

2003 DRAFTING REQUEST

Senate Amendment (SA-SSA1-SB44)

Received: **06/18/2003**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Tim Carpenter (608) 266-8535**

By/Representing: **Sen. Carpenter**

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

Drafter: **mshovers**

May Contact:

Addl. Drafters:

Subject: **Tax (indiv) - misc.
Tax Credits - individual income**

Extra Copies: **JK**

Submit via email: **YES**

Requester's email: **Sen.Carpenter@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

Pre Topic:

No specific pre topic given

Topic:

Reduce itemized deductions credit for home interest, meals, entertainment; increase CEO top tax rate

Instructions:

See Attached

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>
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FE Sent For:

<END>

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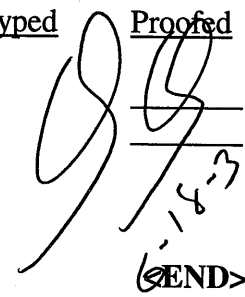
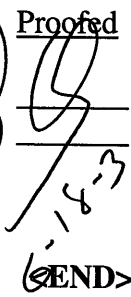

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11 MES 6/18/03							
FE Sent For:							
 <END>							

Shovers, Marc

From: Kreye, Joseph
Sent: Wednesday, June 11, 2003 12:34 PM
To: Shovers, Marc
Subject: FW: Amendment

Some of this may concern you. And some of this may concern unknown others.

Joseph T. Kreye
Legislative Attorney
Legislative Reference Bureau
(608) 266-2263

do
inserts to
b0406

-----Original Message-----

From: Sen.Carpenter
Sent: Wednesday, June 11, 2003 12:04 PM
To: Kreye, Joseph
Cc: Sen.Carpenter
Subject: Amendment

Joe Kreye

I would like to have the following amendment drafted regarding the budget bill passed by the JFC. The topic of the amendment is Tax Policy, so I believe this is an issue for you. If someone else needs to prepare this, let me know. There are eleven issues to be collapsed into one "Tax Policy" amendment. Please give me a call if you have any questions.

Tax Policy Amendment

- a. Sunset sales tax exemptions at the end of the next budget biennium
- b. Eliminate sales and property tax exemptions for luxury boxes at sports venues (raises \$750,000 per year)
- c. Reduce meals & Entertainment income tax write-off by 50%
- d. Cap the Home Mortgage interest deduction at \$20,000
- e. Sunset property tax exemptions at the end of the biennial budget at issue.
- f. Increase state income tax for all CEO compensation in excess of \$1,000,000 per year to 85%, unless the compensation has been explicitly approved by a majority of the shareholders.
- g. Return Pet Facilities Licensing Law (JFC motion #386 to LFB Paper #154 eliminated the minimum standards under the law).
- 2 h. ~~Eliminate the State mandate that the Milwaukee Police Union position be paid for by property tax~~
- i. Shift all shared revenue destined to Waukesha to, instead, Milwaukee, Racine, and Sheboygan.
- j. Eliminate cap on funding for fire and police protection from shared revenue.
- k. ~~Require the State to fund the firefighter's heart, lung, and nervous disorder mandate.~~

Thanks!

Tim Carpenter



State of Wisconsin
2003 - 2004 LEGISLATURE

LRBb06417/1
MES:Y.....

RMNR
cjs

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION
SENATE AMENDMENT,
TO SENATE SUBSTITUTE AMENDMENT 1,
TO 2003 SENATE BILL 44

D-Note

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

2 1. Page 613, line 14: after that line insert:

3 "SECTION 1580m. 71.06 (1p) (d) of the statutes is amended to read:

4 71.06 (1p) (d) ~~On~~ Subject to par. (e), on all taxable income exceeding \$112,500,
5 6.75%.

6 SECTION 1580mb. 71.06 (1p) (e) of the statutes is created to read:

7 71.06 (1p) (e) On all taxable income of the chief executive officer of a
8 corporation, exceeding \$1,000,000, 85%, except that this paragraph does not apply
9 if the taxable income exceeding \$1,000,000 has been approved by a majority vote of
10 the shareholders of the corporation in the year in which the taxable income is paid.

11 SECTION 1580md. 71.06 (2) (g) 4. of the statutes is amended to read:

1 71.06 (2) (g) 4. ~~On Subject to subd. 5., on~~ all taxable income exceeding \$150,000,
2 6.75%.

3 **SECTION 1580me.** 71.06 (2) (g) 5. of the statutes is created to read:

4 71.06 (2) (g) 5. On all taxable income of the chief executive officer of a
5 corporation, exceeding \$1,000,000, 85%, except that this subdivision does not apply
6 if the taxable income exceeding \$1,000,000 has been approved by a majority vote of
7 the shareholders of the corporation in the year in which the taxable income is paid.

8 **SECTION 1580mf.** 71.06 (2) (h) 4. of the statutes is amended to read:

9 71.06 (2) (h) 4. ~~On Subject to subd. 5., on~~ all taxable income exceeding \$75,000,
10 6.75%.

11 **SECTION 1580mg.** 71.06 (2) (h) 5. of the statutes is created to read:

12 71.06 (2) (h) 5. On all taxable income of the chief executive officer of a
13 corporation, exceeding \$1,000,000, 85%, except that this subdivision does not apply
14 if the taxable income exceeding \$1,000,000 has been approved by a majority vote of
15 the shareholders of the corporation in the year in which the taxable income is paid.

16 **SECTION 1580p.** 71.07 (5) (a) 5m. of the statutes is created to read:

17 71.07 (5) (a) 5m. Interest, in excess of \$20,000, that is incurred to purchase or
18 refinance a principal residence.

19 **SECTION 1580pc.** 71.07 (5) (a) 9. of the statutes is created to read:

20 71.07 (5) (a) 9. An amount in excess of 50% of the amount that is allowed as a
21 meal and entertainment expenses deduction under section 274 (n) of the Internal
22 Revenue Code.”

23 **2.** Page 1139, line 9: after that line insert:

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

LRBb0406/1dn
MES:cjs:pg

June 18, 2003

Stays

Senator Carpenter:

This amendment addresses the issues identified in your request for a "tax policy" amendment. Please note the following:

1. The amendment requires that any additional revenues collected from the repeal of sales and use tax exemptions in the next biennium be used to provide property tax relief. However, the amendment does not provide any method for that distribution.
2. The provision in the amendment which requires that certain expenditures related to senior care be restored to current law amounts before single sales factor apportionment may go into effect is unenforceable because, if the provision becomes law, it is likely that a bill to enact single sales factor apportionment would repeal the provision.
3. Although I have no idea how a court would rule on any constitutional challenge, a court could find that the provision which transfers Waukesha's municipal aid payments to Milwaukee, Racine, and Sheboygan violates the equal protection clauses of both the federal and state constitutions because it creates an unreasonable classification for purposes of distributing state aid.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us

1. Your instructions stated that you'd like to "reduce meals & entertainment income tax write-off 50%" and "Cap the home mortgage interest deduction at \$20,000." Wisconsin does not authorize itemized deductions, per se, but does have an itemized deductions credit. I limited the amounts that may be claimed under that credit for meals and entertainment and for interest incurred to purchase or refinance a principal residence. Does this meet your intent?
2. Please review the new top income tax bracket for CEOs. Does this meet your intent?

Marc E. Shovers
Senior Legislative Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb0641/1dn
MES:cjs:rs

June 18, 2003

Senator Carpenter:

1. Your instructions stated that you'd like to "reduce meals & entertainment income tax write-off 50%" and "Cap the home mortgage interest deduction at \$20,000." Wisconsin does not authorize itemized deductions, per se, but does have an itemized deductions credit. I limited the amounts that may be claimed under that credit for meals and entertainment and for interest incurred to purchase or refinance a principal residence. Does this meet your intent?
2. Please review the new top income tax bracket for CEOs. Does this meet your intent?

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