

2001 DRAFTING REQUEST

Bill

Received: 11/16/2000

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Michael Powers (608) 266-1192**

By/Representing: **Vince Williams**

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

Drafter: **shoveme**

May Contact:

Alt. Drafters:

Subject: **Tax - individual income
Tax Credits (inc) - homestead**

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 763, LRB -3841/3

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 11/16/2000	jdyer 11/17/2000		_____			State
/1			jfrantze 11/17/2000	_____	lrb_docadmin 11/17/2000	lrb_docadmin 01/09/2001	

FE Sent For:

<END>

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1/1	shoveme	1 11/17 JLD	26 11/17	26 11/17			
1/1	MES	11/16/00		11/17			

FE Sent For:

<END>

Shovers, Marc

From: Williams, Vincent
Sent: Wednesday, November 15, 2000 2:01 PM
To: Shovers, Marc
Subject: RE: Drafting Request

P.S. Could I please have those drafts delivered as a .PDF file.

Thanks again.

-----Original Message-----

From: Williams, Vincent
Sent: Wednesday, November 15, 2000 1:55 PM
To: Shovers, Marc
Subject: Drafting Request

Marc,

I have two requests and both are re-drafts of 1999 proposals. First, could you draft 1999 LRB 3414/1, relating to increasing the working families tax credit, so that it can be circulated for co-sponsors and introduced for the 2001-02 legislative session.

Also, could you re-draft 1999 LRB 3841/3, relating to the definition of "income" under the homestead tax credit.

Thank you in advance and if you have any questions, please call me in the office at 6-1192.

Sincerely,

Vince Williams
Research Assistant
Rep. Mike Powers' Office

Instructions

1999 ASSEMBLY BILL 763

February 17, 2000 – Introduced by Representatives POWERS, AINSWORTH, BLACK, BRANDEMUEHL, GRONEMUS, LADWIG, MUSSER, OLSEN, WARD and PETTIS, cosponsored by Senators ROESSLER and DRZEWIECKI. 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, “income” is defined under the homestead tax credit as the sum of Wisconsin adjusted gross income (AGI) and a number of other items, to the extent that the other items are not included in Wisconsin AGI, such as certain public assistance payments, nontaxable interest received on state and municipal bonds and certain retirement benefits. One of the retirement benefits that is currently included in the definition of income is the gross amount of any pension or annuity.

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:

ASSEMBLY BILL 763

1 71.52 (6) "Income" means the sum of Wisconsin adjusted gross income and the
2 following amounts, to the extent not included in Wisconsin adjusted gross income:
3 maintenance payments (except foster care maintenance and supplementary
4 payments excludable under section 131 of the ~~internal revenue code~~ Internal
5 Revenue Code), support money, cash public assistance (not including credit granted
6 under this subchapter and amounts under s. 46.27), cash benefits paid by counties
7 under s. 59.53 (21), retirement benefits under s. 71.05 (1) (a), the gross amount of ~~any~~
8 ~~pension or annuity (including railroad retirement benefits and veterans disability~~
9 ~~pensions, all payments received under the federal social security act and veterans~~
10 ~~disability pensions)~~ Social Security Act, nontaxable interest received from the
11 federal government or any of its instrumentalities nontaxable interest received on
12 state or municipal bonds, worker's compensation, unemployment insurance, the
13 gross amount of "loss of time" insurance, compensation and other cash benefits
14 received from the United States for past or present service in the armed forces,
15 scholarship and fellowship gifts or income, capital gains, gain on the sale of a
16 personal residence excluded under section 121 of the ~~internal revenue code~~ Internal
17 Revenue Code, dividends, income of a nonresident or part-year resident who is
18 married to a full-year resident, housing allowances provided to members of the
19 clergy, the amount by which a resident manager's rent is reduced, nontaxable income
20 of an American Indian, nontaxable income from sources outside this state and
21 ~~nontaxable deferred compensation~~ life insurance proceeds received on account of the
22 insured. Intangible drilling costs, depletion allowances and depreciation, including
23 first-year depreciation allowances under section 179 of the ~~internal revenue code~~
24 Internal Revenue Code, amortization, ~~contributions to individual retirement~~
25 ~~accounts under section 219 of the internal revenue code, contributions to Keogh~~

ASSEMBLY BILL 763

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

SECTION 2. Initial applicability.

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

23 (END)

RMNR

2001 BILL

D-NOTE

gen

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.

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BILL

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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
21 of 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~~

BILL

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
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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.

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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)

D-note

Rep. Powers:

You requested a redraft of
1999 AB-763. This bill is a redraft
of 1999 AB-85, which is very similar
and accomplishes the same goal,
to AB-763, except that AB-85 and this bill
contain
a number of technical changes
suggested ^{last session} by the Department of
Revenue to make the ~~bill~~ bill work
better. If this is not consistent with
your intent, the bill can be redrafted
so that it is identical to 1999 AB-763.

MZJ

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1067/1dn
MES:jld:jf

November 17, 2000

Rep. Powers:

You requested a redraft of 1999 AB-763. This bill is a redraft of 1999 AB-85, which is very similar to AB-763 and accomplishes the same goal, except that AB-85 and this bill contain a number of technical changes suggested last session by the Department of Revenue to make the bill work better. If this is not consistent with your intent, the bill can be redrafted so that it is identical to 1999 AB-763.

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



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

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

STEPHEN H. MILLER
CHIEF

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

November 17, 2000

MEMORANDUM

To: Representative Powers

From: Marc E. Shovers, Senior Legislative Attorney

Re: LRB-1067 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.