

2001 DRAFTING REQUEST

Bill

Received: **12/06/2000**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Mark Pettis (608) 267-2365**

By/Representing: **Rep. Pettis**

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:

Nonrefundable individual income tax credit for married couples with dependent children

Instructions:

See Attached. Redraft 1999 AB 283, LRB -2516/1. Nonrefundable tax credit for married couples w/ dependent children if one of the spouses earns less than \$5,000 per year.

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 12/08/2000	jdye 12/12/2000		_____			State
/1			jfrantze 12/12/2000	_____	lrb_docadmin 12/12/2000	lrb_docadmin 01/12/2001	

FE Sent For:

<END>

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1?	shoveme	1 12/12 jld	12/12	12/12			

11 MES 12/8/00

FE Sent For:

<END>

Shovers, Marc

From: Gretschmann, Karen
Sent: Tuesday, December 05, 2000 4:45 PM
To: Nelson, Robert P.; Fast, Timothy; Dykman, Peter; Kite, Robin; Grant, Peter; Shovers, Marc; Kennedy, Debora
Subject: Drafting Requests

*Rep. Pettis has requested the following for redrafts from last session. (version that passed assembly, or committee *AJR112, or most recently amended *AB283) His office will be expecting any calls, should you have any questions.*

AB246 - RPN

AB172 - PEN (forwarding this to TNF for assignment)

AB79 - JEO (forwarding this to DAK for assignment)

AJR112 - PJD

AB669 - RNK

AB474 - PG

AB283 - MES

Thank you.

Karen

Karen Gretschmann
Legislative Program Assistant/Financial Specialist
Legal Section
Wisconsin Legislative Reference Bureau
(608) 266-3561

2001 BILL
1999 ASSEMBLY BILL 283

April 22, 1999 - Introduced by Representatives PETTIS, SUDER, RHOADES, LADWIG, KREIBICH, KEDZIE, MUSSER, BRANDEMUEHL, HUEBSCH, OWENS, F. LASEE, KLUSMAN, ALBERS, FREESE, GROTHMAN, GUNDERSON, HAHN, JESKEWITZ, SPILLNER, SERATTI and NASS, cosponsored by Senators SCHULTZ, FARROW, ZIEN, DARLING and ROESSLER. Referred to Committee on Ways and Means.

refer

1 AN ACT to amend 71.08 (1) (intro.); and to create 71.07 (6m) and 71.10 (4) (dp)
2 of the statutes; relating to: creating a nonrefundable individual income tax
3 credit for certain married couples who have dependent children.

Analysis by the Legislative Reference Bureau

This bill creates a \$500 individual income tax credit for certain married couples who have at least one dependent child who is under the age of 18. Under the bill, and subject to some limitations, a married couple is eligible to claim the credit if one of the spouses receives less than \$5,000 in income for work in the year to which the claim relates. The credit is nonrefundable. If the amount of the credit exceeds a taxpayer's tax liability, no refund will be issued.

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:

4 SECTION 1. 71.07 (7x) of the statutes is created to read:
5 71.07 (7x) MARRIED COUPLE TAX CREDIT. (a) *Definitions*. In this subsection:
6 1. "Claimant" means a married individual who resides with his or her spouse
7 and is eligible to claim the credit under this subsection.

ASSEMBLY BILL 283

1 2. "Dependent" means a child of a claimant or of a claimant's spouse who resides
2 with his or her parents and who is under the age of 18.

3 3. "Household" means a claimant and an individual related to the claimant as
4 husband or wife.

5 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
6 claimant who has at least one dependent may claim as a credit against the tax
7 imposed under s. 71.02,[✓] up to the amount of those taxes, \$500.

8 (c) *Limitations.* 1. No credit may be allowed under this subsection unless it
9 is claimed within the time period under s. 71.75 (2).[✓]

10 2. Part-year residents and nonresidents of this state are not eligible for the
11 credit under this subsection.

12 3. Only one credit per household is allowed each year.

13 4. No credit may be claimed under this subsection if both the claimant and his
14 or her spouse work and if both the claimant and his or her spouse receive \$5,000 or
15 more in income for that work in the year to which the claim relates.

16 (d) *Administration.* The department of revenue may enforce the credit under
17 this subsection and may take any action, conduct any proceeding and proceed as it
18 is authorized in respect to taxes under this chapter. The income tax provisions in this
19 chapter relating to assessments, refunds, appeals, collection, interest and penalties
20 apply to the credit under this subsection.

21 ~~SECTION 2. 71.08 (1) (intro.) of the statutes is amended to read:~~

22 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
23 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
24 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (6),
25 (6m) and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and

ASSEMBLY BILL 283

1 ~~71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and subchs. VIII~~
2 ~~and IX and payments to other states under s. 71.07 (7), is less than the tax under this~~
3 ~~section, there is imposed on that natural person, married couple filing jointly, trust~~
4 ~~or estate, instead of the tax under s. 71.02, an alternative minimum tax computed~~
5 ~~as follows:~~

6 **SECTION 3.** 71.10 (4) (dp)^W of the statutes is created to read:

7 71.10 (4) (dp) Married couple credit under s. 71.07 (7)⁷ (6m)^X.

8 **SECTION 4. Initial applicability.**

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

13 (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

December 12, 2000

MEMORANDUM

To: Representative Pettis

From: Marc E. Shovers, Senior Legislative Attorney

Re: LRB-1364 Nonrefundable individual income tax credit for married couples with dependent children

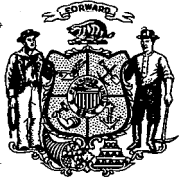
The attached draft was prepared at your request. Please review it carefully to ensure that it is accurate and satisfies your intent. If it does and you would like it jacketed for introduction, please indicate below for which house you would like the draft jacketed and return this memorandum to our office. 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 19, 2001

MEMORANDUM

To: Representative Pettis

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

Subject: Technical Memorandum to **2001 AB-103** (LRB 01-1364/1)

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

February 15, 2001

TO: Marc Shovers
Legislative Reference Bureau

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

SUBJECT: Technical Memorandum on AB 103 - Create Individual Income Tax Credit for Certain Married Couples with Dependents

The Department would like to raise several administrative concerns regarding AB 103:

1. The sponsor may wish to clarify sections 71.07 (7m)(a)1 and 2 to more accurately describe what it means for a married individual to "resid[e] with his or her spouse" or for a qualifying dependent to "resid[e] with his or her parents." Possible wordings could require the individual to reside with his or her spouse or parents for the entire year, on December 31 of the taxable year, at the time the return is filed, or at any time during the year. Similarly, the wording should also clarify that the dependent must be under the age of 18 on December 31 of the taxable year.
2. The intent of section 71.07 (7m)(a)2 is unclear in the case of divorced spouses who both have remarried. With joint custody, a child may reside with both biological parents—who both reside with their respective spouses, thus satisfying the requirement in section 71.07 (7m)(a)1—for some time during the year. As currently worded, the definition of "dependent" appears to apply to either parent.
3. Although the credit is not available to part-year residents and nonresidents of Wisconsin, a full-year resident who is married to a part-year resident or nonresident could qualify for the credit. If this is not the intent, the sponsor may wish to require proration of the credit in this situation. For example, section 71.07 (9)(c) requires the school property tax/rent credit to be prorated when this situation arises.
4. The sponsor may wish to clarify whether the \$5,000 income limitation applies to gross income or net income from self-employment when one of the spouses is self-employed.

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)	\$30,150	
annual	s. 20.566 (1) (a)	\$14,500	

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

YEB:MK:ds

I:\fsn01-02\mk\ab103.tec