

**2001 DRAFTING REQUEST**

**Bill**

Received: **10/08/2001**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Terry Musser (608) 266-7461**

By/Representing: **Kathy**

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

Drafter: **shoveme**

May Contact:

Addl. Drafters:

Subject: **Tax - individual income**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Musser@legis.state.wi.us**

Carbon copy (CC:) to:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Interest abatement for late income tax return filers who are Operation Enduring Freedom participants

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**Instructions:**

See Attached. Based on LRB -3946, but only bill sections 1 and 5 -- the parts that do not necessitate sending the bill to tax exemptions.

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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 10/08/2001	wjackson 10/08/2001		_____			
/1			haugca 10/08/2001	_____	lrb_docadmin 10/08/2001	lrb_docadminState 10/10/2001	

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10/10/2001 12:22:13 PM

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FE Sent For: **10/09/2001.**

**<END>**

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/1			haugeca 10/08/2001	_____	lrb_docadmin 10/08/2001		State

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*1 By Markene*

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1?	shoveme	1 WLG 10/8	CH 10-8	CH 10-8			
11 MES 10/8/01							
FE Sent For:							

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-3989/1

RMNR

2001 BILL

Wanted today

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~~XXXXXXXXXX~~

1 AN ACT to create 71.03 (7) (c), 71.05 (6) (b) 34., 71.05 (6) (b) 35. and 71.85 (3) (b)  
 2 of the statutes; relating to: ~~creating an individual income tax exemption for~~  
 3 ~~pay received from the federal government by members of the armed forces~~  
 4 ~~participating in Operation Enduring Freedom and abating interest/penalties~~ otherwise  
 5 due on income tax returns ~~for~~ members of the armed forces who are  
 6 participating in that operation. <sup>filed under an extension by</sup>

**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 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.~~

Under current law, any extension of time granted by law or by the internal revenue service for a taxpayer to file his or her federal return extends the time for filing under state law, although the taxes that are due are subject to interest at a rate of 12% per year during the period of the extension. Under this bill, that 12% interest

**BILL**

rate does not apply to persons who served in support of Operation Enduring Freedom, or a successor operation, in the United States or, for persons who qualify for a federal extension, to persons who served outside of the United States because of their participation in Operation Enduring Freedom or a successor operation in the Enduring Freedom theater of operations.

~~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.~~

~~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.** 71.03 (7) (c) of the statutes is created to read:

2           71.03 (7) (c) For taxable years beginning after December 31, 2000, and before  
3           January 1, 2003, for persons who served in support of Operation Enduring Freedom  
4           or an operation that is a successor to Operation Enduring Freedom in the United  
5           States, or for persons who qualify for a federal extension of time to file under 26 USC  
6           7508, who served outside the United States because of their participation in  
7           Operation Enduring Freedom or an operation that is a successor to Operation  
8           Enduring Freedom in the Enduring Freedom theater of operations.

9           ~~**SECTION 2.** 71.05 (6) (b) 34. of the statutes is created to read.~~

10           ~~71.05 (6) (b) 34. Any amount of basic, special, and incentive pay income or  
11           compensation, as those terms are used in 37 USC chapters 3 and 5, received from the  
12           federal government by a person who is a member of the U.S. armed forces, as defined  
13           in 26 USC 7701 (a) (15), and is below the grade of commissioned officer, for services  
14           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 in that theater of operations or the person is  
4 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.** 71.05 (6) (b) 35. of the statutes is created to read:

9 71.05 (6) (b) 35. Up to \$500 per month of basic, special, and incentive pay  
10 income or compensation, as those terms are used in 37 USC chapters 3 and 5,  
11 received from the federal government by a person who is a member of the U.S. armed  
12 forces, as defined in 26 USC 7701 (a) (15), and is a commissioned officer, for services  
13 performed for Operation Enduring Freedom. In this subdivision, “services  
14 performed for Operation Enduring Freedom” means service in a unit of the U.S.  
15 armed forces if all of the following apply:

16 a. The person is assigned to duty in that theater of operations or the person is  
17 activated for Operation Enduring Freedom.

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

21 **SECTION 4.** 71.85 (3) (b) of the statutes is created to read:

22 71.85 (3) (b) Section 71.05 (6) (b) 34. or 35. may continue to accrue while the  
23 taxpayer is in the Operation Enduring Freedom theater of operations and for 180  
24 days after the taxpayer leaves the Operation Enduring Freedom theater of  
25 operations.

**BILL**

**SECTION 5. Initial applicability.**

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

(END)

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