

*STATE OF WISCONSIN**REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS**2003 ASSEMBLY BILL 28*

[Introduced by Representatives Gunderson, Kerkman, Ainsworth, Albers, Bies, J. Fitzgerald, Gielow, Gronemus, Hahn, Hines, Huber, Jensen, Jeskewitz, Kestell, Krawczyk, Ladwig, Lassa, M. Lehman, Musser, Nass, Olsen, Ott, Owens, Shilling, Stone, Townsend, Van Roy, Vrakas and J. Wood; cosponsored by Senators S. Fitzgerald, Harsdorf, Kedzie, Roessler and Schultz.]

General Nature of Proposal

Generally, under current law, an employer must, for purposes of state income taxes, withhold from an employee's wages an amount that is determined by the Department of Revenue (DOR) according to withholding tables prepared by DOR. Current law exempts from this general withholding requirement any county fair association with regard to an employee who receives less than \$100 annually in wages or salary from the association.

The bill increases that amount to \$300.

The bill would first apply to tax years beginning January 1, 2004, unless the bill is enacted after July 31, in which case the bill would first apply to tax years beginning January 1, 2005.

Legality Involved

There are no questions of legality involved.

Fiscal Effect Upon the State and Its Subdivisions

The DOR explains the fiscal effect of the bill as follows:

The bill would not have a significant impact on individual income tax revenue and would have no effect on Department of Revenue costs. The bill would delay the receipt of income tax revenue from wages or salaries paid to county fair association employees who earn between \$100 and \$300 to the time when they file their income tax returns. However, this is not expected to have a significant effect.

Public Policy Involved

The bill is good public policy if it is amended so that the exempt amount is indexed for inflation.