

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

LRB-0561/1dn  
MES&RAC:kmg:rs

November 20, 2002

Representative Owens:

You have asked that I redraft 2001 AB-454 for you for the 2003 legislative session. In this bill, I have made a number of changes to last session's bill based on a technical memo that the department of revenue (DOR) prepared for AB-454. The changes include the following:

1. I have amended s. 71.05 (6) (b) 4. to prevent a double deduction for disability income that is paid from a retirement plan.
2. Under current law, in s. 71.83 (1) (a) 6., a person who receives a distribution from a retirement plan that is subject to a penalty for federal tax purposes is also subject to a Wisconsin penalty unless that income is exempt under s. 71.05 (1) (a). To avoid inconsistency with current law, I have amended s. 71.83 (1) (a) 6. to also include the income tax exemption, s. 71.05 (1) (am), created in the bill.
3. Because the bill makes all payments or distributions from a retirement plan exempt from income taxation, there is no reason to enumerate the specific reasons for a withdrawal, contained in s. 71.05 (1) (am) 1. to 4. of AB-454, to which an exemption applies.

Although DOR's technical memo from last session stated that the term "retirement plan" in 2001 AB-454 is unclear and suggested that the term could be clarified, I did not make any changes in this area. I believe that if the bill becomes law and if DOR determines that s. 71.05 (1) (am) is unclear DOR could certainly promulgate rules to clarify its interpretation of "retirement plan."

Please let me know if these changes are inconsistent with your intent, and I can remove them from a future version of the bill, or if you would like any other changes made to the bill.

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