occasional sales.

By Senators A. Lasee, Huelsman and Drzewiecki; cosponsored by Representatives Grothman, Gronemus, Sykora and Powers.

GOOD PUBLIC POLICY RECOMMENDED, Ayes 9, Noes 0, Absent 1

Ayes (9) Senators Decker, Breske and Cowles
Representatives Hahn, Lehman and Hebl
(Polling), Secretary of Revenue Cate Zeuske
Mr. Alan Lee and Mr. Paul Vrakas.

Noes (0) None.

Absent (1) Representative Hebl

Senate Bill 276

Relating to: exempting from taxation a tax rebate for individuals.

By Senators Farrow, Ellis, Rude and Drzewiecki.

GOOD PUBLIC POLICY RECOMMENDED, Ayes 9, Noes 0, Absent 1

Ayes (9) Senators Decker, Breske and Cowles
Representatives Hahn, Lehman and Hebl
(Polling), Secretary of Revenue Cate Zeuske
Mr. Alan Lee and Mr. Paul Vrakas.

Noes (0) None.

Absent (1) Representative Hebl



Senator Russell Decker
Co-Chair

Senate

COMMITTEE HEARINGS

Joint survey committee on Tax Exemptions

The committee will hold a public hearing on the following items at the time specified below:

Thursday, January 6, 2000
10:00 am
201SE
State Capitol

Assembly Bill 442

Relating to: the amount of the exemption from income tax withholding requirements for employees of a county fair association.

By Representatives Gunderson, Jensen, Ladwig, Porter, Spillner, Kedzie, Albers, Olsen, Kestell, Staskunas, M. Lehman, Pettis, F. Lasee, Ainsworth, Musser, Klusman, Stone, Goetsch, Hahn, Plouff, J. Lehman, Jeskewitz, Grothman, Hasenohrl and Seratti; cosponsored by Senators Farrow, Schultz, Huelsman, Roessler, Cowles and Drzewiecki.

4-4

Assembly Bill 456 *reduces individual income taxes revenues by \$41 mill.*

Relating to: creating an individual income tax subtract modification for amounts spent on medical insurance premiums by certain individuals.

By Representatives Hahn, Kestell, Rhoades, Ladwig, Hundertmark, Reynolds, Pettis, Lassa, Kelso, Waukau, Skindrud, Freese, Sykora, Hasenohrl, Urban, Stone, Musser, Plouff, F. Lasee, Kedzie, Plale, Owens, Gunderson, Seratti, Klusman, Goetsch, Olsen, Colon, Ainsworth, Petrowski, Nass, Staskunas, Ryba, Brandemuehl, Jeskewitz, Underheim, Huebsch, Meyerhofer and Jensen; cosponsored by Senators Drzewiecki, Wirch, Darling, Plache, Huelsman, Lazich, Schultz, Roessler and Welch.

Senate Bill 152 *Y N*

Relating to: the tax exemption for occasional sales.

By Senators A. Lasee, Huelsman and Drzewiecki; cosponsored by Representatives Grothman, Gronemus, Sykora and Powers.

Senate Bill 276

Relating to: exempting from taxation a tax rebate for individuals.

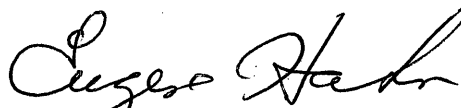
By Senators Farrow, Ellis, Rude and Drzewiecki.

Y N

An EXECUTIVE SESSION will be held on Assembly Bill 442, Assembly Bill 456, Senate Bill 152, and Senate Bill 276 immediately following the public hearing.



Senator Russell Decker
Co-Chair



Representative Eugene Hahn
Co-Chair

SENATE HEARING SLIP

(Please Print Plainly)

DATE: Jan 6, 2000

BILL NO. SB 276
OR

SUBJECT _____

Joan Hansen
(NAME)

501 E. Washington Ave.
(Street Address or Route Number)

MADISON, WI 53711
(City and Zip Code)

WMC

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

STATE OF WISCONSIN

REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS

1999 SENATE BILL 276

[Introduced by Senators Farrow, Ellis, Rude and Drzewiecki.]

General Nature of Proposal

1999 Wisconsin Act 10 provides a one-time sales tax rebate for individuals in Wisconsin and certain other individuals. No rebate may be made after December 31, 2000. Under current law, for purposes of determining Wisconsin income tax liability, Wisconsin uses federal adjusted gross income, and modifies it by adding and subtracting various amounts, to establish an individual taxpayer's Wisconsin adjusted gross income. Generally, because state sales taxes are not deductible for purposes of federal income taxes and because the rebate returns to taxpayers a portion of the sales taxes they previously paid, a rebate of state sales taxes should not be considered taxable at the federal level and thus would not be includable in federal adjusted gross income. Consequently, a state sales tax rebate would not be included in Wisconsin adjusted gross income.

The bill specifically exempts from Wisconsin income taxation the one-time sales tax rebate for individuals provided in Act 10.

Legality Involved

There are no questions of legality involved.

Fiscal Effect Upon the State and Its Subdivisions

The Department of Revenue estimates the fiscal effect of the bill as follows:

This bill would exempt from the individual income tax the sales tax rebate that would be created by LRB 3861/1 (1999 Senate Bill 276). The proposed exemption would have a fiscal effect only to the extent that the rebate is considered income for federal tax purposes. However, because the rebate returns to taxpayers a portion of the sales taxes they previously paid, the rebate should not be considered income subject to tax. Therefore, this bill has no fiscal effect.

Public Policy Involved

This bill is good public policy.