

## 2001 ASSEMBLY BILL 789

February 7, 2002 – Introduced by Representatives CARPENTER, SINICKI, LA FAVE, SUDER, MILLER, MUSSER, URBAN, LASSA and GUNDERSON, cosponsored by Senators BURKE, SHIBILSKI and SCHULTZ. Referred to Committee on Veterans and Military Affairs. Referred to Joint Committee on Tax Exemptions.

1     **AN ACT** *to amend* 71.05 (1) (a); and *to create* 71.85 (4) of the statutes; **relating**  
2           **to:** exempting from income taxation the pension benefits of certain national  
3           guard technicians and interest and penalty waivers for certain payments made  
4           to national guard technicians.

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

Under current law, the pension benefits of certain public employees are exempt from state taxation. The pensions that are exempt include payments received from the U.S. civil service retirement system, the U.S. military employee retirement system, the Milwaukee city and county retirement systems, the police officer's annuity and benefit fund of Milwaukee, the Milwaukee public school teachers' retirement fund, the Wisconsin state teachers' retirement fund, and the sheriff's annuity and benefit fund of Milwaukee County, which are paid on the account of persons who were members of or retired from the plans as of December 31, 1963.

This bill exempts from taxation payments received from the U.S. civil service retirement system on the account of a person who has a U.S. office of personnel management service computation date as of December 31, 1963, if the person was a national guard technician who worked as a technician for the Wisconsin national guard as of December 31, 1963, and was later recognized as a federal employee under the National Guard Technician Act of 1968.

Also under this bill, such technicians, or the surviving spouses of such technicians, are not liable for any interest or penalties on any outstanding tax liabilities owed on certain payments received from the U.S. civil service retirement

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system and may claim a refund for any interest or penalty payments that were made before the effective date of the bill if the claim is filed within one year after the bill takes effect.

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:***

1           **SECTION 1.** 71.05 (1) (a) of the statutes is amended to read:

2           71.05 **(1)** (a) *Retirement systems.* All payments received from the U.S. civil  
3 service retirement system, the U.S. military employee retirement system, the  
4 employee's retirement system of the city of Milwaukee, Milwaukee county  
5 employees' retirement system, sheriff's annuity and benefit fund of Milwaukee  
6 county, police officer's annuity and benefit fund of Milwaukee, fire fighter's annuity  
7 and benefit fund of Milwaukee, or the public employee trust fund as successor to the  
8 Milwaukee public school teachers' annuity and retirement fund and to the Wisconsin  
9 state teachers retirement system, which are paid on the account of any person who  
10 was a member of the paying or predecessor system or fund as of December 31, 1963,  
11 or was retired from any of the systems or funds as of December 31, 1963, or who has  
12 a U.S. office of personnel management service computation date as of December 31,  
13 1963, if the person was a national guard technician who worked as a technician for  
14 the Wisconsin national guard as of December 31, 1963, and was later recognized as  
15 a federal employee under the National Guard Technician Act of 1968, but such  
16 exemption shall not exclude from gross income tax sheltered annuity benefits.

17           **SECTION 2.** 71.85 (4) of the statutes is created to read:

**ASSEMBLY BILL 789****71.85 (4) ABATEMENT OF INTEREST AND PENALTIES; NATIONAL GUARD TECHNICIANS.**

No penalty or interest that has been imposed under this subchapter for taxable years beginning after December 31, 1988, and before January 1, 2000, on a taxpayer who was an employee of the Wisconsin national guard, who worked as a technician and who was recognized as a federal employee under P.L. 90-486, or who is the surviving spouse of such a person, to the extent that the penalty or interest or both relate to payments received from the U.S. civil service retirement system by such a person, is due and may not be collected or imposed by the department of revenue on or after the effective date of this subsection .... [revisor inserts date]. A person to whom this subsection applies, who has paid interest or penalties or both on payments that are described under this subsection before the effective date of this subsection .... [revisor inserts date], is eligible to claim a refund for the payment that he or she has made if the claim is filed within one year of the effective date of this subsection .... [revisor inserts date].

**SECTION 3. Initial applicability.**

(1) The treatment of section 71.05 (1) (a) of the statutes first applies to pension payments that are made on the effective date of this subsection.

(END)