



# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

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STEPHEN R. MILLER  
CHIEF

LRB  
File copy

December 27, 2004

## MEMORANDUM

**To:** Representative Wieckert

**From:** Marc E. Shovers, Sr. Legislative Attorney, (608) 266-0129

**Subject:** Technical Memorandum to **2005 un-introduced** (LRB 05-1160/1)

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We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

**MEMORANDUM**

December 21, 2004

**TO:** Mark Shovers  
Legislative Reference Bureau

**FROM:** Dennis Collier  
Department of Revenue

**SUBJECT:** Technical Memorandum on LRB 1160/1, relating to the Elimination of the State Penalty on Early IRA Distributions

The bill refers to the penalty under section 72(t) of the Internal Revenue Code (IRC). The penalty under this section applies to all qualified retirement plans [as defined in sec. 4974(c), IRC] not just IRAs. Clarification may be necessary on whether the intent of the bill is to include all qualified retirement plans or just IRAs.

The Department suggests that the bill first apply to distributions received in taxable years beginning on January 1 of the year in which the act became effective (or January 1 of the following year if enacted after July 31). This would ensure that the act applies equally to all distributions received in a taxable year and would avoid a potentially confusing situation where the penalty could apply to some persons and not others during the same taxable year.

If you have questions regarding this technical memorandum, please contact Kirstin Nelson at (608) 261-8984.

## Barman, Mike

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**From:** Barman, Mike  
**Sent:** Tuesday, December 28, 2004 11:50 AM  
**To:** Rep.Wieckert  
**Cc:** Becher, Scott  
**Subject:** LRB 05-1160/1 (Tech. Memo by DOR - attached - for your review)



Tech\_Memo\_Wieck  
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