

2003 DRAFTING REQUEST

Senate Amendment (SA-SSA1-SB44)

Received: 06/18/2003

Received By: jkreye

Wanted: Today

Identical to LRB:

For: Tim Carpenter (608) 266-8535

By/Representing:

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Shared Revenue

Extra Copies:

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:

Shared revenue distribution; Waukesha

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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1/?	jkreye	1 6/18 jlc	ch 6-18	ch 6-18 pb			

FE Sent For:

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0653/11

id
JR
PM

**SENATE AMENDMENT ,
TO SENATE SUBSTITUTE AMENDMENT 1,
TO 2003 SENATE BILL 44**

IM 6-18-03

D-N

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

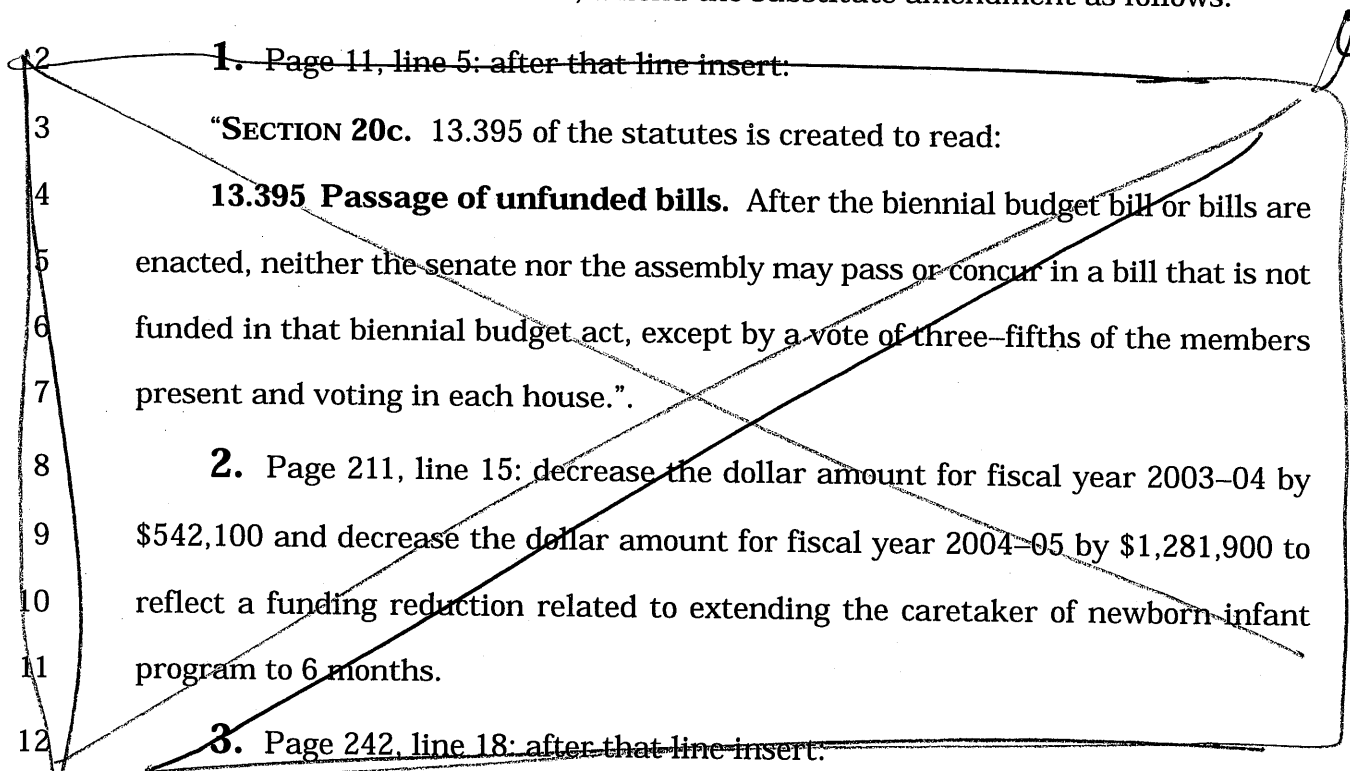
2 **1.** Page 11, line 5: after that line insert:

3 "SECTION 20c. 13.395 of the statutes is created to read:

4 **13.395 Passage of unfunded bills.** After the biennial budget bill or bills are
5 enacted, neither the senate nor the assembly may pass or concur in a bill that is not
6 funded in that biennial budget act, except by a vote of three-fifths of the members
7 present and voting in each house."

8 **2.** Page 211, line 15: decrease the dollar amount for fiscal year 2003-04 by
9 \$542,100 and decrease the dollar amount for fiscal year 2004-05 by \$1,281,900 to
10 reflect a funding reduction related to extending the caretaker of newborn infant
11 program to 6 months.

12 **3.** Page 242, line 18: after that line insert:



1 “(bb) Employment-connected disease;
 2 fire fighters GPR S -0- -0-”.

3 **4.** Page 261, line 7: decrease the dollar amount for fiscal year 2003-04 by
 4 \$17,600,000 for the purpose of making shared revenue payments.

5 **5.** Page 262, line 3: after that line insert:

6 “(fm) Sales and use tax revenues;
 7 property tax relief GPR S -0- -0-”.

8 **6.** Page 356, line 16: after that line insert:

9 “SECTION 644m. 20.515 (1) (bb) of the statutes is created to read:

10 20.515 (1) (bb) *Employment-connected disease; fire fighters*. A sum sufficient
 11 to make payments to a state, county, or municipal fire fighter or his or her beneficiary
 12 pursuant to ss. 891.45 and 891.455.”.

13 **7.** Page 362, line 12: delete “79.03, 79.04,”.

14 **8.** Page 362, line 13: delete “79.045, and 79.06” and substitute “and 79.045”.

15 **9.** Page 362, line 19: after that line insert:

16 “SECTION 667m. 20.835 (2) (fm) of the statutes is created to read:

17 20.835 (2) (fm) *Sales and use tax revenues; property tax relief*. A sum sufficient
 18 equal to the amount determined under s. 77.565 to make payments for property tax
 19 relief.”.

20 **10.** Page 508, line 11: after that line insert:

21 “SECTION 1229m. 49.148 (1m) (a) of the statutes is amended to read:

22 49.148 (1m) (a) A person who meets the eligibility requirements under s.
 23 49.145 (2) and (3) and who is a custodial parent of a child who is 12-weeks 6 months

1 old or less and who meets the eligibility requirements under s. 49.145 (2) and (3) may
2 receive a monthly grant of \$673 unless another adult member of the custodial
3 parent's Wisconsin works Works group is participating in, or is eligible to participate
4 in, a Wisconsin works Works employment position or is employed in unsubsidized
5 employment, as defined in s. 49.147 (1) (c). A Wisconsin works Works agency may
6 not require a participant under this subsection to participate in any Wisconsin Works
7 employment positions. Receipt of a grant under this subsection does not constitute
8 participation in a Wisconsin works Works employment position for purposes of the
9 time limits under s. 49.145 (2) (n) or 49.147 (3) (c), (4) (b) or (5) (b) 2. if the child is
10 born to the participant not more than 10 months after the date that the participant
11 was first determined to be eligible for assistance under s. 49.19 or for a Wisconsin
12 works Works employment position.”.

13 **11.** Page 510, line 24: delete “\$33,219,700” and substitute “\$37,617,900”.

14 **12.** Page 510, line 25: delete “\$66,439,400” and substitute “\$75,235,800”.

15 **13.** Page 512, line 19: delete “\$298,640,600” and substitute “\$293,700,300”.

16 **14.** Page 512, line 20: delete “\$308,040,600” and substitute “\$297,962,300”.

17 **15.** Page 599, line 18: after that line insert:

18 “SECTION 1536bd. 70.11 of the statutes is repealed.

19 SECTION 1536be. 70.1106 of the statutes is created to read:

20 **70.1106 Property tax relief.** Any increase in property tax revenues collected
21 by a county or taxation district that results from the repeal by 2003 Wisconsin Act
22 ... (this act), sections 1536bd, 1636bf, and 1636bg, of the exemptions under ss. 70.11,
23 2001 stats., 70.111, 2001 stats., and 70.112, 2001 stats., shall be used to provide
24 property tax relief.

1 **SECTION 1536bf.** 70.111 of the statutes is repealed.

2 **SECTION 1536bg.** 70.112 of the statutes is repealed.”.

3 **16.** Page 613, line 14: after that line insert:

4 “**SECTION 1580ea.** 71.04 (4) of the statutes is renumbered 71.04 (4) (a).

5 **SECTION 1580eb.** 71.04 (4) (b) of the statutes is created to read:

6 71.04 (4) (b) An apportionment fraction composed of a sales factor under sub.
7 (7) representing more than 50% of the fraction shall not apply to any taxable year in
8 which:

9 1. The enrollment fee for the prescription drug assistance program for the
10 elderly under s. 49.688 is less than the amount specified under 49.688 (3) (a), 2001
11 stats.

12 2. Deductibles for the prescription drug assistance program for the elderly
13 under s. 49.688 is less than the amounts specified in 49.688 (3) (b) 1. and 2. b., 2001
14 stats.

15 3. The copayment amount under the prescription drug assistance program for
16 the elderly under s. 49.688 for a prescription drug that does not bear only a generic
17 name is less than the amount specified under 49.688 (3) (c) 2., 2001 stats.

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

19 71.06 (1p) (d) ~~On~~ Subject to par. (e), on all taxable income exceeding \$112,500,
20 6.75%.

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

22 71.06 (1p) (e) On all taxable income of the chief executive officer of a
23 corporation, exceeding \$1,000,000, 85%, except that this paragraph does not apply

1 if the taxable income exceeding \$1,000,000 has been approved by a majority vote of
2 the shareholders of the corporation in the year in which the taxable income is paid.

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

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

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

7 71.06 (2) (g) 5. On all taxable income of the chief executive officer of a
8 corporation, exceeding \$1,000,000, 85%, except that this subdivision 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 1580mf.** 71.06 (2) (h) 4. of the statutes is amended to read:

12 ~~71.06 (2) (h) 4. On Subject to subd. 5., on all taxable income exceeding \$75,000,~~
13 ~~6.75%.~~

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

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

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

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

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

23 71.07 (5) (a) 9. An amount in excess of 50% of the amount that is allowed as a
24 meal and entertainment expenses deduction under section 274 (n) of the Internal
25 Revenue Code.”.

1 **17.** Page 633, line 4: after that line insert:

2 **SECTION 1582dpm.** 71.25 (6) of the statutes is renumbered 71.25 (6) (a).

3 **SECTION 1582dpm.** 71.25 (6) (b) of the statutes is created to read:

4 71.25 (6) (b) An apportionment fraction composed of a sales factor under sub.
5 (9) representing more than 50% of the fraction shall not apply to any taxable year in
6 which:

7 1. The enrollment fee for the prescription drug assistance program for the
8 elderly under s. 49.688 is less than the amount specified under 49.688 (3) (a), 2001
9 stats.

10 2. Deductibles for the prescription drug assistance program for the elderly
11 under s. 49.688 is less than the amounts specified in 49.688 (3) (b) 1. and 2. b., 2001
12 stats.

13 3. The copayment amount under the prescription drug assistance program for
14 the elderly under s. 49.688 for a prescription drug that does not bear only a generic
15 name is less than the amount specified under 49.688 (3) (c) 2., 2001 stats.”.

16 **18.** Page 674, line 18: after that line insert:

17 **SECTION 1583dr.** 71.45 (3b) of the statutes is created to read:

18 71.45 (3b) **PREMIUMS FACTOR APPORTIONMENT.** An apportionment fraction
19 composed of a percentage under sub. (3) (a) representing more than 50% of the
20 fraction shall not apply to any taxable year in which:

21 1. The enrollment fee for the prescription drug assistance program for the
22 elderly under s. 49.688 is less than the amount specified under 49.688 (3) (a), 2001
23 stats.

1 2. Deductibles for the prescription drug assistance program for the elderly
2 under s. 49.688 is less than the amounts specified in 49.688 (3) (b) 1. and 2. b., 2001
3 stats.

4 3. The copayment amount under the prescription drug assistance program for
5 the elderly under s. 49.688 for a prescription drug that does not bear only a generic
6 name is less than the amount specified under 49.688 (3) (c) 2., 2001 stats.”.

7 **19.** Page 692, line 20: after that line insert:

8 “SECTION 1647b. 77.51 (20) of the statutes is amended to read:

9 77.51 (20) “Tangible personal property” means all tangible personal property
10 of every kind and description and includes electricity, natural gas, steam and water
11 and also leased property affixed to realty if the lessor has the right to remove the
12 property upon breach or termination of the lease agreement, unless the lessor of the
13 property is also the lessor of the realty to which the property is affixed; and leased
14 or rented luxury boxes in a stadium, arena, or other sports facility. “Tangible
15 personal property” also includes coins and stamps of the United States sold or traded
16 as collectors’ items above their face value and computer programs except custom
17 computer programs.”

18 **20.** Page 693, line 17: after that line insert:

19 “SECTION 1647n. 77.54 of the statutes is repealed.

20 SECTION 1647ne. 77.55 of the statutes is repealed.

21 SECTION 1647nf. 77.56 of the statutes is repealed.

22 SECTION 1647ng. 77.565 of the statutes is created to read:

23 **77.565 Property tax relief.** Any increase in sales and use tax revenues
24 collected under this subchapter that results from the repeal of the exemptions under

1 ss. 77.54, 2001 stats., 77.55, 2001 stats., and 77.56, 2001 stats., shall be used to
2 provide property tax relief.”

3 **21.** Page 694, line 22: after that line insert:

4 “SECTION 1651m. 77.707 (1) of the statutes is amended to read:

5 77.707 (1) Retailers and the department of revenue may not collect a tax under
6 s. 77.705 for any local professional baseball park district created under subch. III of
7 ch. 229 after the calendar quarter during which the local professional baseball park
8 district board makes a certification to the department of revenue under s. 229.685

9 (2) ending on December 31, 2014, except that the department of revenue may collect
10 from retailers taxes that accrued before that calendar quarter and fees, interest and
11 penalties that relate to those taxes.”

12 **22.** Page 696, line 25: delete the material beginning with that line and ending
13 with page 697, line 4.

14 **23.** Page 711, line 14: after that line insert:

15 “SECTION 1670am. 79.096 of the statutes is created to read:

16 **79.096 Redistribution.** Notwithstanding the distribution of payments
17 described under this subchapter, in 2003 and subsequent years, the amount of all
18 payments under this subchapter calculated for the city of Waukesha for the year
19 shall be distributed to the cities of Milwaukee, Racine, and Sheboygan in proportion
20 to their share of all payments under this subchapter for that year and the city of
21 Waukesha shall receive no payments under this subchapter for that year.”

22 ~~**24.** Page 774, line 14: after that line insert:~~

23 ~~“SECTION 1985dd. 111.70 (4) (jm) 4. j. of the statutes is repealed.~~

24 ~~SECTION 1985de. 111.70 (4) (jm) 4. k. of the statutes is repealed.”.~~

1 **25.** Page 844, line 12: delete the material beginning with that line and ending
2 with page 846, line 6.

3 **26.** Page 1074, line 2: after that line insert:

4 “(14E) SENIOR CARE WAIVER. By the first day of the 4th month beginning after
5 publication, the department of health and family services shall request that the
6 federal secretary of health and human services extend the federal medicaid waiver
7 for the prescription drug assistance program under section 49.688 of the statutes, as
8 affected by this act, to allow federal medicaid reimbursement for prescription drugs
9 purchased under section 49.688 of the statutes, as affected by this act, by persons
10 who are eligible for medicare under 42 USC 1395c to 1395f because they are disabled
11 and receiving social security disability insurance benefits under 42 USC 423. If the
12 waiver extension is granted, beginning on the effective date of the waiver extension,
13 the department of health and family services shall determine that any applicant for
14 prescription drug assistance under section 49.688 of the statutes, as affected by this
15 act, who is eligible for medicare under 42 USC 1395c to 1395f because he or she is
16 disabled and receiving social security disability insurance benefits under 42 USC
17 423 and who satisfies all of the eligibility criteria under section 49.688 (2) (a) or (b)
18 of the statutes, as affected by this act, except for the criterion under section 49.688
19 (2) (a) 2. of the statutes, is eligible for prescription drug assistance under section
20 49.688 of the statutes, as affected by this act. If the wavier extension is granted, the
21 department of health and family services shall, not later than the effective date of
22 the waiver extension, propose legislation to reconcile the eligibility provisions under
23 section 49.688 (2) of the statutes, as affected by this act, with this subsection and with
24 the waiver.”.

1 **27.** Page 1079, line 10: after the period insert “As part of the study specified
 2 under this subsection, the committee shall consider the impact of distributing more
 3 state aid to certain municipalities and less state aid to other municipalities,
 4 especially the impact of such distribution on segregation and the concentration of
 5 poverty in municipalities.”.

6 **28.** Page 1134, line 7: after that line insert:

7 “(4q) CITIES OF THE FIRST CLASS; POLICE DEPARTMENT. The treatment of section
 8 111.70 (4) (jm) 4. j. and k. of the statutes first applies to collective bargaining
 9 agreements entered into, extended, modified, or renewed, whichever occurs first, on
 10 the effective date of this subsection”.

11 **29.** Page 1139, line 9: after that line insert:

12 “(5q) REPEALING PROPERTY TAX EXEMPTIONS. The treatment of sections 70.11,
 13 70.111, and 70.112 of the statutes first applies to the property tax assessments as of
 14 January 1, 2005.

15 (5r) RATES OF INDIVIDUAL INCOME TAXATION, CEO'S. The treatment of section 71.06
 16 (1p) (d) and (e), (2) (g) 4. and 5., and (h) 4. and 5. of the statutes first applies to taxable
 17 years beginning on January 1, 2003.

18 (5s) ITEMIZED DEDUCTIONS CREDIT. The treatment of section 71.07 (5) (a) 5m. and
 19 9. of the statutes first applies to taxable years beginning on January 1, 2003.”.

20 **30.** Page 1141, line 19: after that line insert:

21 “(6q) CARETAKER OF NEWBORN INFANT. The treatment of section 49.148 (1m) (a)
 22 of the statutes first applies to all of the following:

23 (a) Persons who are receiving benefits under section 49.148 (1m) of the statutes
 24 on the effective date of this paragraph.

1 (b) Persons who are determined, on the effective date of this paragraph, to be
2 newly eligible to receive benefits under section 49.148 (1m) of the statutes.”

3 **31.** Page 1143, line 6: delete lines 6 to 8.

4 **32.** Page 1150, line 13: after that line insert:

5 “(3q) REPEALING SALES TAX AND USE TAX EXEMPTIONS. The treatment of sections
6 20.835 (2) (fm), 77.54, 77.55, and 77.56 of the statutes takes effect on July 1, 2005.”

7

(END)

d-note
↓

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb0406/1dn
JK:MMB:cjs:pg

h0653/dv
+jld

June 18, 2003

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~~ ^{transferring} 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
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**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBb0653/1dn
JK:cjs&jld:ch

June 18, 2003

Senator Carpenter:

Although I have no idea how a court would rule on any constitutional challenge, a court could find that transferring 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.

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