

## 2001 ASSEMBLY BILL 369

May 3, 2001 - Introduced by Representatives WASSERMAN, GUNDRUM, BERCEAU, GRONEMUS, LA FAVE, LASSA, MUSSER, RYBA, SHILLING, SYKORA and MORRIS-TATUM. Referred to Joint survey committee on Tax Exemptions.

1     **AN ACT** *to create* 71.05 (6) (b) 34. of the statutes; **relating to:** creating an  
2           individual income tax subtract modification for certain amounts of federal  
3           adjusted gross income.

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### ***Analysis by the Legislative Reference Bureau***

This bill creates a subtract modification that exempts from taxation the first \$25,000 of an individual's federal adjusted gross income (FAGI), if the individual is single or is a married person who files a separate income tax return. The exemption is the first \$50,000 of FAGI for a married couple that files a joint return. The amount of the exemption is reduced for nonresidents or part-year residents of this state. For nonresidents and part-year residents, the exempt amount is obtained by multiplying the applicable amount of the exemption by a fraction that is calculated by dividing the amount of the individual's or married couple's income that is taxable by this state by the individual's or married couple's total income.

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.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

**ASSEMBLY BILL 369**

1           **SECTION 1.** 71.05 (6) (b) 34. of the statutes is created to read:

2           71.05 **(6)** (b) 34. a. Subject to subd. 34. c., for a single individual or for a married  
3 individual who files a separate return, the first \$25,000 of the individual's federal  
4 adjusted gross income.

5           b. Subject to subd. 34. c., for a married couple that files a joint return, the first  
6 \$50,000 of the married couple's federal adjusted gross income.

7           c. For an individual, or married couple, to whom subd. 34. a. or b. applies and  
8 who is a nonresident or part-year resident of this state, multiply the applicable  
9 amount under subd. 34. a. or b. by a fraction the numerator of which is the  
10 individual's or married couple's wages, salary, tips, unearned income, and net  
11 earnings from a trade or business that are taxable by this state and the denominator  
12 of which is the individual's total wages, salary, tips, unearned income, and net  
13 earnings from a trade or business. In this subd. 34. c., for married persons filing  
14 separately "wages, salary, tips, unearned income, and net earnings from a trade or  
15 business" means the separate wages, salary, tips, unearned income, and net earnings  
16 from a trade or business of each spouse, and for married persons filing jointly "wages,  
17 salary, tips, unearned income, and net earnings from a trade or business" means the  
18 total wages, salary, tips, unearned income, and net earnings from a trade or business  
19 of both spouses.

20           **SECTION 2. Initial applicability.**

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

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(END)