

**2001 DRAFTING REQUEST**

**Bill**

Received: **10/12/2000**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Tim Hovcn (608) 267-2369**

By/Representing: **Mike**

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

Drafter: **shoveme**

May Contact:

Alt. Drafters:

Subject: **Tax - individual income**

Extra Copies:

**Pre Topic:**

No specific pre topic given

**Topic:**

Individual income tax exemption for interest income

**Instructions:**

See Attached. Redraft 1999 AB 73, LRB -0894/2.

**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>
/?	shoveme 10/12/2000	jdye 10/13/2000		_____			
/1			jfrantze 10/13/2000	_____	lrb docadmin 10/13/2000	lrb docadminState 11/09/2000	Tax

FE Sent For:

<END>

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1?	shoveme	11/13 jld	26/10/13	26/10/13			
11 MES 10/12/00							

FE Sent For:

<END>

**LEGISLATIVE REFERENCE BUREAU****BILL REQUEST FORM**

Legal Section, 5<sup>th</sup> Floor, 100 N. Hamilton St.  
 (608) 266-3561

Use of this form is optional. It is often helpful to talk directly with the LRB attorney who will draft the bill.  
 Use this form only for **BILL** drafts. Attach more pages if necessary.

Date of request: <i>12 OCT 2000</i>	Legislator or agency requesting this draft: <i>REP. HOVEN</i>
Name/phone number of person submitting request: <i>MIKE WELSH 7-2370</i>	
Persons to contact for questions about this draft (names and phone numbers please):  <i>MIKE WELSH 7-2370</i>	
Describe the problem, including any helpful examples. How do you want to solve the problem?  <i>PLEASE REDRAFT FOR 2001 SESSION.</i>	
If you know of any statute sections that might be affected, please list them or provide a marked (not re-typed) copy.	

Please attach a copy of any correspondence or material that may help us. You may also attach a marked (not re-typed) copy of any LRB draft, or provide its number (e.g., 1997 LRB-2345/1 or 1995 AB-67):

Requests are confidential unless stated otherwise.

May we tell others that we are working on this for you?  YES  NO

If yes, anyone who asks?  YES  NO

Any legislator?  YES  NO  ONLY the following persons:

Do you consider this urgent?  YES  NO If yes, please indicate why:

Is this request of higher priority than other pending request(s) you have made?

YES  NO If yes, please sign your name here:

2000-2001

1999-2000 LEGISLATURE

-0745/1

LRB-08942

MES: [unclear]

JD  
RMR

2001 1999 ASSEMBLY BILL 731

February 2, 1999 - Introduced by Representatives HOVEN, PLALE, MÜSSER, HASENOHRL, SYKORA, RYBA, KREIBICH, F. LASEE, PORTER, LADWIG, TURNER, ALBERS and GUNDERSON, cosponsored by Senators FARROW, WIRCH and DARLING. Referred to Joint survey committee on Tax Exemptions.

regen

1 AN ACT to create 71.05 (6) (b) 29. of the statutes; relating to: creating an  
2 individual income tax exemption for interest income received from deposits in  
3 financial institutions.

**Analysis by the Legislative Reference Bureau**

This bill creates an individual income tax exemption for certain amounts of interest income received from deposits in a bank, a savings bank, a savings and loan association, a trust company, or a credit union. The amount of the exemption is limited to \$500 each year for married persons who file jointly, to \$350 each year for persons who file as heads of household and to \$250 each year for single individuals or married persons who file separately.

The amount of an exemption that may be claimed by a nonresident or part-year resident of this state is reduced by multiplying the amount of the exemption that the individual would otherwise be eligible for by a ratio of the individual's income that is taxable by this state and the individual's total income.

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

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

ASSEMBLY BILL 73

1

SECTION 1. 71.05 (6) (b) ~~20~~<sup>34</sup> of the statutes is created to read:

2

71.05 (6) (b) ~~20~~<sup>34</sup> a. An amount of interest income up to the limit specified in

3

subd. ~~20~~<sup>34</sup> b. to d., as modified in subd. ~~20~~<sup>34</sup> e. or f., received by an individual from a deposit account in a financial institution, as that term is defined in s. 214.01 (1) (jn). ✓

5

In this subdivision, "deposit account" means any monetary interest that a depositor maintains in a financial institution, including a demand, time, money market, savings, certificate or negotiable order of withdrawal account.

8

b. For a married couple that files jointly, the maximum amount of interest to which the exemption in subd. ~~20~~<sup>34</sup> a. applies is \$500 each taxable year.

10

c. For an individual who files as a head of household, the maximum amount of interest to which the exemption in subd. ~~20~~<sup>34</sup> a. applies is \$350 each taxable year. ✓

12

d. For an individual who is single or who is married and files separately, the maximum amount of interest to which the exemption in subd. ~~20~~<sup>34</sup> a. applies is \$250 each taxable year. ✓

15

e. For an individual who is a nonresident or part-year resident of this state, multiply the appropriate amount under subd. ~~20~~<sup>34</sup> b., c. or d. by a fraction the numerator of which is the individual's wages, salary, tips, unearned income and net earnings from a trade or business that are taxable by this state and the denominator

18

of which is the individual's total wages, salary, tips, unearned income and net earnings from a trade or business. In this subd. ~~20~~<sup>34</sup> e., for married persons filing separately, "wages, salary, tips, unearned income and net earnings from a trade or

21

business" means the separate wages, salary, tips, unearned income and net earnings from a trade or business of each spouse, and for married persons filing jointly, "wages, salary, tips, unearned income and net earnings from a trade or business" means the

22

23

24

salary, tips, unearned income and net earnings from a trade or business" means the

**ASSEMBLY BILL 73**

1 total wages, salary, tips, unearned income, and net earnings from a trade or business  
2 of both spouses.

3 f. Reduce the amount under subd. ~~20~~<sup>34</sup> b., c. or d. or the amount calculated under  
4 subd. ~~20~~<sup>34</sup> e. to the individual's aggregate wages, salary, tips, unearned income, and  
5 net earnings from a trade or business that are taxable by this state.

6 **SECTION 2. Initial applicability.**

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

11 (END)



# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET  
5TH FLOOR  
MADISON, WI 53701-2037

STEPHEN R. MILLER  
CHIEF

LEGAL SECTION: (608) 266-3561  
LEGAL FAX: (608) 264-6948

October 13, 2000

### MEMORANDUM

To: Representative Hoven

From: Marc E. Shovers, Senior Legislative Attorney

Re: LRB-0745 Individual income tax exemption for interest income

The attached draft was prepared at your request. Please review it carefully to ensure that it is accurate and satisfies your intent. If it does and you would like it jacketed for introduction, please indicate below for which house you would like the draft jacketed and return this memorandum to our office. If you have any questions about jacketing, please call our program assistants at 266-3561. Please allow one day for jacketing.

JACKET FOR ASSEMBLY  JACKET FOR SENATE

If you have any questions concerning the attached draft, or would like to have it redrafted, please contact me at (608) 266-0129 or at the address indicated at the top of this memorandum.

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will request that it be prepared after the draft is introduced. You may obtain a fiscal estimate on the attached draft before it is introduced by calling our program assistants at 266-3561. Please note that if you have previously requested that a fiscal estimate be prepared on an earlier version of this draft, you will need to call our program assistants in order to obtain a fiscal estimate on this version before it is introduced.

Please call our program assistants at 266-3561 if you have any questions regarding this memorandum.





# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET  
P. O. BOX 2037  
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561  
REFERENCE SECTION: (608) 266-0341  
FAX: (608) 266-5648

STEPHEN R. MILLER  
CHIEF

February 6, 2001

## MEMORANDUM

**To:** Representative Hoven

**From:** Marc E. Shovers, Sr. Legislative Attorney, (608) 266-0129

**Subject:** Technical Memorandum to **2001 AB-8** (LRB 01-0745/1)

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We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

**MEMORANDUM**

January 31, 2001

**TO:** Marc Shovers  
Legislative Reference Bureau

**FROM:** Yeang-Eng Braun *YEB*  
Department of Revenue

**SUBJECT:** Technical Memorandum on AB 8 – Create Individual Income Tax Exemption for Interest Income Received from Deposits in Financial Institutions

The Department would like to raise several administrative concerns regarding AB 8:

1. The bill exempts interest income from Wisconsin adjusted gross income, which affects the definition of household income for purposes of the homestead credit. If this is not the intent, sec. 71.52(6) should be amended to include this exempt interest in the definition of household income.
2. Under current law, none of the interest received by a nonresident is included in income. Therefore it is not necessary to refer to a nonresident in sec. 71.05(6)(b)34e.
3. Administrative complexity could be reduced if all interest income otherwise taxable to Wisconsin qualified for the exemption. For example, this would extend the proposed exemption to interest from a money market account at a brokerage firm.
4. The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language could be developed and costs allocated in the following manner:

	<u>Chapter 20</u>	<u>Amount</u>	<u>FTE</u>
one-time	s. 20.566 (1) (a)	\$ 28,400	
annual	s. 20.566 (1) (a)	\$ 37,300	1.9

If you have any questions regarding this technical memorandum, please contact Meredith Krejny at 261-8984.

YEB:MK:ds  
l:\fsn01-02\mk\ab8.tec