

**2001 DRAFTING REQUEST**

**Assembly Amendment (AA-ASA1-SB55)**

Received: 06/26/2001

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Assembly Republican Caucus**

By/Representing: **Emerson**

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**

Requester's email:

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**Pre Topic:**

ARC:.....Emerson - AM114,

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**Topic:**

Exempt social security benefits from individual income taxation

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**Instructions:**

See Attached. AB 405, -2635/1

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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 06/26/2001	hhagen 06/26/2001		_____			
/1			rschluet 06/26/2001	_____	lrb_docadmin 06/26/2001		
/2	shoveme	hhagen	rschluet	_____	lrb_docadmin		

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	06/27/2001	06/27/2001	06/27/2001	_____	06/27/2001		

FE Sent For:

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12 MES 6/27/01  
11 hmk  
6/27/01

88  
6-27-01

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**<END>**

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11 MES 6/26/01							
FE Sent For:							

<END>

ARC Amendment # 114

EMERSON

ARC Working Group Package on Taxes

1. Exempt Social Security benefits from the income tax (AB 405) effective 1/1/03. (At the request of Representatives D. Meyer and Townsend and Senator Roessler.)
2. Exempt military pensions from the income tax (AB 389) effective 1/1/02. (At the request of Representatives Loeffelholz and Petrowski and Senator Darling.)
3. Health insurance tax deduction (AB 51) effective 1/1/02. (At the request of Representatives Hahn and Hundertmark.)
4. Create a sales tax and use tax exemption on tangible personal property used in the business of farming (AB 121) effective 7/1/02. (At the request of Representatives Seratti and Friske.)
5. Delete imposition of sales tax on custom computer software.
6. Delete cigarette/tobacco products tax increase; reflect deletion of tax increases by concomitantly reducing cigarette tax refunds to tribes.
7. Delete JCF action on estate taxes.
8. Create sales and use tax exemption for school district building materials effective 1/1/03. (At the request of Representative Vrakas.)
9. Eliminate bed-size restriction for COP and reduce funding for COP. LFB summary:

Reduce funding for the community options program (COP) by \$1,212,600 in 2001-02 and \$2,425,000 in 2002-03. In addition, authorize counties to use COP funding (both state-funded COP and MA funded COP-Waiver) and CIP II funding for services in community-based residential facilities (CBRFs) of up to 20-beds without approval by DHFS and without the need to meet certain conditions and allow counties to use this funding for CBRFs with over 20 beds if approved by DHFS and certain standards are met.

Provide that a county does not have to establish a maximum total amount of its COP allocation that can be used to fund services in a CBRF if: (a) DHFS waives the requirement; or (b) DHFS approves a request for an exception in an individual case due to hardship. Delete the current law provision that allows counties to establish more restrictive restriction for the size of a CBRF for purposes of funding services under the COP-W program. Delete the current pilot program in Chippewa County that allows Chippewa county to provide COP-funded services in CBRFs of up to 20 beds without DHFS approval and that requires Chippewa county to consider all costs (both federal and state) in determining whether services meets the cost-effectiveness standard for allowing COP funding of CBRF services.

Under current law, counties may use state-funded COP (COP-R) funds to provide services in a CBRF with up to eight beds without DHFS approval. Current law allows COP-R funds to be used in CBRFs with up to 20 beds if: (a) approved by DHFS; and (b) the CBRF meets the following four standards: sufficient responsiveness to individual resident needs, maintenance of approved levels of quality of care, cost effectiveness, and sufficient consideration of care for residents with dementia.

Under current law, COP-W and CIP II can be used for services in a CBRF with up to four beds without DHFS approval, and for a CBRF with five to eight beds with DHFS approval. The budget bill, as recommended by the Governor and Joint Committee on Finance, would allow the use of

COP-W and CIP II funds for services in CBRFs with up to eight beds without Department approval and in CBRFs with nine to 20 beds if approved by the Department.

10. Change depreciation schedule for exempt computers, effective for next biennium. (At the request of Senator Welch.) Change the depreciation schedule that is used to value exempt computers by shortening the schedule from eight years to two years.
11. IRC Update for 2001 and IRC Update for 2002. (At the request of the Department of Revenue.)
12. Redefining shared costs of school aids for allowable construction and bonding. (At the request of Representative Ladwig.) Statewide, \$460 million of school capital expenditures will be allowable as shared costs.
13. Eliminate any state position which, as of 7/1/01, has been vacant for more than six months. (At the request of Representative D. Meyer.) Require DOA to ensure a lapse back to the general fund for dollars saved from these positions. Require DOA to report to JCF regarding implementation of these savings. Eliminate the position authority for the positions identified to JCF as eliminated.
14. Allow state residents serving in the armed forces in a foreign country to bring in 16 liters of wine or liquor into the state without paying the state occupational tax. (At the request of Representative Nass.)
15. Change the status of Hobart, located in Brown County, from a town to a village. (At the request of Representative Gard.)
16. Digital Broadcasting Equipment Property Tax Uniformity. (At the request of Representative Hoven.) Under current law, digital broadcasting equipment owned and used by a radio station or a television station is exempt from property taxes. This extends the exemption to digital broadcasting equipment that is owned and used by a cable television system.
17. Exempt from the property tax restaurant kitchen equipment. (At the request of Representative Bies.) This creates a property tax exemption for machinery and equipment used primarily in the operation of a restaurant's kitchen to prepare or serve food or beverages, regardless of whether the machinery or equipment is attached to real property.
18. Various changes to the payment of refunds relating to manufactured property. (At the request of Representative M. Lehman.)

Require DOA to reimburse municipalities for interest payments that municipalities paid in the previous biennium on refunds of property taxes on manufacturing property. Specify that the state would be obligated for interest that accrues up to the date that the tax appeals commission determines that a refund is due. Create a sum sufficient, GPR appropriation from which interest payments would be made.

Authorize municipalities to pay refunds of taxes on manufacturing property in five annual installments if the following three conditions are met: (a) the municipality's general operations tax levy for the year for which the taxes to be refunded are due is less than \$100 million; (b) the refund is at least 0.0025% of the municipality's general operations tax levy for the year for which the taxes to be refunded are due; and (c) the refund is more than \$10,000. Specify that each annual payment, except the last, would have to equal at least 20% of the sum of the refund and the interest on the refund, as calculated on the date of the claim. Exclude refunds on manufacturing property from the current provision that specifies a 0.8% per month interest rate on tax refunds, and instead, establish the interest rate for refunds on manufacturing property as the lesser of 10% per year or the average, annual discount interest rate determined by the last auction of six-month

2001

Date (time) needed \_\_\_\_\_

LRB b 1788, 1

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


MES : hmh : RMNR

See form **AMENDMENTS — COMPONENTS & ITEMS.**

**CAUCUS AMENDMENT  
TO ASSEMBLY SUBSTITUTE AMENDMENT 1  
TO 2001 SENATE BILL 55**

>>FOR CAUCUS SUPERAMENDMENT — NOT FOR INTRODUCTION<<

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

#. Page 728, line 23: after that line insert: 

#. Page . . . . ., line . . . . .:

#. Page . . . . ., line . . . . .:

#. Page . . . . ., line . . . . .:

#. Page . . . . ., line . . . . .:

#. Page . . . . ., line . . . . .:



# 2001 ASSEMBLY BILL 405

May 18, 2001 – Introduced by Representatives D. MEYER, TOWNSEND, JENSEN, RYBA, VRAKAS, TURNER, LOEFFELHOLZ, GRONEMUS, WADE, PLALE, GUNDRUM, ZIEGELBAUER, SUDER, HUEBSCH, KEDZIE, JESKEWITZ, FREESE, PETTIS, STARZYK, URBAN, J. FITZGERALD, MUSSER, NASS, AINSWORTH, KRAWCZYK, MCCORMICK, F. LASEE, SKINDRUD, PETROWSKI, OWENS, RHOADES, OTT, POWERS, FRISKE, HUNDERTMARK, LIPPERT, LADWIG, BIES, HOVEN, LEIBHAM, GUNDERSON, SYKORA and KESTELL, cosponsored by Senators ROESSLER, HARS DORF, DARLING, LAZICH and ROSENZWEIG. Referred to Committee on Aging and Long-Term Care. Referred to Joint survey committee on Tax Exemptions.

1 **AN ACT to amend** 71.05 (6) (b) 21. of the statutes; **relating to:** increasing the  
2 amount of the individual income tax subtract modification for social security  
3 benefits.

### *Analysis by the Legislative Reference Bureau*

In general, under current law, 50% of certain social security benefits is taxed by this state once the recipient's income reaches \$34,000 for a single individual or \$44,000 for a married couple filing jointly, while the federal government taxes 85% of these same benefits. This bill exempts from taxation completely the social security benefits which are included in the calculation of a taxpayer's federal adjusted gross 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.

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

4 ✓ SECTION <sup>2-143 e</sup> 71.05 (6) (b) 21. of the statutes is amended to read:  
5 71.05 (6) (b) 21. The difference between the amount of social security benefits  
6 included in federal adjusted gross income for the current year and the amount as

ASSEMBLY BILL 405

SECTION 1

1 calculated under section 86 of the internal revenue code as that section existed on  
2 December 31, 1992 Internal Revenue Code. "

3 ~~SECTION 2. Initial applicability.~~

#. Page 1405, line 14: after that line insert;  
4 " (1)(g) (2) This act first applies to taxable years beginning on January 1 of the year

5 in which this subsection takes effect, except that if this subsection takes effect after  
6 July 31, <sup>then</sup> this act first applies to taxable years beginning on January 1 of the year

7 following the year in which this subsection takes effect. "  
8

(END)

→ Tax exemption for social security benefits,

CS

~~D-NOTE~~

~~If this amendment is not adopted by approximately  
August 1, 2001, I will be submitting the draft~~

**Shovers, Marc**

---

**From:** Reinhardt, Rob  
**Sent:** Tuesday, June 26, 2001 6:27 PM  
**To:** Shovers, Marc  
**Cc:** Russell, Faith  
**Subject:** Exemption for Social Security--LRBb1788/1

Hi Marc,

The ARC exemption for social security benefits should take effect in tax year 2003. Faith will be in touch if other changes are needed.

Thanks

Rob



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRBb1788/2  
MES:hmh:cmh

staff  
AMP

ARC:.....Emerson - AM114, Exempt social security benefits from individual income taxation

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS ASSEMBLY AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

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

2 1. Page 728, line 23: after that line insert:

3 "SECTION 2143e. 71.05 (6) (b) 21. of the statutes is amended to read:

4 71.05 (6) (b) 21. ~~The difference between the amount of social security benefits~~  
5 ~~included in federal adjusted gross income for the current year and the amount as~~  
6 ~~calculated under section 86 of the internal revenue code as that section existed on~~  
7 ~~December 31, 1992~~ Internal Revenue Code."

8 2. Page 1405, line 14: after that line insert:

9 "(11g) TAX EXEMPTION FOR SOCIAL SECURITY BENEFITS. The treatment of section  
10 71.05 (6) (b) 21. of the statutes first applies to taxable years beginning on January

2003

1 of the year in which this subsection takes effect, except that if this subsection takes  
2 effect after July 31 the treatment of section 71.05 (6) (b) 21. of the statutes first  
3 applies to taxable years beginning on January 1 of the year following the year in  
4 which this subsection takes effect.”.

5

(END)





State of Wisconsin  
2001 - 2002 LEGISLATURE

LRBb1788/2  
MES:hmh:rs

ARC:.....Emerson - AM114, Exempt social security benefits from individual  
income taxation

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

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8 **2.** Page 1405, line 14: after that line insert:

