

2001 DRAFTING REQUEST

Bill

Received: **09/18/2001**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Scott Jensen (608) 266-3387**

By/Representing: **r.j.**

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

Drafter: **jkreye**

May Contact:

Addl. Drafters: **shoveme**

Subject: **Tax - individual income
Tax Credits - miscellaneous**

Extra Copies:

Submit via email: **NO**

Pre Topic:

No specific pre topic given

Topic:

An income tax credit for the amount of estate taxes paid in the taxable year

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jackctcd</u>	<u>Required</u>
/1	jkreye 09/21/2001	wjackson 09/24/2001	pgreensl 09/24/2001	_____	lrb_docadmin 09/24/2001		State
	jkreye 09/25/2001	wjackson 09/26/2001		_____			
/2	jkreye 09/27/2001	hhagen 09/27/2001	jfrantze 09/26/2001	_____	lrb_docadmin 09/26/2001		State
/3	jkreye 10/01/2001	wjackson 10/01/2001	pgreensl 09/27/2001	_____	lrb_docadmin 09/27/2001		State
/4			jfrantze	_____	lrb_docadmin	lrb_docadmin	State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketcd</u>	<u>Required</u>
			10/01/2001 _____		10/01/2001	10/08/2001	

FE Sent For:

L At intro.

<END>

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/3		4 wlj 10/1	pgreensl 09/27/2001	_____	lrb_docadmin 09/27/2001		State

26/10/11 Self
10/11

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	jkreye 09/25/2001	wjackson 09/26/2001		9/27			
/2			jfrantze 09/26/2001	_____	lrb_docadmin 09/26/2001		State

FE Sent For:

Handwritten notes and signatures: 9/27, pg, LE, <END>

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Identical to LRB:

For: Scott Jensen (608) 266-3387

By/Representing: r.j.

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters: *shoveme*

Subject: Tax - individual income
Tax Credits - miscellaneous

Extra Copies: *SHOVEME*

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/1	jkreye 09/21/2001	wjackson 09/24/2001	pgreensl 09/24/2001		lrb_docadmin 09/24/2001		State

FE Sent For:

1/2 WJ 9/26 *9/26* *JK*
9/26
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1?	jkreye	1 NLJ 9/24	By PG	1/24 PS/JSK			State

FE Sent For:

<END>

*against the estate tax imposed
under s. 72.02*

Kreye, Joseph

From: Pirlot, R.J.
Sent: Monday, September 17, 2001 4:34 PM
To: Kreye, Joseph
Subject: RE: estate tax

If we can avoid Tax Exemptions, Jensen is interested in getting a draft, quickly, for floor action in October. Please consider this a request for a bill draft. You have my permission to consult with staff of the Legislative Fiscal Bureau.

What details do you need?

R.J. Pirlot

Policy Director and Legal Counsel
Office of Assembly Speaker Scott R. Jensen
Direct: 608-261-9482
Fax: 608-266-5123

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

From: Kreye, Joseph
Sent: Monday, September 17, 2001 4:29 PM
To: Pirlot, R.J.
Subject: RE: estate tax

R.J.

It is possible to craft a refundable state credit, equal to the estate tax liability. I would need more details to flesh it out, but it would probably be a relatively simple thing to do. A bill creating such a tax credit would not go to the committee because tax credits, generally, affect only the "order of computation" after determining net tax and not the actual tax base. Its a pretty fine distinction, but enough of one that such bill would not be tagged for the committee.

Joe

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

From: Pirlot, R.J.
Sent: Monday, September 17, 2001 4:08 PM
To: Kreye, Joseph
Subject: estate tax

Joe,

I spoke with you a few weeks ago about repealing the future implementation of Wisconsin's estate tax. You thought the bill would require a report from the Joint Survey Committee on Tax Exemptions.

Is there a way we could craft a refundable state credit to equal the liability such that a report from the Joint Survey Committee on Tax Exemptions would not be required? What do you think?

R.J. Pirlot

Policy Director and Legal Counsel
Office of Assembly Speaker Scott H. Jensen
Direct: 608-261-9482
Fax: 608-266-5123

Kreye, Joseph

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R.J. Pirlot

Policy Director and Legal Counsel
Office of Assembly Speaker Scott R. Jensen
Direct: 608-261-9482
Fax: 608-266-5123



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-3796/1

JK&MES:/.....

WLJ

2001 BILL

MM 9-21-01

due
Tues. 9-25

gen

- 1 AN ACT ...; relating to: an individual income tax credit for the amount of estate
2 tax paid in the taxable year and making an appropriation.

Analysis by the Legislative Reference Bureau

Under current law, the state imposes an estate tax on the transfer of a decedent's property in this state, if the transfer is subject to the federal estate tax. The state estate tax is due nine months after the date of the decedent's death. For deaths occurring after September 30, 2002, and before January 1, 2008, the amount of the state estate tax is equal to the amount of the federal estate tax credit allowed for estate taxes paid to a state under the federal law in effect on December 31, 2000. For deaths occurring after December 31, 2007, the amount of the state estate tax is equal to the amount of the federal estate tax credit allowed for estate taxes paid to a state under the federal law in effect on the day of the decedent's death.

Under federal law, the federal estate tax will be phased out, beginning with deaths occurring after December 31, 2001, and ending with deaths occurring after December 31, 2009. In addition, under federal law, the amount of the federal estate tax credit is reduced by 25% for deaths in 2002, by 50% for deaths in 2003, and by 75% for deaths in 2004. The federal estate tax credit is eliminated for deaths occurring after December 31, 2004.

This bill creates an individual income tax credit for persons who pay the state imposed estate tax. The credit is equal to the amount of any estate tax the person paid in the taxable year. The credit applies to taxable years beginning after December 31, 2002, and before January 1, 2010. If the credit claimed by a person exceeds the person's tax liability, the state will issue a refund check to that person.

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:

1 SECTION 1. 20.835 (2) (em) of the statutes is created to read:

2 20.835 (2) (em) *Estate tax credit*. A sum sufficient to make the payments under
3 s. 71.07 (5d) ^b ~~(h)~~.

4 SECTION 2. 71.07 (5d) of the statutes is created to read:

5 71.07 (5d) ESTATE TAX CREDIT. (a) In this subsection, "claimant" means ^{an individual} a person
6 who files a claim under this section.

7 (b) ^{Filing claims} For taxable years beginning after December 31, 2002, and before January
8 1, 2010, subject to the limitations provided in this subsection, a claimant ^{may} ~~can~~ claim
9 as a credit against the tax imposed under s. 71.02 an amount equal to the amount
10 of the estate tax imposed under s. 72.02 that the claimant paid in the taxable year.

11 ^{not} If the allowable amount of the claim under this subsection exceeds the
12 income taxes otherwise due on the claimant's income, the amount of the claim that
13 is not used to offset those taxes shall be certified by the department of revenue to the
14 department of administration for payment by check, share draft or other draft drawn

15 from the appropriation under s. 20.835 (2) (em).

16 (c) ^{limitations, administration} Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),
17 applies to the credit under this subsection.

18 SECTION 3. 71.08 (1) (intro.) of the statutes is amended to read:

19 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
20 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
21 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (5d).

BILL

plain

1 (6) and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) ~~and~~ (3) ~~and~~
2 ~~(5d)~~ and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) ~~and~~ (3) ~~and~~
3 ~~(5d)~~, and subchs. VIII and IX and payments to other states under s. 71.07 (7), is less
4 than the tax under this section, there is imposed on that natural person, married
5 couple filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative
6 minimum tax computed as follows:

History: 1987 a. 312, 411; 1989 a. 31; 1991 a. 39; 1995 a. 27, 207; 1997 a. 27, 237; 1999 a. 9.

SECTION 4. 71.10 (4) (i) of the statutes is amended to read:

7
8 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
9 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
10 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
11 71.07 (2fd), estate tax credit under s. 71.07 (5d), earned income tax credit under s.
12 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under subch.
13 X.

History: 1987 a. 312; 1987 a. 411 ss. 94, 97, 176 to 179; 1987 a. 422 s. 4; 1989 a. 31, 56, 359; 1991 a. 39; 1993 a. 16, 184; 1995 a. 27, 209, 418, 453; 1997 a. 27, 63, 237, 248; 1999 a. 9, 167.

(END)



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-3796/2
JK&M:wlj:rev

2001 BILL

RM not R

m 9-25-01

due Wed 9-26-01 P.M.

re gen

1 AN ACT to amend 71.08 (1) (intro.) and 71.10 (4) (i); and to create 20.835 (2) (em)
2 and 71.07 (5d) of the statutes; relating to: ~~an individual income tax credit for~~
3 ~~the amount of~~ ^{repealing the} estate tax paid in the taxable year and making an appropriation.

Analysis by the Legislative Reference Bureau

Under current law, the state imposes an estate tax on the transfer of a decedent's property in this state, if the transfer is subject to the federal estate tax. The state estate tax is due nine months after the date of the decedent's death. For deaths occurring after September 30, 2002, and before January 1, 2008, the amount of the state estate tax is equal to the amount of the federal estate tax credit allowed for estate taxes paid to a state under the federal law in effect on December 31, 2000. For deaths occurring after December 31, 2007, the amount of the state estate tax is equal to the amount of the federal estate tax credit allowed for estate taxes paid to a state under the federal law in effect on the day of the decedent's death.

Under federal law, the federal estate tax will be phased out, beginning with deaths occurring after December 31, 2001, and ending with deaths occurring after December 31, 2009. In addition, under federal law, the amount of the federal estate tax credit is reduced by 25% for deaths in 2002, by 50% for deaths in 2003, and by 75% for deaths in 2004. The federal estate tax credit is eliminated for deaths occurring after December 31, 2004.

This bill creates an individual income tax credit for persons who pay the state imposed estate tax. The credit is equal to the amount of any estate tax the person paid in the taxable year. The credit applies to taxable years beginning after

OT Under this bill, the state estate tax does not apply to deaths occurring after December 31, 2001

BILL

~~December 31, 2002, and before January 1, 2010. If the credit claimed by a person exceeds the person's tax liability, the state will issue a refund check to that person.~~

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.** 20.835 (2) (em) of the statutes is created to read:

2 20.835 (2) (em) *Estate tax credit.* A sum sufficient to make the payments under
3 s. 71.07 (5d) (b).

4 **SECTION 2.** 71.07 (5d) of the statutes is created to read:

5 71.07 (5d) ESTATE TAX CREDIT. (a) *Definitions.* In this subsection, "claimant"
6 means an individual who files a claim under this section.

7 (b) *Filing claims.* For taxable years beginning after December 31, 2002, and
8 before January 1, 2010, subject to the limitations provided in this subsection, a
9 claimant may claim as a credit against the tax imposed under s. 71.02 an amount
10 equal to the amount of the estate tax imposed under s. 72.02 that the claimant paid
11 in the taxable year to which the claim relates. If the allowable amount of the claim
12 under this subsection exceeds the income taxes otherwise due on the claimant's
13 income, the amount of the claim that is not used to offset those taxes shall be certified
14 by the department of revenue to the department of administration for payment by
15 check, share draft, or other draft drawn from the appropriation under s. 20.835 (2)
16 (cm).

17 (c) *Limitations, administration.* Section 71.28 (4) (g) and (h), as it applies to
18 the credit under s. 71.28 (4), applies to the credit under this subsection.

19 **SECTION 3.** 71.08 (1) (intro.) of the statutes is amended to read:

BILL

1 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
 2 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
 3 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (5d),
 4 (6) and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and
 5 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and subchs. VIII
 6 and IX and payments to other states under s. 71.07 (7), is less than the tax under this
 7 section, there is imposed on that natural person, married couple filing jointly, trust
 8 or estate, instead of the tax under s. 71.02, an alternative minimum tax computed
 9 as follows:

SECTION 4. 71.10 (4) (i) of the statutes is amended to read:

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 12 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
 13 71.07 (2fd), estate tax credit under s. 71.07 (5d), earned income tax credit under s.
 14 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under subch.
 15 X.

(END)

17

INSERT A

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3796/lins
JK:.....

INSERT A

1 SECTION 1. 72.01 (11m) [✓] of the statutes, as ~~affected~~ ^{created} by 2001 Wisconsin Act 16,
2 is repealed.

3 SECTION 2. 72.01 (11n) [✓] of the statutes, as ~~affected~~ ^{created} by 2001 Wisconsin Act 16,
4 is repealed.

5 SECTION 3. 72.36 [✓] of the statutes is created to read:

6 **72.36 Sunset.** This chapter does not apply to deaths occurring after December
7 31, 2001.

8 SECTION 4. **Effective date.**

9 (1) The treatment of sections ^g 72.01 (11m) and (11n) of the statutes takes effect
10 on October 1, 2002.



3
Lshmh

RMR

2001 BILL

9-27-01
TODAY PLEASE

re gen

For deaths occurring on or before September 30, 2004, the amount of the estate tax is equal to the amount of the federal estate tax credit allowed for estate taxes paid to a state under the federal law in effect on the day of the decedent's death.

- 1 AN ACT to repeal 72.01 (11m) and 72.01 (11n); and to create 72.36 of the
- 2 statutes; relating to: repealing the estate tax.

Analysis by the Legislative Reference Bureau

Under current law, the state imposes an estate tax on the transfer of a decedent's property in this state, if the transfer is subject to the federal estate tax. The state estate tax is due nine months after the date of the decedent's death. For deaths occurring after September 30, 2002, and before January 1, 2008, the amount of the state estate tax is equal to the amount of the federal estate tax credit allowed for estate taxes paid to a state under the federal law in effect on December 31, 2000. For deaths occurring after December 31, 2007, the amount of the state estate tax is equal to the amount of the federal estate tax credit allowed for estate taxes paid to a state under the federal law in effect on the day of the decedent's death.

Under federal law, the federal estate tax will be phased out, beginning with deaths occurring after December 31, 2001, and ending with deaths occurring after December 31, 2009. In addition, under federal law, the amount of the federal estate tax credit is reduced by 25% for deaths in 2002, by 50% for deaths in 2003, and by 75% for deaths in 2004. The federal estate tax credit is eliminated for deaths occurring after December 31, 2004.

Under this bill, the state estate tax ~~does not apply to deaths occurring after December 31, 2001~~ amount of the

that is due on the transfer of a decedent's property in this state is equal to the amount of the federal estate tax credit allowed for estate taxes paid to a state under the federal law in effect on the day of the decedent's death

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:

section 2200d

1

~~SECTION 1. 72.01(11m) of the statutes, as created by 2001 Wisconsin Act 16,~~

2

is repealed.

section 2200e

3

~~SECTION 2. 72.01(11n) of the statutes, as created by 2001 Wisconsin Act 16,~~

4

repealed.

5

~~SECTION 3. 72.36 of the statutes is created to read:~~

6

~~72.36 Sunset. This chapter does not apply to deaths occurring after December~~

7

~~31, 2001.~~

8

~~SECTION 4. Effective date.~~

9

~~(1) The treatment of section 72.01 (11m) and (11n) of the statutes takes effect~~

10

~~on October 1, 2002.~~

11

(END)

Sec # 2001 Wisconsin Act 16, section 2200g is repealed.

Sec # 2001 Wisconsin Act 16, section 2200k is repealed.

Sec # 2001 Wisconsin Act 16, section 2200L is repealed.

Sec # 2001 Wisconsin Act 16, section 9444(5ak) is repealed.



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-3796/3
JK:wlj&hnh:pr

RM wtr

2001 BILL

in 10-1-01
TODAY

re gov

1 AN ACT *to affect* 2001 Wisconsin Act 16, section 2200d, 2001 Wisconsin Act 16,
2 section 2200e, 2001 Wisconsin Act 16, section 2200g, 2001 Wisconsin Act 16,
3 section 2200k, 2001 Wisconsin Act 16, section 2200L and 2001 Wisconsin Act
4 16, section 9444 (5ak); **relating to:** repealing the estate tax.

Analysis by the Legislative Reference Bureau

Under current law, the state imposes an estate tax on the transfer of a decedent's property in this state, if the transfer is subject to the federal estate tax. The state estate tax is due nine months after the date of the decedent's death. For deaths occurring on or before September 30, 2002, the amount of the estate tax is equal to the amount of the federal estate tax credit allowed for estate taxes paid to a state under the federal law in effect on the day of the decedent's death. For deaths occurring after September 30, 2002, and before January 1, 2008, the amount of the state estate tax is equal to the amount of the federal estate tax credit allowed for estate taxes paid to a state under the federal law in effect on December 31, 2000. For deaths occurring after December 31, 2007, the amount of the state estate tax is equal to the amount of the federal estate tax credit allowed for estate taxes paid to a state under the federal law in effect on the day of the decedent's death.

Under federal law, the federal estate tax will be phased out, beginning with deaths occurring after December 31, 2001, and ending with deaths occurring after December 31, 2009. In addition, under federal law, the amount of the federal estate tax credit is reduced by 25% for deaths in 2002, by 50% for deaths in 2003, and by

BILL

75% for deaths in 2004. The federal estate tax credit is eliminated for deaths occurring after December 31, 2004.

Under this bill, the amount of the state estate tax that is due on the transfer of a decedent's property in this state is equal to the amount of the federal estate tax credit allowed for estate taxes paid to a state under the federal law in effect on the day of the decedent's death.

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. 2001 Wisconsin Act 16, section 2200d is repealed.

2 SECTION 2. 2001 Wisconsin Act 16, section 2200e is repealed.

3 SECTION 3. 2001 Wisconsin Act 16, section 2200g is repealed.

4 SECTION 4. 2001 Wisconsin Act 16, section 2200k is repealed.

5 SECTION 5. 2001 Wisconsin Act 16, section 2200L is repealed.

6 SECTION 6. 2001 Wisconsin Act 16, section 9444 (5ak) is repealed.

7 (END)

RPJ
See # 2001 Wisconsin Act 16, section 9144 (1g).



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

October 1, 2001

MEMORANDUM

To: Representative Jensen

From: Joseph T. Kreye, Legislative Attorney

Rc: LRB-3796/4 An income tax credit for the amount of estate taxes paid in the taxable year

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) 266-2263 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.