

**2001 DRAFTING REQUEST**

**Bill**

Received: **09/11/2000**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Robert Ziegelbauer (608) 266-0315**

By/Representing: **Tom, Luanne**

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

Drafter: **shoveme**

May Contact:

Alt. Drafters:

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

Extra Copies:

**Pre Topic:**

No specific pre topic given

**Topic:**

Index for inflation certain individual income tax credits

**Instructions:**

See Attached. Redraft 1999 AB 40 (LRB -0353/1)

**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>
/?	shoveme 09/14/2000	jdyer 10/13/2000	martykr 10/18/2000	_____	_____	_____	State
/1			rschluet 10/19/2000	_____	lrb_docadmin 10/19/2000 gretskl 11/14/2000	lrb_docadmin 11/20/2000	State
/2	shoveme 11/24/2000	csicilia 11/28/2000	rschluet 11/28/2000	_____	lrb_docadmin 11/28/2000	lrb_docadmin 11/28/2000	

FE Sent For:

**2001 DRAFTING REQUEST**

**Bill**

Received: 09/11/2000

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Robert Ziegelbauer (608) 266-0315**

By/Representing: **Tom, Luanne**

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

Drafter: **shoveme**

May Contact:

Alt. Drafters:

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

Extra Copies:

---

**Pre Topic:**

No specific pre topic given

---

**Topic:**

Index for inflation certain individual income tax credits

---

**Instructions:**

See Attached. Redraft 1999 AB 40 (LRB -0353/1)

---

**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>
/?	shoveme 09/14/2000	jdyer 10/13/2000	martykr 10/18/2000	_____			State
/1			rschluet 10/19/2000	_____	lrb_docadmin 10/19/2000 gretskl 11/14/2000	lrb_docadminState 11/20/2000	
/2	shoveme 11/24/2000	csicilia 11/28/2000	rschluet 11/28/2000	_____	lrb_docadmin 11/28/2000		

FE Sent For:

2001 DRAFTING REQUEST

Bill

Received: 09/11/2000

Received By: shoveme

Wanted: As time permits

Identical to LRB:

For: Robert Ziegelbauer (608) 266-0315

By/Representing: Tom, Luanne

This file may be shown to any legislator: NO

Drafter: shoveme

May Contact:

Alt. Drafters:

Subject: Tax - individual income  
Tax Credits - miscellaneous

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Index for inflation certain individual income tax credits

Instructions:

See Attached. Redraft 1999 AB 40 (LRB -0353/1)

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	shoveme 09/14/2000	jdyer 10/13/2000	martykr 10/18/2000	_____	_____	_____	State

/1			rschluet 10/19/2000	_____	lrb docadmin 10/19/2000	_____	
				_____	gretskl 11/14/2000	_____	

12 MES 11/24/00

11-28-00 KF <END>

Requester lost submittal/draft. Resubmitted and sent out again.

FE Sent For:

2001 DRAFTING REQUEST

Bill

Received: 09/11/2000

Received By: shoveme

Wanted: As time permits

Identical to LRB:

For: Robert Ziegelbauer (608) 266-0315

By/Representing: Tom, Luanne

This file may be shown to any legislator: NO

Drafter: shoveme

May Contact:

Alt. Drafters:

Subject: Tax - individual income  
Tax Credits - miscellaneous

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Index for inflation certain individual income tax credits

Instructions:

See Attached. Redraft 1999 AB 40 (LRB -0353/1)

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>
/?	shoveme 09/14/2000	jdye 10/13/2000	martykr 10/18/2000	_____			State
/1			rschluet 10/19/2000	_____	lrb_docadmin 10/19/2000		

FE Sent For:

<END>

### 2001 DRAFTING REQUEST

#### Bill

Received: 09/11/2000

Received By: shoveme

Wanted: As time permits

Identical to LRB:

For: Robert Ziegelbauer (608) 266-0315

By/Representing: Tom, Luanne

This file may be shown to any legislator: NO

Drafter: shoveme

May Contact:

Alt. Drafters:

Subject: Tax - individual income  
Tax Credits - miscellaneous

Extra Copies:

#### Pre Topic:

No specific pre topic given

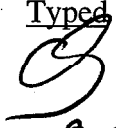
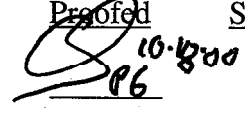
#### Topic:

Index for inflation certain individual income tax credits

#### Instructions:

See Attached. Redraft 1999 AB 40 (LRB -0353/1)

#### 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	12 cjs 10/2/00		 10-18-00			
11 MES 9/14/00			10-18-00				
FE Sent For:		12 cjs 11/28/00					

<END>

**LEGISLATIVE REFERENCE BUREAU**

**BILL REQUEST FORM**

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

MES

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: 7-11-00	Legislator or agency requesting this draft: Rep. Ziegelbauer
Name/phone number of person submitting request: Tom Kelly / 266-0315	
Persons to contact for questions about this draft (names and phone numbers please): Bob Ziegelbauer / (920) 684-6783 Tom Kelly or Luanne Kostelic / 266-0315	
Describe the problem, including any helpful examples. How do you want to solve the problem? Rep. Ziegelbauer would like to reintroduce 1999 AB40 (1999 LRB 0353) in the 2001-02 Legislative Session. The dates in the 1999 bill should be updated for the 2001 Session. The continued existence of all of the credits referred to in the 1999 bill should be verified for the 2001 draft.	
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): 1999 AB40

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:

**1999 DRAFTING REQUEST**

**Bill**

*Instructions*

Received: **09/25/1998**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Robert Ziegelbauer (608) 266-0315**

By/Representing: **Adrienne**

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

Drafter: **shoveme**

May Contact:

Alt. Drafters:

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

Extra Copies:

---

**Pre Topic:**

No specific pre topic given

---

**Topic:**

Index for inflation certain individual income tax credits

---

**Instructions:**

See Attached. Draft 1997 b3209 as a bill. It indexes for inflation the working families tax credit, dependent tax credit, senior citizen tax credit, married couples tax credit, school/prop. tax rent credit and standard deduction (although stnd deduction is already indexed)

---

**Drafting History:**

Vers.      Drafted      Reviewed      Typed      Proofed      Submitted      Jacketed      Required

FE Sent For: **11/04/1998.**

<END>

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-0353/1dn  
MES:gm:lp

November 2, 1998

*Instructions  
for the file*

The indexing provisions in this amendment are based on the current law indexing provisions that relate to the standard deduction in s. 71.05 (22) (ds). If this bill is not enacted by July 1999, you may need to change the initial applicability to taxable years beginning after December 31, 1999. You may want to check with the department of revenue to determine exactly when this change needs to be made. Also, because the dollar amounts to which the indexing applies in the personal exemptions credit and senior citizens exemption credit in s. 71.07 (8) (a) and (b) are so low, I changed the rounding provisions to the nearest \$1 instead of the usual nearest \$10. Is this OK?

Marc E. Shovers  
Senior Legislative Attorney  
266-0129



*addendum*

**MEMORANDUM**

March 17, 1999

**TO:** Marc Shovers  
Legislative Reference Bureau

**FROM:** Yeang-Eng Braun *YEB*  
Department of Revenue *-0353*

**SUBJECT:** Technical Memorandum on AB 40 – Index Individual Income Tax Credits for Inflation

The Department wishes to raise several administrative concerns regarding AB 40.

- done*
1. Sections 1, 3, 4 and 5 contain conflicting language regarding rounding of inflation-adjusted figures. Sections 1, 3 and 5 provide that amounts 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 amount shall be increased to the next higher multiple of \$10. Since a multiple of \$10 is also a multiple of \$5, it could be interpreted that when the revised amount is \$10 (which is a multiple of \$5), it should be increased to the next higher multiple of \$10. Section 4 also has this conflicting language, but with \$1 and 50 cent amounts. Language can be inserted stating that only multiples of \$5 (50 cents) that are not multiples of \$10 (\$1) will be rounded to the next higher multiple of \$10 (\$1).
  2. Section 1 indexes the Wisconsin adjusted gross income (WAGI) amounts that are the phase-out floors and ceilings for both single and married-joint filers for the Working Families Credit. Currently, the WAGI figures for married-joint filers are twice as large as the amounts for single filers. Consequently, any percentage increase due to indexing will result in a greater change for the WAGI figures applying to married-joint filers than the figures applying to single filers. After rounding, this may result in a phase-out floor and ceiling for married-joint filers that is more than twice the figures for single filers. If the sponsor wishes to retain the current relationship in which the phase-out floor and ceiling for joint filers are double the figures for single filers, the bill can be amended to index the floor and the ceiling for single filers, round these figures, and set the floor and ceiling for married-joint filers equal to twice the indexed figures for single filers. A similar concern can be raised with Section 4 of the bill, which indexes the phase-out floors and ceilings for the elderly credit.
  3. The indexing of both the base elderly credit and the phase-out floors and ceilings for this credit in Section 4 make it likely that the elderly credit will phase out at a different rate than the statutory rate of 2.5%. For example, increasing the elderly credit parameters for single persons by 1.62% (the indexing percentage used for 1999) results in a base credit of
- not done*
- done*

\$25.41, a phase-out floor of \$30,486.00, and a phase-out ceiling of \$31,502.20. Rounding these figures to the nearest \$1 results in a base credit of \$25, a phase-out floor of \$30,486, and a phase-out ceiling of \$31,502. However, when using the 2.5% statutory phase-out rate, the phase-out ceiling is \$31,486. The difference between the two phase-out ceilings means that the phase-out rate is lower than 2.5% when the ceiling is indexed and rounded. Language can be inserted that indexes only the base credit amount and the phase-out floor amounts. The phase-out ceiling can then be calculated using the new base amount and phase-out floor and the existing 2.5% rate.

*Not done*

4. Section 4 rounds the phase-out floors and ceilings associated with the elderly credit to the nearest \$1. The sponsor may find it more appropriate to round these amounts to the nearest \$10.

*Not done*

5. Section 5 indexes the base amount of the school property tax/rent credit. Currently the base amount for married-separate filers is one-half of that for married-joint filers. Consequently, any percentage increase due to indexing will result in a greater change in the base credit for married-joint filers than the base credit for married-separate filers. After rounding, this may result in a base credit that is more than twice the base credit for married-separate filers. If the sponsor wishes to retain the current relationship in the base credit amounts for married-joint and married-separate filers, the bill can be amended to index the base amount for joint filers, round this figure, and set the base credit for separate filers equal to one-half the indexed amount for joint filers

6. The bill does not indicate the base year from which indexing shall be applied. For the initial year of indexing (tax year 1999), the indexed figures are calculated based on tax year 1998 credit and WAGI figures. However, for future years it is not clear whether indexing is to be calculated from the prior tax year or from 1998. Language can be inserted that uses the federal indexing method of section 1 (f) (3) to (6) and 63 (c) (4) of the Internal Revenue Code, which is based on a set base year.

*done  
made consistent w/  
most recent  
indexing provisions, in  
D. 71.05 (2)(d)*

The proposed legislation makes no provision of the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language needs to be developed and costs allocated in the following manner:

	<u>Chapter 20</u>	<u>Amount</u>	<u>FTE Positions</u>
One-time cost	20.566 (1) (a)	\$6,400	None

If you have questions regarding this technical memorandum, please contact Craig Kammholz at 261-8984. Contact Pat Lashore at 266-3347 for questions concerning administrative costs.

YEB:CDK:skr  
t:\fsn99-00\ck\lab40.tec

*Not done*

RMMK

**1999 ASSEMBLY BILL 40**

D-Note

WFO:  
please proof  
w/ folio as indicated

gjs

January 19, 1999 - Introduced by Representatives ZIEGELBAUER, PLALE, AINSWORTH, BLACK, GROTHMAN, KAUFERT, LA FAVE, F. LASEE, LASSA, J. LEHMAN, MEYER, MUSSER, PLOUFF, REYNOLDS, RYBA and STASKUNAS, cosponsored by Senators WIRCH and PLACHE. Referred to Committee on Ways and Means.

regen

1 AN ACT to amend 71.07 (6) (am) 2. (intro.); and to create 71.07 (5m) (bm), 71.07  
 2 (6) (as), 71.07 (8) (bm) and 71.07 (9) (bm) of the statutes; relating to: indexing  
 3 for inflation the working families tax credit, the dependent tax credit, the senior  
 4 citizen tax credit, the married couples tax credit, and the school property tax  
 5 credit.

**Analysis by the Legislative Reference Bureau**

Under the current law individual income tax system, the sliding scale standard deduction and the tax brackets are indexed for inflation, for taxable years beginning after December 31, 1996. Current law also contains a number of tax credits that are based on statutorily set dollar amounts.

This bill indexes for inflation the following individual income tax credits: the working families tax credit, ~~the dependent tax credit, the senior citizen tax credit,~~ the married couples tax credit, and the school property tax credit. The indexing provisions created in the bill first apply to taxable years beginning after December 31, 2000, except for the married couples tax credit, which first applies to taxable years beginning after December 31, 2001.

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 40

SECTION 1. 71.07 (5m) (bm) of the statutes is created to read:

71.07 (5m) (bm) <sup>2000</sup> *Indexing for inflation.* For taxable years beginning after December 31, ~~1998~~, the dollar amounts relating to the denominator of a fraction under par. (b), and all of the dollar amounts of Wisconsin adjusted gross income under par. (b), shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August ~~of the year before the previous year~~ <sup>1999</sup> as determined by the federal department of labor. Each amount that is revised under this paragraph 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, <sup>and not a multiple of \$10</sup> 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 paragraph and incorporate the changes into the income tax forms and instructions.

~~SECTION 2. 71.07 (6) (am) 2. (intro.) of the statutes is amended to read:~~

~~71.07 (6) (am) 2. (intro.) Married persons filing a joint return, except those who reduce their gross income under section 911 or 931 of the Internal Revenue Code, may claim as a credit against the tax imposed under s. 71.02, up to the amount of those taxes, an amount equal to one of the following and subject to par. (as):~~

SECTION 3. 71.07 (6) (as) of the statutes is created to read:

71.07 (6) (as) For taxable years beginning after December 31, ~~1998~~ <sup>2001</sup>, the dollar amounts under par. (am) 2, shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Printed by Ref/ro

D. date

ASSEMBLY BILL 40

1 price index for all urban consumers, U.S. city average, for the month of August of the  
2 year before the previous year<sup>2000</sup> as determined by the federal department of labor.

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

9 SECTION 4. 71.07 (8) (bm) of the statutes is created to read:

10 71.07 (8) (bm) <sup>1.</sup> For taxable years beginning after December 31, ~~1998~~<sup>2000</sup>, the dollar  
11 amounts under pars. (a) and (b), <sup>for the base credit amount and the phase-out floor</sup> including the dollar amounts of Wisconsin adjusted  
12 gross income under par. (a), shall be increased each year by a percentage equal to the  
13 percentage change between the U.S. consumer price index for all urban consumers,  
14 U.S. city average, for the month of August of the previous year and the U.S. consumer  
15 price index for all urban consumers, U.S. city average, for the month of August of the  
16 year before the previous year<sup>1999</sup> as determined by the federal department of labor.

17 Each amount that is revised under this paragraph shall be rounded to the nearest  
18 multiple of \$1 if the revised amount is not a multiple of \$1 or, if the revised amount  
19 is a multiple of 50 cents, <sup>and not a multiple of \$1</sup> such an amount shall be increased to the next higher  
20 multiple of \$1. The department of revenue shall annually adjust the changes in  
21 dollar amounts required under this paragraph and incorporate the changes into the  
22 income tax forms and instructions.

23 SECTION 5. 71.07 (9) (bm) of the statutes is created to read:

24 71.07 (9) (bm) For taxable years beginning after December 31, ~~1998~~<sup>2000</sup>, the dollar  
25 amounts under par. (b) <sup>5</sup> shall be increased each year by a percentage equal to the

~~For taxable years beginning after December 31, 2000, and~~  
*Based on the indexing under subd. 1, the phase-out ceiling amounts of Wisconsin adjusted gross income under par. (a) shall be calculated by the department of revenue based on the new base amount and phase-out floor, <sup>(amount)</sup> and the 2.5% phase-out rate.*

ASSEMBLY BILL 40

SECTION 5

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

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

11 (END)

D-note

DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-0230/?dn

MES

g f  
g's

date line:

The bill does not index the personal exemptions credit and senior citizens exemption credit under s. 71.07(8) (a) and (b) because no new claims can be filed for a taxable year that ~~the~~ begins after December 31, 1999, see p. 71.07 (8) (d).

The indexing provisions in this amendment are based on the current law indexing provisions that relate to the standard deduction in s. 71.05 (22) (dt), and contain a set base year (1999). This procedure is similar to the indexing provisions in the Internal Revenue Code, and is different from the indexing provisions contained in 1999 AB 40, which did not contain a set base year and was based on s. 71.05 (22) (ds). The change in this bill addresses a concern raised by the Department of Revenue in its technical memo to AB 40. Is this OK?

This version of the bill also addresses <sup>one</sup> other points raised by DOR in its technical memo. <sup>relating to</sup> DOR's first point relates to clarifying the rounding procedure if a revised dollar amount is a multiple of \$10 <sup>or \$1</sup> in the case of the ~~personal exemptions credit and senior citizens exemption credit~~ in s. 71.07 (8) (a) and (b). DOR's second point relates to the problem that is created by indexing both the base credit amount and the phase-out floor and phase-out ceiling for the senior citizen credit; indexing both the floor and the ceiling would result in a phase-out rate different than the statutorily required rate of 2.5%. See s. 71.07 (8) (bm) 2. <sup>is this</sup> ~~are these~~ changes OK?

~~Finally,~~ the bill does not index the married persons credit until <sup>2002</sup> ~~2001~~ because 1999 Wisconsin Act 9, the budget bill, increased the maximum amount that may be claimed under that credit from \$420 to \$480 for taxable years beginning after December 31, 2000. Is this OK?

MES

② If this bill is not enacted by July 2001, <sup>however,</sup> you may need to advance the initial applicability years to taxable years beginning <sup>after</sup> December 31, 2001.

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-0230/ldn  
MES:cjs:rs

October 18, 2000

The indexing provisions in this amendment are based on the current law indexing provisions that relate to the standard deduction in s. 71.05 (22) (dt), and contain a set base year (1999). This procedure is similar to the indexing provisions in the Internal Revenue Code, and is different from the indexing provisions contained in 1999 AB 40, which did not contain a set base year and was based on s. 71.05 (22) (ds). The change in this bill addresses a concern raised by the Department of Revenue in its technical memo to AB 40. Is this OK?

This version of the bill also addresses one other point raised by DOR in its technical memo relating to clarifying the rounding procedure if a revised dollar amount is a multiple of \$10. Is this change OK?

The bill does not index the married persons credit until 2002 because 1999 Wisconsin Act 9, the budget bill, increased the maximum amount that may be claimed under that credit from \$420 to \$480 for taxable years beginning after December 31, 2000. The bill does not index the personal exemptions credit and senior citizens exemption credit under s. 71.07 (8) (a) and (b) because no new claims can be filed for a taxable year that begins after December 31, 1999. See s. 71.07 (8) (d). Is this OK? If this bill is not enacted by July 2001, however, you may need to advance all the initial applicability years to taxable years beginning after December 31, 2001.

Marc E. Shovers  
Senior Legislative Attorney  
Phone: (608) 266-0129  
E-mail: marc.shovers@legis.state.wi.us



**2001 DRAFTING REQUEST**

**Bill**

Received: **09/11/2000**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Robert Ziegelbauer (608) 266-0315**

By/Representing: **Tom, Luanne**

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

Drafter: **shoveme**

May Contact:

Alt. Drafters:

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

Extra Copies:

**Pre Topic:**

No specific pre topic given

**Topic:**

Index for inflation certain individual income tax credits

**Instructions:**

See Attached. Redraft 1999 AB 40 (LRB -0353/1)

**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>
/?	shoveme 09/14/2000	jdye 10/13/2000	martykr 10/18/2000	_____			State
/1			rschluet 10/19/2000	_____	lrb_docadmin 10/19/2000	lrb_docadmin 11/20/2000	
				_____	gretskl 11/14/2000		

FE Sent For:

<END>



STEPHEN R. MILLER  
CHIEF

# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

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

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

NOV 14 2000

October 19, 2000

11/14 Resend -  
Original lost by  
Requester

### MEMORANDUM

To: Representative Ziegelbauer

From: Marc E. Shovers, Senior Legislative Attorney

Re: LRB-0230 Index for inflation certain individual income tax credits

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.

OTHER  
2001 BILL

RMR

Ed - this is the only change

1 AN ACT to create 71.07 (5m) (bm), 71.07 (6) (as) and 71.07 (9) (bm) of the statutes;  
2 relating to: indexing for inflation the working families tax credit, ~~the~~  
3 ~~dependent tax credit, the senior citizen tax credit,~~ the married couples tax  
4 credit, and the school property tax credit.

**Analysis by the Legislative Reference Bureau**

Under the current law individual income tax system, the sliding scale standard deduction and the tax brackets are indexed for inflation. Current law also contains a number of tax credits that are based on statutorily set dollar amounts.

This bill indexes for inflation the following individual income tax credits: the working families tax credit, the married couples tax credit, and the school property tax credit. The indexing provisions created in the bill first apply to taxable years beginning after December 31, 2000, except for the provision relating to the married couples tax credit, which first applies to taxable years beginning after December 31, 2001.

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:**

5 SECTION 1. 71.07 (5m) (bm) of the statutes is created to read:

**BILL****SECTION 1**

1           71.07 (5m) (bm) *Indexing for inflation.* For taxable years beginning after  
2 December 31, 2000, the dollar amounts relating to the denominator of a fraction  
3 under par. (b), and all of the dollar amounts of Wisconsin adjusted gross income  
4 under par. (b), shall be increased each year by a percentage equal to the percentage  
5 change between the U.S. consumer price index for all urban consumers, U.S. city  
6 average, for the month of August of the previous year and the U.S. consumer price  
7 index for all urban consumers, U.S. city average, for the month of August 1999, as  
8 determined by the federal department of labor. Each amount that is revised under  
9 this paragraph shall be rounded to the nearest multiple of \$10 if the revised amount  
10 is not a multiple of \$10 or, if the revised amount is a multiple of \$5 and not a multiple  
11 of \$10, 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           **SECTION 2.** 71.07 (6) (as) of the statutes is created to read:

16           71.07 (6) (as) For taxable years beginning after December 31, 2001, the dollar  
17 amounts under par. (am) 2. d., shall be increased each year by a percentage equal to  
18 the percentage change between the U.S. consumer price index for all urban  
19 consumers, U.S. city average, for the month of August of the previous year and the  
20 U.S. consumer price index for all urban consumers, U.S. city average, for the month  
21 of August 2000, as determined by the federal department of labor. Each amount that  
22 is revised under this paragraph shall be rounded to the nearest multiple of \$10 if the  
23 revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5  
24 and not a multiple of \$10, such an amount shall be increased to the next higher  
25 multiple of \$10. The department of revenue shall annually adjust the changes in

**BILL**

1 dollar amounts required under this paragraph and incorporate the changes into the  
2 income tax forms and instructions.

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

4 71.07 (9) (bm) For taxable years beginning after December 31, 2000, the dollar  
5 amounts under par. (b) 5. shall be increased each year by a percentage equal to the  
6 percentage change between the U.S. consumer price index for all urban consumers,  
7 U.S. city average, for the month of August of the previous year and the U.S. consumer  
8 price index for all urban consumers, U.S. city average, for the month of August 1999,  
9 as determined by the federal department of labor. Each amount that is revised under  
10 this paragraph shall be rounded to the nearest multiple of \$10 if the revised amount  
11 is not a multiple of \$10 or, if the revised amount is a multiple of \$5 and not a multiple  
12 of \$10, such an amount shall be increased to the next higher multiple of \$10. The  
13 department of revenue shall annually adjust the changes in dollar amounts required  
14 under this paragraph and incorporate the changes into the income tax forms and  
15 instructions.

16

(END)



# 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 Ziegelbauer

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

**Subject:** Technical Memorandum to **2001 AB-25** (LRB 01-0230/2)

---

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 25 – Index Working Families, Married Couple, and School Property Tax Credits for Inflation

The Department wishes to raise several administrative concerns regarding AB 25.

1. Section 1 indexes the Wisconsin adjusted gross income (WAGI) amounts that are the phase-out floors and ceilings for both single and married joint filers for the working families credit. Currently, the WAGI figures for married joint filers are twice as large as the amounts for single filers. Consequently, any percentage increase due to indexing will result in a greater change for married joint filers than for single filers. After rounding, this may result in a phase-out floor and ceiling for married joint filers that are more than twice those for single filers. If the sponsor wishes to retain the current relationship in which the phase-out floor and ceiling for joint filers are double those for single filers, the statutory language can be amended to index the floor and the ceiling for single filers, round these amounts, and then set the floor and ceiling for married joint filers equal to twice the amounts for single filers.
2. Currently, the working families credit is calculated as a fraction with the numerator being the difference between the claimants WAGI and the eligible income threshold and the denominator being \$1,000--the current difference between the income threshold and the credit phase-out ceiling. Section 1 of the bill also provides for the indexing of this amount. When all three amounts in this fraction are indexed, the denominator may not always equal the difference between the WAGI amount and income threshold. In this case, the credit will not phase out at the indexed phase-out ceiling. The sponsor may wish to index only the phase-out floor and ceiling and set the difference between these two amounts as the denominator of the fraction.
3. Under current law, the base amount of the school property tax/rent credit (SPTC) for married separate filers equals one-half the amount for married joint filers. Indexing the base amounts according to Section 3 can result in a base credit for married joint filers that is more than twice the base credit for married separate filers. To retain the current relationship for the SPTC, the bill can be amended to index the base amount for joint filers, round this number, and set the base credit for separate filers equal to one-half of this amount.

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

YEB:MK:ds  
I:\fsn01-02\mk\ab25.tec