

2001 Jr2 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-AB1)

Received: 03/11/2002

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Legislative Fiscal Bureau 6-3010**

By/Representing: **Runde**

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

Drafter: **shoveme**

May Contact:

Addl. Drafters:

Subject: **Tax - individual income
Tax Credits (inc) - homestead**

Extra Copies:

Submit via email: **NO**

Pre Topic:

LFB:.....Runde -

Topic:

Modifying the definition of income under the homestead tax credit

Instructions:

See Attached. Same as AB 756, LRB -4085

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>
/?	shoveme 03/12/2002	gilfokm 03/12/2002		_____			
/1			kfollet 03/12/2002	_____	lrb_docadmin 03/12/2002		

FE Sent For:

<END>

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/MES 3/12/02							
FE Sent For:							

<END>

2001

Date (time)
needed

LRB b 2451, 1

**ARC CAUCUS BUDGET AMENDMENT
[ONLY FOR CAUCUS]**

NES: *[Signature]*: *[Signature]*

See form AMENDMENTS — COMPONENTS & ITEMS.

**January 2002 SPECIAL SESSION CAUCUS AMENDMENT
TO ASSEMBLY SUBSTITUTE AMENDMENT 1
TO 2001 ASSEMBLY BILL 1**

>>FOR CAUCUS SUPERAMENDMENT — NOT FOR INTRODUCTION<<

At the locations indicated, amend the substitute amendment as follows:

#. Page *138*, line *9*: *after that line insert:* *[Handwritten note]*

#. Page, line:



#. Page, line:

#. Page, line:

#. Page, line:

#. Page, line:

2001 ASSEMBLY BILL 756

January 28, 2002 - Introduced by Representatives AINSWORTH, MUSSER, OWENS, PETTIS, HAHN, GROTHMAN, HINES, PETROWSKI, SYKORA and ALBERS. 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 and the farmland preservation tax
3 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 this bill, the definition of "income" under the homestead tax credit and the farmland preservation tax credit is modified such that interest income received from the installment sale of certain real property which includes a claimant's former homestead, up to the amount of interest that is paid by the claimant on a mortgage to purchase another homestead, may be subtracted from income in determining the claimant's homestead tax credit or farmland preservation tax credit.

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:

ASSEMBLY BILL 756

1 SECTION 11 231j 71.52 (6) of the statutes is amended to read:

2 71.52 (6) "Income" means the sum of Wisconsin adjusted gross income and the
3 following amounts, to the extent not included in Wisconsin adjusted gross income:
4 maintenance payments (except foster care maintenance and supplementary
5 payments excludable under section 131 of the internal revenue code), support money,
6 cash public assistance (not including credit granted under this subchapter and
7 amounts under s. 46.27), cash benefits paid by counties under s. 59.53 (21), the gross
8 amount of any pension or annuity (including railroad retirement benefits, all
9 payments received under the federal social security act, and veterans disability
10 pensions), nontaxable interest received from the federal government or any of its
11 instrumentalities, nontaxable interest received on state or municipal bonds,
12 worker's compensation, unemployment insurance, the gross amount of "loss of time"
13 insurance, compensation and other cash benefits received from the United States for
14 past or present service in the armed forces, scholarship and fellowship gifts or
15 income, capital gains, gain on the sale of a personal residence excluded under section
16 121 of the ~~internal revenue code~~ Internal Revenue Code, dividends, income of a
17 nonresident or part-year resident who is married to a full-year resident, housing
18 allowances provided to members of the clergy, the amount by which a resident
19 manager's rent is reduced, nontaxable income of an American Indian, nontaxable
20 income from sources outside this state, and nontaxable deferred compensation.
21 Intangible drilling costs, depletion allowances and depreciation, including first-year
22 depreciation allowances under section 179 of the ~~internal revenue code~~ Internal
23 Revenue Code, amortization, contributions to individual retirement accounts under
24 section 219 of the ~~internal revenue code~~ Internal Revenue Code, contributions to
25 Keogh plans, net operating loss carry-forwards and capital loss carry-forwards

ASSEMBLY BILL 756

1 deducted in determining Wisconsin adjusted gross income shall be added to
 2 "income". "Income" does not include gifts from natural persons, cash reimbursement
 3 payments made under title XX of the federal social security act, surplus food or other
 4 relief in kind supplied by a governmental agency, the gain on the sale of a personal
 5 residence deferred under section 1034 of the ~~internal revenue code~~ Internal Revenue
 6 Code, or nonrecognized gain from involuntary conversions under section 1033 of the
 7 ~~internal revenue code~~ Internal Revenue Code. Amounts not included in adjusted
 8 gross income but added to "income" under this subsection in a previous year and
 9 repaid may be subtracted from income for the year during which they are repaid.
 10 Scholarship and fellowship gifts or income that are included in Wisconsin adjusted
 11 gross income and that were added to household income for purposes of determining
 12 the credit under this subchapter in a previous year may be subtracted from income
 13 for the current year in determining the credit under this subchapter. Interest income
 14 received from the installment sale of business, farm, or rental real property which
 15 includes a claimant's former homestead, up to the amount of interest that is paid by
 16 the claimant on a mortgage to purchase another homestead, may be subtracted from
 17 income in determining the credit under this subchapter, except that notwithstanding
 18 s. 71.58 (7) (a) this provision does not apply to the definition of "income" under s.
 19 71.58 (7). A marital property agreement or unilateral statement under ch. 766 has
 20 no effect in computing "income" for a person whose homestead is not the same as the
 21 homestead of that person's spouse. ^{11.}

✓ #. Page 437, 22

line 12: after that line insert:
SECTION 2. Initial applicability.

← (CS)

(3v) 23

→ (CS) → Homestead tax credit; definition of income.
 This first applies to claims filed for taxable years beginning on January
 1 of the year in which this subsection takes effect, except that if this subsection takes

ASSEMBLY BILL 756

the treatment of section 71.52(6) of the statutes

SECTION 2

1 effect after July 31 ~~this date~~ first applies to claims filed for taxable years beginning
2 on January 1 of the year following the year in which this subsection takes effect. "

3 (END)



State of Wisconsin
2001 - 2002 LEGISLATURE
January 2002 Special Session

LRBb2451/1
MES:kmg:kjf

LFB:.....Runde – Modifying the definition of income under the homestead tax credit

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT ,

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO ASSEMBLY BILL 1

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 138, line 9: after that line insert:

3 "SECTION 231j. 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:
6 maintenance payments (except foster care maintenance and supplementary
7 payments excludable under section 131 of the internal revenue code), support money,
8 cash public assistance (not including credit granted under this subchapter and
9 amounts under s. 46.27), cash benefits paid by counties under s. 59.53 (21), the gross
10 amount of any pension or annuity (including railroad retirement benefits, all

1 payments received under the federal social security act, and veterans disability
2 pensions), nontaxable interest received from the federal government or any of its
3 instrumentalities, nontaxable interest received on state or municipal bonds,
4 worker's compensation, unemployment insurance, the gross amount of "loss of time"
5 insurance, compensation and other cash benefits received from the United States for
6 past or present service in the armed forces, scholarship and fellowship gifts or
7 income, capital gains, gain on the sale of a personal residence excluded under section
8 121 of the ~~internal revenue code~~ Internal Revenue Code, dividends, income of a
9 nonresident or part-year resident who is married to a full-year resident, housing
10 allowances provided to members of the clergy, the amount by which a resident
11 manager's rent is reduced, nontaxable income of an American Indian, nontaxable
12 income from sources outside this state, and nontaxable deferred compensation.
13 Intangible drilling costs, depletion allowances and depreciation, including first-year
14 depreciation allowances under section 179 of the ~~internal revenue code~~ Internal
15 Revenue Code, amortization, contributions to individual retirement accounts under
16 section 219 of the ~~internal revenue code~~ Internal Revenue Code, contributions to
17 Keogh plans, net operating loss carry-forwards and capital loss carry-forwards
18 deducted in determining Wisconsin adjusted gross income shall be added to
19 "income". "Income" does not include gifts from natural persons, cash reimbursement
20 payments made under title XX of the federal social security act, surplus food or other
21 relief in kind supplied by a governmental agency, the gain on the sale of a personal
22 residence deferred under section 1034 of the ~~internal revenue code~~ Internal Revenue
23 Code, or nonrecognized gain from involuntary conversions under section 1033 of the
24 ~~internal revenue code~~ Internal Revenue Code. Amounts not included in adjusted
25 gross income but added to "income" under this subsection in a previous year and

1 repaid may be subtracted from income for the year during which they are repaid.
2 Scholarship and fellowship gifts or income that are included in Wisconsin adjusted
3 gross income and that were added to household income for purposes of determining
4 the credit under this subchapter in a previous year may be subtracted from income
5 for the current year in determining the credit under this subchapter. Interest income
6 received from the installment sale of business, farm, or rental real property which
7 includes a claimant's former homestead, up to the amount of interest that is paid by
8 the claimant on a mortgage to purchase another homestead, may be subtracted from
9 income in determining the credit under this subchapter, except that notwithstanding
10 s. 71.58 (7) (a) this provision does not apply to the definition of "income" under s.
11 71.58 (7). A marital property agreement or unilateral statement under ch. 766 has
12 no effect in computing "income" for a person whose homestead is not the same as the
13 homestead of that person's spouse."

14 **2.** Page 437, line 12: after that line insert:

15 "(3v) HOMESTEAD TAX CREDIT; DEFINITION OF INCOME. The treatment of section
16 71.52 (6) of the statutes first applies to claims filed for taxable years beginning on
17 January 1 of the year in which this subsection takes effect, except that if this
18 subsection takes effect after July 31 the treatment of section 71.52 (6) of the statutes
19 first applies to claims filed for taxable years beginning on January 1 of the year
20 following the year in which this subsection takes effect."

21 (END)