

2001 DRAFTING REQUEST

Bill

Received: 11/21/2000

Received By: shoveme

Wanted: As time permits

Identical to LRB:

For: David Ward (608) 266-3790

By/Representing: Kim

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:

Modify the definition of "income" under the homestead tax credit

Instructions:

See Attached. Redraft 1999 AB 85, LRB -1247/1, but retain current law w/ regard to life insurance proceeds and other compensation excluded from the IRC that's not being considered as homestead income.

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 11/24/2000	jdye 11/27/2000					State
/1			pgreensl 11/28/2000		lrb_docadmin 11/28/2000	lrb_docadmin 12/12/2000	

FE Sent For:

<END>

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1/2	shoveme	11/27 JLD	11/28 PG	11/28 PG/RS			
11 MES	11/24/00						

FE Sent For:

<END>



# David Ward

Wisconsin State Assembly  
Member: Joint Committee on Finance

FAX FAX FAX FAX FAX FAX FAX FAX FAX FAX FAX

**TO:** Marc Shovers, LRB

**FAX #:** 266-5648

**FROM:** Kim Chase, Research Assistant to Representative David Ward

**PHONE #:** (608) 266-3790

**RE:** request for bill draft

---

Marc,

Rep. Ward would like to request a bill to be drafted for the upcoming legislative session. The bill is 1999 AB 85 (LRB 1247/1) with one change. We would like to retain current law in regards to life insurance proceeds and other compensation excluded from the Internal Revenue Code not being considered as homestead income.

If you have any questions, please feel free to contact us.

Thank you,

Kim Chase

## 1999 ASSEMBLY BILL 85

February 4, 1999 - Introduced by Representatives GOETSCH, M. LEHMAN, ALBERS, GUNDERSON, COGGS, HAHN, SYKORA, LA FAVE, LADWIG, MUSSER, SERATTI, BRANDEMUEHL, REYNOLDS, HASENOHRL, PLALE, RYBA and OWENS, cosponsored by Senator SCHULTZ. Referred to Committee on Ways and Means.

1 AN ACT to amend 71.52 (6) of the statutes; relating to: modifying the definition  
2 of "income" under the homestead tax credit.

---

### *Analysis by the Legislative Reference Bureau*

Under current law, the definition of "income" under the homestead tax credit is the sum of Wisconsin adjusted gross income (AGI) and a number of items that are not otherwise includable in Wisconsin AGI, such as certain public assistance payments, nontaxable interest received on state and municipal bonds and certain retirement benefits.

Under the bill, the definition of "income" for homestead credit purposes, as it applies to certain pensions and annuities, is modified such that nontaxable recoveries of a claimant's investment in a pension or annuity is excluded from the definition of "income" and only the taxable portion of the pension or annuity is included.

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:*

3 SECTION 1. 71.52 (6) of the statutes is amended to read:  
4 71.52 (6) "Income" means the sum of Wisconsin adjusted gross income and the  
5 following amounts, to the extent not included in Wisconsin adjusted gross income:

**ASSEMBLY BILL 85**

1 maintenance payments (except foster care maintenance and supplementary  
2 payments excludable under section 131 of the ~~internal revenue code~~ Internal  
3 Revenue Code), support money, cash public assistance (not including credit granted  
4 under this subchapter and amounts under s. 46.27), cash benefits paid by counties  
5 under s. 59.53 (21), retirement benefits excludable under s. 71.05 (1) (a), the gross  
6 amount of ~~any pension or annuity (including railroad retirement benefits and~~  
7 veterans disability pensions, all payments received under the federal social security  
8 act ~~and veterans disability pensions~~), nontaxable interest received from the federal  
9 government or any of its instrumentalities, nontaxable interest received on state or  
10 municipal bonds, worker's compensation, unemployment insurance, the gross  
11 amount of "loss of time" insurance, compensation and other cash benefits received  
12 from the United States for past or present service in the armed forces, scholarship  
13 and fellowship gifts or income, capital gains, gain on the sale of a personal residence  
14 excluded under section 121 of the ~~internal revenue code~~ Internal Revenue Code,  
15 dividends, income of a nonresident or part-year resident who is married to a  
16 full-year resident, housing allowances provided to members of the clergy, the  
17 amount by which a resident manager's rent is reduced, nontaxable income of an  
18 American Indian, nontaxable income from sources outside this state ~~and nontaxable~~  
19 deferred compensation, life insurance proceeds received on account of the death of  
20 the insured and compensation for injuries or sickness excluded under section 104 of  
21 the Internal Revenue Code. Intangible drilling costs, depletion allowances and  
22 depreciation, including first-year depreciation allowances under section 179 of the  
23 ~~internal revenue code~~ Internal Revenue Code, amortization, ~~contributions to~~  
24 ~~individual retirement accounts under section 219 of the internal revenue code,~~  
25 ~~contributions to Keogh plans, net operating loss carry-forwards and capital loss~~

**ASSEMBLY BILL 85**

1 carry-forwards deducted in determining Wisconsin adjusted gross income shall be  
2 added to “income”. “Income” does not include gifts from natural persons, cash  
3 reimbursement payments made under title XX of the federal social security act,  
4 surplus food or other relief in kind supplied by a governmental agency, the gain on  
5 the sale of a personal residence deferred under section 1034 of the ~~internal revenue~~  
6 ~~code~~ Internal Revenue Code or nonrecognized gain from involuntary conversions  
7 under section 1033 of the ~~internal revenue code~~ Internal Revenue Code. Amounts  
8 not included in adjusted gross income but added to “income” under this subsection  
9 in a previous year and repaid may be subtracted from income for the year during  
10 which they are repaid. Scholarship and fellowship gifts or income that are included  
11 in Wisconsin adjusted gross income and that were added to household income for  
12 purposes of determining the credit under this subchapter in a previous year may be  
13 subtracted from income for the current year in determining the credit under this  
14 subchapter. A marital property agreement or unilateral statement under ch. 766 has  
15 no effect in computing “income” for a person whose homestead is not the same as the  
16 homestead of that person’s spouse.

**SECTION 2. Initial applicability.**

17  
18 (1) This act first applies to taxable years beginning on January 1 of the year  
19 in which this subsection takes effect, except that if this subsection takes effect after  
20 July 31, this act first applies to taxable years beginning on January 1 of the year  
21 following the year in which this subsection takes effect.

22 (END)

-1191/1  
LRB-1002/L  
MES:jd:js  
PMNR

2001 BILL

D-Note

regm

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**BILL****SECTION 1**

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17 amount by which a resident manager's rent is reduced, nontaxable income of an  
18 American Indian, <sup>and</sup> nontaxable income from sources outside this state ~~and nontaxable~~  
19 ~~deferred compensation, life insurance proceeds received on account of the death of~~  
20 ~~the insured, and compensation for injuries or sickness excluded under section 104~~  
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**BILL**

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(END)

D-NOTE

Please review this bill carefully to ensure that it meets your intent. You may want to have the bill reviewed by the Department of Revenue (DOR); DOR reviewed, and approved, the language contained in 1999 AB-85 and this bill contains some differences from that bill. mzd

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

LRB-1191/1dn  
MES:jld:pg

November 28, 2000

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



# 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

November 28, 2000

### MEMORANDUM

To: Representative Ward

From: Marc E. Shovers, Senior Legislative Attorney

Re: LRB-1191 Modify the definition of "income" under the homestead tax credit

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.