

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: **RJM, RAC**

Submit via email: **NO**

Requester's email:

Pre Topic:

ARC:.....Emerson - AM114,

Topic:

Exempt military, uniformed services pensions from individual income taxation

Instructions:

See Attached. AB 389, -2624/1; FOR /2: exclude surviving spouses; include retirees from: the Coast Guard, the commissioned corps of the National Oceanic and Atmospheric Administration, and the commissioned corps of the Public Health Service

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	jdye 06/27/2001		_____			

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/1			kfollet 06/27/2001	_____	lrb_docadmin 06/27/2001		
/2	shoveme 06/27/2001	jdyer 06/27/2001	pgreensl 06/27/2001	_____	lrb_docadmin 06/27/2001		
/3	shoveme 06/28/2001	jdyer 06/28/2001	rschluet 06/28/2001	_____	lrb_docadmin 06/28/2001		

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/?	shoveme 06/26/2001	jdye 06/27/2001					
		1/2 6/18 jld	6-28-1				

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			06/27/2001	_____	06/27/2001		

/2	shoveme	jdyer	pgreensl	_____	lrb_docadmin		
	06/27/2001	06/27/2001	06/27/2001	_____	06/27/2001		

13 MES 6/28/01
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12 MES 6/27/01

FE Sent For:

6/27 ps Ben

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1?	shoveme	1 6/27 jd	6/27	6/27			

1 (ME S 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

2001

Date (time) needed _____

LRB b 1790, 1

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

MES: jld: RMMP

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 17: after that line insert:



~~#. Page, line:~~

~~#. Page, line:~~

~~#. Page, line:~~

~~#. Page, line:~~

~~#. Page, line:~~

2001 ASSEMBLY BILL 389

May 14, 2001 – Introduced by Representatives LOEFFELHOLZ, PETROWSKI, MUSSER, LEIBHAM, STARZYK, HUEBSCH, SUDER, PETTIS, GUNDRUM, WADE, JENSEN, LIPPERT, WALKER, TURNER, AINSWORTH, KRAWCZYK, SKINDRUD, D. MEYER, VRAKAS, NASS, KEDZIE, LADWIG, HOVEN, FREESE, J. FITZGERALD, SYKORA, BOYLE, GRONEMUS, SCHNEIDER, RYBA, STONE, ALBERS, PLOUFF, LASSA, OWENS, GARD, TOWNSEND, OTT, RHOADES, HUNDERTMARK, JOHNSRUD, RILEY, HAHN, SERATTI, FRISKE and McCORMICK, cosponsored by Senators DARLING, ROESSLER, LAZICH, HARSDFORF and SCHULTZ. Referred to Committee on Veterans and Military Affairs. Referred to Joint survey committee on Tax Exemptions.

1 AN ACT to create 71.05 (1) (am) of the statutes; relating to: exempting from
2 income taxation all military pension payments.

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. For all of these pension plans, the exemption applies only to persons who were members of or retired from the plans as of December 31, 1963.

This bill exempts from taxation all payments received from the U.S. military employee retirement system, to the extent that such payments are not currently exempt.

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:



ASSEMBLY BILL 389

SECTION 1

1 SECTION ^{2142m ✓} 71.05 (1) (am) ^X of the statutes is created to read:

2 71.05 (1) (am) *Military retirement systems*. All payments received from the
3 U.S. military employee retirement system, to the extent that such payments are not
4 exempt under par. (a). "

5 SECTION 2. Initial applicability.

Page 1404, line 21: after that line insert:

6 (9) ~~(9)~~ ⁽⁹⁾ ~~THIS SECTION~~ first applies to taxable years beginning on January 1 of the year
7 ^(c) in which this subsection takes effect, except that if this subsection takes effect after
8 ^(c) the ~~the~~ ^{the} treatment of section 71.05 (1) (am) of the statutes
9 following the year in which this subsection takes effect. "

10 (ENR)

Tax exemption for military pensions.

CS

Shovers, Marc

From: Russell, Faith
Sent: Wednesday, June 27, 2001 9:02 AM
To: Shovers, Marc
Subject: military pensions

Hi Marc -

I spoke to the DOD person. The only payments from the military retirement system are to retirees and to survivors. So I think you could refer to payments to retirees through the retirement system. But I asked Bob about this, and he thinks it would be fine to come right out and say something about excluding benefits to survivors. That would certainly aid in interpretation of the proposal, so I guess that's the way to go!

Thanks for following through with respect to the other systems --

Faith

*make ini app
4/1/02*

*according to
Capt David Peterson of NOAA:*

*retired NOAA, Coast Guard, & comm. officers of Public Health
Service all have retirement benefits paid from
different sources, ~~most~~ none of which are*

*U.S. military ~~of~~ or civilian & EE retirement
systems*

- (4) The term "armed forces" means the Army, Navy, Air Force, Marine Corps, and Coast Guard.
- (5) The term "uniformed services" means -
 - (A) the armed forces;
 - (B) the commissioned corps of the National Oceanic and Atmospheric Administration; and
 - (C) the commissioned corps of the Public Health Service.



State of Wisconsin
2001 - 2002 LEGISLATURE

LPS - Fix request sheet

LRBb1790/P

MES:ld:kjf

RMR

, uniformed services

ARC:.....Emerson - AM114, Exempt military/ pensions 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

✓ surviving spouse benefits,

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

2 1. Page 728, line 17: after that line insert:

3 "SECTION 2142m. 71.05 (1) (am) of the statutes is created to read:

4 71.05 (1) (am) ^{retirement} *Military retirement systems*. All ^{other than} payments received from the

5 U.S. military employee retirement system, to the extent that such payments are not

6 exempt under par. (a).^e

JNS 16

7 2. Page 1404, line 21: after that line insert:

8 "(9c) TAX EXEMPTION FOR MILITARY ^{uniformed services} PENSIONS. The treatment of section 71.05 (1)

9 (am) ^{and (am)} of the statutes first applies to taxable years beginning on January 1 ²⁰⁰² of the year

10 in which this subsection takes effect, except that if this subsection takes effect after

1 July 31 the treatment of section 71.05 (1) (am) of the statutes first applies to taxable
2 years beginning on January 1 of the year following the year in which this subsection
3 takes effect.”.

4 (END)

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb1790/2ins
MES:jld:kjf

1 **INSERT 1-6**

2 **SECTION 2142n.** [✓] 71.05 (1) (an) [✓] of the statutes is created to read:

3 71.05 (1) (an) *Uniformed services retirement benefits.* [✓] All retirement payments
4 received ^{by an individual} from the U.S. government that relate to ^{the} ~~an~~ individual's service with the
5 ~~Coast Guard~~, the commissioned corps of the ~~National Oceanic and Atmospheric~~
6 ~~Administration~~, or the commissioned corps of the ~~Public Health Service~~, to the extent
7 that such payments are not exempt under par. [✓] (a) or (am). [✓]

(end ins 1-6)



FNR

ARC:.....Emerson – AM114, Exempt military, uniformed services pensions
from individual income taxation

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3 “SECTION 2142m. 71.05 (1) (am) of the statutes is created to read:

4 71.05 (1) (am) *Military retirement systems.* All retirement payments, other
5 than surviving spouse benefits, received from the U.S. military employee retirement
6 system, to the extent that such payments are not exempt under par. (a).

7 SECTION 2142n. 71.05 (1) (an) of the statutes is created to read:

8 71.05 (1) (an) *Uniformed services retirement benefits.* All retirement payments
9 received by an individual from the U.S. government that relate to the individual’s
10 service with the coast guard, the commissioned corps of the national oceanic and

1 atmospheric administration, or the commissioned corps of the public health service,
2 to the extent that such payments are not exempt under par. (a) or (am).”

3 **2.** Page 1404, line 21: after that line insert:

4 “(9c) TAX EXEMPTION FOR MILITARY, UNIFORMED SERVICES PENSIONS. The treatment
5 of section 71.05 (1) (am) and (an) of the statutes first applies to taxable years
6 beginning on January 1 of the year in which this subsection takes effect, except that
7 if this subsection takes effect after July 31 the treatment of section 71.05 (1) (am) of
8 the statutes first applies to taxable years beginning on January 1, 2002.”

9

(END)





ARC:.....Emerson – AM114, Exempt military, uniformed services pensions
from individual income taxation

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7 **(END)**