

**2001 DRAFTING REQUEST**

**Assembly Substitute Amendment (ASA-AB318)**

Received: **08/15/2001**

Received By: **shoveme**

Wanted: **08/20/2001**

Identical to LRB:

For: **Neal Kedzie (608) 266-9650**

By/Representing: **Dan**

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

Drafter: **shoveme**

May Contact:

Addl. Drafters:

Subject: **Tax - individual income**

Extra Copies:

Submit via email: **NO**

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Increase the individual income tax personal exemptions for persons 65 and older

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**Instructions:**

Redraft AB 318 and include DOR tech memo suggestions.

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**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>
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FE Sent For:

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**MEMORANDUM**

May 1, 2001

**TO:** Marc Shovers  
Legislative Reference Bureau

**FROM:** Dennis Collier  
Department of Revenue

**SUBJECT:** Technical Memorandum on AB 318 – Increasing the Individual Income Tax  
Personal Exemption for Persons 65 and Older

The Department wishes to make several comments regarding AB 318:

1. The provision for determining filing thresholds in sec. 71.03 (2)(a)1 first applies to taxable years beginning on January 1, 2001. However, there is no initial applicability date for the provisions that increase the exemption amounts in sections 71.05 (23)(b)3, 71.05 (23)(b)4, and 71.05 (23)(b)5. The sponsor may wish to assign to these sections the same initial applicability date as for the filing thresholds in sec. 71.03 (2)(a)1.
2. The sponsor may wish to include language that would change the initial applicability date of the bill to January 1, 2002 if the bill were to be enacted after July 1, 2001 in order to allow the Department sufficient time to make changes to tax forms and instructions.

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

DC:MK:

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Wanted  
8/20

ASA \_\_\_\_\_  
to

stays (R M NR)

2001 ASSEMBLY BILL 318

April 12, 2001 - Introduced by Representatives ~~KEDZIE, STARZYK, GUNDRUM, WADE, LEIBHAM, PLALE, PETTIS, KRAWCZYK, OLSEN, MUSSER, RYBA, URBAN, HOVEN, OWENS, KREIBICH, D. MEYER, OTT, GUNDERSON, McCORMICK, TOWNSEND, LADWIG and STONE~~, cosponsored by Senators ROSENZWEIG, DARLING and PLACHE. Referred to Committee on Ways and Means. Referred to joint survey Committee on Tax Exemptions.

(*copy*)

- 1 AN ACT *to amend* 71.03 (2) (a) 1. and 71.05 (23) (b) 3.; and *to create* 71.05 (23)
- 2 (b) 4. and 71.05 (23) (b) 5. of the statutes; **relating to:** increasing the amount
- 3 of the individual income tax personal exemption for certain older taxpayers.

**Analysis by the Legislative Reference Bureau**

Under current law for taxable years that begin after December 31, 2000, an individual income tax personal exemption exists in the amount of \$700 for each taxpayer who is required to file an income tax return and \$700 for the taxpayer's spouse, except if the spouse is filing separately or as a head of household. A taxpayer may also claim a \$700 exemption for each dependent for whom he or she is entitled to claim an exemption under the Internal Revenue Code. In general, an additional exemption of \$250 may be claimed by a taxpayer who has reached the age of 65 before the close of the taxable year to which his or her tax return relates.

This bill increases the additional exemption that may be claimed by taxpayers who reach the age of 70 or 75 before the close of the taxable year to which his or her tax return relates. Under the bill, in general, an additional exemption of \$300 may be claimed by a taxpayer who has reached the age of 70 before the close of the taxable year to which his or her tax return relates and an additional exemption of \$350 may be claimed by a taxpayer who has reached the age of 75 before the close of the taxable year to which his or her tax return relates.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to this bill.

**ASSEMBLY BILL 318**

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:*

1           **SECTION 1.** 71.03 (2) (a) 1. of the statutes is amended to read:

2           71.03 (2) (a) 1. Every individual domiciled in this state during the entire  
3 taxable year who has a gross income at or above a threshold amount which shall be  
4 determined annually by the department of revenue. The threshold amounts shall  
5 be determined for categories of individuals based on filing status and age, and shall  
6 include categories for single individuals; individuals who file as a head of household;  
7 married couples who file jointly; and married persons who file separately. The  
8 threshold amounts shall also be determined by taking into account the exemption  
9 amounts in s. 71.05 (23) (b) 1., 3., 4., and 5. The department of revenue shall establish  
10 a threshold amount for each category of individual at an amount at which no  
11 individual in that category whose gross income is below that amount has a state  
12 income tax liability.

13           **SECTION 2.** 71.05 (23) (b) 3. of the statutes is amended to read:

14           71.05 (23) (b) 3. An Except for a taxpayer or his or her spouse who claims the  
15 exemption under subd. 4. or 5., an additional exemption of \$250 if the taxpayer has  
16 reached the age of 65 before the close of the taxable year to which his or her tax return  
17 relates and \$250 for the taxpayer's spouse if he or she has reached the age of 65 before  
18 the close of the taxable year to which his or her tax return relates, except if the spouse  
19 is filing separately or as a head of household.

20           **SECTION 3.** 71.05 (23) (b) 4. of the statutes is created to read:

ASSEMBLY BILL 318

1           71.05 (23) (b) 4. Except for a taxpayer or his or her spouse who claims the  
2 exemption under subd. 5., an additional exemption of \$300 if the taxpayer has  
3 reached the age of 70 before the close of the taxable year to which his or her tax return  
4 relates and \$300 for the taxpayer's spouse if he or she has reached the age of 70 before  
5 the close of the taxable year to which his or her tax return relates, except if the spouse  
6 is filing separately or as a head of household.

7           SECTION 4. 71.05 (23) (b) 5. of the statutes is created to read:

8           71.05 (23) (b) 5. An additional exemption of \$350 if the taxpayer has reached  
9 the age of 75 before the close of the taxable year to which his or her tax return relates  
10 and \$350 for the taxpayer's spouse if he or she has reached the age of 75 before the  
11 close of the taxable year to which his or her tax return relates, except if the spouse  
12 is filing separately or as a head of household.

13           SECTION 5. Initial applicability.

14           (1) The treatment of section 71.03 (2) (a) 1. of the statutes first applies to  
15 taxable years beginning on January 1, 2001.

16           (END)

*that* This act first applies to taxable years beginning on January 1 of the year in which this ~~subdivision~~ <sub>sub section</sub> takes effect, except if this subsection takes effect after July 31 this act first applies to taxable years beginning on January 1 of the year following the year in which this subsection takes effect.