

2001 DRAFTING REQUEST

Assembly Amendment (AA-AB140)

Received: 05/18/2001

Received By: jkreye

Wanted: 05/20/2001

Identical to LRB:

For: Michael Lehman (608) 267-2367

By/Representing: andrew

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters: shoveme

Subject: Tax Credits (inc) - farmland
Tax Credits (inc) - homestead
Tax - miscellaneous

Extra Copies:

Submit via email: NO

Requester's email:

Pre Topic:

No specific pre topic given

Topic:

Interest charges on an assessment

Instructions:

See Attached

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	jkreye 05/18/2001	gilfokm 05/18/2001	jfrantze 05/21/2001	_____	lrb_docadmin 05/21/2001	lrb_docadmin 05/21/2001	

FE Sent For:

<END>

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/1	jkreye	1 - 5/18/01 <i>Kmg</i>	<i>26/21</i>	<i>26/pg</i> 5/21			

FE Sent For:

<END>

Kreye, Joseph

From: Nowlan, Andrew
Sent: Friday, May 18, 2001 3:44 PM
To: Kreye, Joseph
Subject: FW: AB 140 possible amendment

Joe,

Could you please draft this as an amendment to AB 140 which is up for an exec next week?

Thanks,

Andrew Nowlan
Andrew.Nowlan@legis.state.wi.us (work)
Fourlakes_99@yahoo.com (home)

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

From: Gates-Hendrix, Sherrie
Sent: Friday, May 18, 2001 10:07 AM
To: Nowlan, Andrew
Subject: AB 140 possible amendment

Andrew -

Here is a draft of the provision we're interested in having added to AB 140



01-1000/1

And here's a brief description of the issue



12 Brief

Description-InterestC...

I won't be around after 11:00 today, but you could talk to Mark Wipperfurth (6-8253) if you have questions today. Or I'll be in on Monday.

Have a good weekend.

2001 ASSEMBLY BILL 140

February 19, 2001 – Introduced by Representatives POWERS, GRONEMUS, BALOW, PETTIS, KREUSER, HOVEN, ALBERS, TOWNSEND, SYKORA and SERATTI, cosponsored by Senators DARLING, HUELSMAN and ROESSLER. 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 140**SECTION 1**

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
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~~

ASSEMBLY BILL 140

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.

17 **SECTION 2. Initial applicability.**

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)



State of Wisconsin
2001 - 2002 LEGISLATURE

LRBa0552/1

JK&MES: *mg*

ASSEMBLY AMENDMENT,
TO 2001 ASSEMBLY BILL 140

in 5-18-01
due Monday
5-20-01
PM

1 At the locations indicated, amend the bill as follows:

2 ✓ 1. Page 1, line 2: after "credit" insert **Insert A**

3 ✓ 2. Page 3, line 16: after that line insert: **Insert B**

4 ✓ 3. Page 3, line 18: delete "This act" and substitute "The treatment of 71.52 (6)
5 of the statutes".

6 ✓ 4. Page 3, line 20: delete "This act" and substitute "The treatment of 71.52 (6)
7 of the statutes".

8 ✓ 5. Page 3, line 21: after that line insert: **Insert C**

9 (END)

section
section

2001 BILL

INSERT A

1 AN ACT to amend 71.738 (3), 71.82 (1) (c) and 71.82 (2) (c) of the statutes;
2 relating to: ^{and} revising interest charges on an assessment to recover an excessive
3 homestead, farmland preservation, or farmland tax relief credit.

Analysis by the Legislative Reference Bureau

Generally, under current law, interest charges on overpayments or disallowances of income or franchise tax credits may be assessed from the due date of the claim. Under the current law provisions relating to the homestead, farmland preservation, and farmland tax relief credits, however, these credits do not have due dates. These credits have filing deadlines that occur four years after the due date of the tax return for the year to which the claim relates. Under current law, then, no interest may be charged on an assessment to recover an excessive homestead, farmland preservation, or farmland tax relief credit until after the filing deadline, even though the credit may have been allowed up to four years, or more, before the assessment.

Under this bill, interest on overpayments or disallowances of income or franchise tax credits may be assessed from the date on which the claim was filed. Also under the bill, a claim that is filed on or before the unextended due date for filing an income or franchise tax return for the taxable year to which the claim relates shall be considered to have been filed on the unextended due date.

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:

IN SECRET
B

^{1d}
SECTION 1. 71.738 (3) of the statutes is amended to read:
71.738 (3) "Last day prescribed by law" means the unextended due date of the return or of the claim made under subch. VIII.

^{1d}
SECTION 2. 71.82 (1) (c) of the statutes is amended to read:
71.82 (1) (c) Any assessment made as a result of the adjustment or disallowance of a claim for credit under s. 71.07, 71.28 or 71.47 or subch. VIII or IX, except as provided in sub. (2) (c), shall bear interest at 12% per year from the due date of on which the claim was filed. A claim that is filed on or before the unextended due date for filing an income or franchise tax return for the taxable year to which the claim relates shall be considered to have been filed on the unextended due date.

^{10K}
SECTION 3. 71.82 (2) (c) of the statutes is amended to read:
71.82 (2) (c) *Adjustment to credits.* Any assessment made as a result of the disallowance of a claim for credit made under s. 71.07, 71.28 or 71.47 or subch. VIII or IX with fraudulent intent, or of a portion of a claim made under said subchapters or sections that was excessive and was negligently prepared, shall bear interest from the due date of on which the claim was filed, until refunded or paid, at the rate of 1.5% per month. A claim that is filed on or before the unextended due date for filing an income or franchise tax return for the taxable year to which the claim relates shall be considered to have been filed on the unextended due date. //

~~SECTION 4. Initial applicability.~~

BILL

2X

SECTION 4

the treatment of sections 71.738(3) 71.82(1)(c) and 71.82(2)(c) of the statutes

1 (1) This act first applies to assessments that are made on the effective date of
2 this subsection.

3 (END)

INSERT C