

**2001 DRAFTING REQUEST**

**Bill**

Received: **10/10/2001**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Rodney Moen (608) 266-8546**

By/Representing: **Terry**

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:**

Individual income tax exemption, interest and penalty abatement for Operation Enduring Freedom participants

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**Instructions:**

Companion to LRB -3988/2, AB 559

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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>
/?	shoveme 10/10/2001	wjackson 10/10/2001		_____			State Tax
/1			kfollet 10/10/2001	_____	lrb_docadmin 10/10/2001	lrb_docadmin 10/10/2001	

FE Sent For:

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Du MES

<END>

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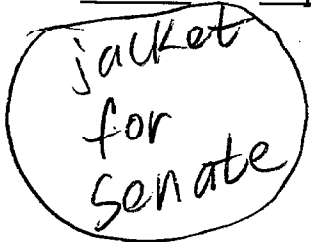
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1?	shoveme	↑ WJ 10/10	lgj 10/10	self 10/10			
11 MES 10/10/01							

FE Sent For:

<END>

RMR

2001 BILL

D-note

WANTED today

glr

1 AN ACT to create 71.05 (6) (b) 34., 71.05 (6) (b) 35. and 71.85 (3) (b) of the statutes;  
 2 relating to: creating an individual income tax exemption for pay received from  
 3 the federal government by members of the armed forces participating in  
 4 Operation Enduring Freedom and abating interest or penalties due on income  
 5 tax returns for members of the armed forces who are participating in that  
 6 operation.

**Analysis by the Legislative Reference Bureau**

This bill creates an individual income tax exemption for pay received from the federal government by members of the armed forces participating in Operation Enduring Freedom. The exemption applies to active duty personnel who are assigned for at least 90 days to the Operation Enduring Freedom theater of operations and to members of a reserve component of the armed forces who are activated for Operation Enduring Freedom. The exemption applies to any amount of military pay received by the person from the federal government if he or she is below the grade of commissioned officer, and up to \$500 per month of military pay received by the person if he or she is a commissioned officer.

In addition, under the bill, if a person who is eligible for the income tax exemption created in this bill is subject to any penalties or interest related to income taxes, those penalties or interest may not continue to accrue while the taxpayer is in the Operation Enduring Freedom theater of operations and for 180 days after the taxpayer leaves the theater of operations.

**BILL**

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 (6) (b) 34. of the statutes is created to read:

2           71.05 (6) (b) 34. Any amount of basic, special, and incentive pay income or  
3 compensation, as those terms are used in 37 USC chapters 3 and 5, received from the  
4 federal government by a person who is a member of the U.S. armed forces, as defined  
5 in 26 USC 7701 (a) (15), and is below the grade of commissioned officer, for services  
6 performed for Operation Enduring Freedom. In this subdivision, “services  
7 performed for Operation Enduring Freedom” means service in a unit of the U.S.  
8 armed forces if all of the following apply:

9           a. The person is assigned to duty for at least 90 days in that theater of  
10 operations or the person is activated for Operation Enduring Freedom.

11           b. The service occurs during the period that there is in effect a designation by  
12 the president of the United States that the service is part of Operation Enduring  
13 Freedom.

14           **SECTION 2.** 71.05 (6) (b) 35. of the statutes is created to read:

15           71.05 (6) (b) 35. Up to \$500 per month of basic, special, and incentive pay  
16 income or compensation, as those terms are used in 37 USC chapters 3 and 5,  
17 received from the federal government by a person who is a member of the U.S. armed  
18 forces, as defined in 26 USC 7701 (a) (15), and is a commissioned officer, for services  
19 performed for Operation Enduring Freedom. In this subdivision, “services

**BILL**

1 performed for Operation Enduring Freedom” means service in a unit of the U.S.  
2 armed forces if all of the following apply:

3 a. The person is assigned to duty for at least 90 days in that theater of  
4 operations or the person is activated for Operation Enduring Freedom.

5 b. The service occurs during the period that there is in effect a designation by  
6 the president of the United States that the service is part of Operation Enduring  
7 Freedom.

8 **SECTION 3.** 71.85 (3) (b) of the statutes is created to read:

9 71.85 (3) (b) Section 71.05 (6) (b) 34. or 35. may continue to accrue while the  
10 taxpayer is in the Operation Enduring Freedom theater of operations and for 180  
11 days after the taxpayer leaves the Operation Enduring Freedom theater of  
12 operations.

13 **SECTION 4. Initial applicability.**

14 (1) This act first applies to taxable years beginning on January 1, 2001.

15 (END)

D-note

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

-4015/ldn  
LRB-3988/1dn  
MES:wlj

October 8, 2001

~~Representative Mussel~~

Senator Moeh

This bill is drafted according to your instructions in that it first applies to taxable years beginning on January 1, 2001. This initial applicability provision may cause administrative problems for the Department of Revenue because their tax forms and instructions are already printed for tax year 2001, and they obviously do not provide for the changes contained in this bill. Please let me know if you want any changes made to the bill.

Basically, this bill contains provisions that are similar to the provisions that applied to Operation Desert Shield and Operation Desert Storm, although the tax exemption in this bill also applies to active duty personnel who are assigned to the Operation Enduring Freedom theater of operations and not just to members of a reserve component of the armed forces who are activated for the operation.

Marc E. Shovers  
Senior Legislative Attorney  
Phone: (608) 266-0129  
E-mail: marc.shovers@legis.state.wi.us

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-4015/1dn  
MES:wj:kjf

October 10, 2001

Senator Moen:

This bill is drafted according to your instructions in that it first applies to taxable years beginning on January 1, 2001. This initial applicability provision may cause administrative problems for the Department of Revenue because their tax forms and instructions are already printed for tax year 2001, and they obviously do not provide for the changes contained in this bill. Please let me know if you want any changes made to the bill.

Basically, this bill contains provisions that are similar to the provisions that applied to Operation Desert Shield and Operation Desert Storm, although the tax exemption in this bill also applies to active duty personnel who are assigned to the Operation Enduring Freedom theater of operations and not just to members of a reserve component of the armed forces who are activated for the operation.

Marc E. Shovers  
Senior Legislative Attorney  
Phone: (608) 266-0129  
E-mail: marc.shovers@legis.state.wi.us

**Emery, Lynn**

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**From:** Shovers, Marc  
**Sent:** Thursday, October 11, 2001 4:22 PM  
**To:** Emery, Lynn  
**Subject:** FW: Fiscal estimates for lrb's 4015 and 4016

Here it is

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

**From:** Tuschen, Terry  
**Sent:** Thursday, October 11, 2001 4:19 PM  
**To:** Shovers, Marc  
**Subject:** Fiscal estimates for lrb's 4015 and 4016

Hi Marc, Rod want's to have a hearing on these bills next week so we need the fiscal estimate process to be started. Do I contact you about this directly or is there another individual over there that handles this stuff?

Thanks, Terry

Terry E. Tuschen Jr.  
Office of State Senator Rod Moen  
122 South, State Capitol  
(608) 266-8546  
(608) 267-2871 (fax)