ASSEMBLY SUBSTITUTE AMENDMENT 1, TO 2005 ASSEMBLY BILL 903

March 17, 2006 – Offered by Representative Owens.

AN ACT *to create* 71.05 (6) (b) 39. and subchapter XVI of chapter 71 [precedes 71.98] of the statutes; **relating to:** creating an individual income tax deduction for certain amounts of mileage reimbursement received by volunteer drivers and adopting federal law as it relates to mileage reimbursement related to Hurricane Katrina.

Analysis by the Legislative Reference Bureau

Generally, if a volunteer driver for a charitable organization is reimbursed for his or her mileage expenses, the volunteer must, under current federal law, claim the amount of the reimbursement as taxable income. Also under current federal law, the volunteer may claim an income tax charitable deduction for his or her mileage expenses at the current statutory mileage rate of 14 cents per mile. In general, Wisconsin conforms to these federal laws.

Under the federal Hurricane Katrina Emergency Tax Relief Act of 2005 (KETRA), the 14 cents per mile rate is increased, for relief related to Hurricane Katrina, to 29 cents per mile for expenses incurred before September 1, 2005, and to 34 cents per mile for expenses incurred after that date. The substitute amendment adopts this portion of the Internal Revenue Code for Wisconsin purposes.

Also under this substitute amendment, a volunteer driver for a charitable organization may deduct from income any amount of mileage reimbursement that

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he or she receives for mileage expenses incurred as a volunteer driver, to the extent that the individual does not claim the reimbursed amount as a tax deductible charitable contribution under the Internal Revenue Code or to the extent that the reimbursement is not excluded from income under KETRA.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 71.05 (6) (b) 39. of the statutes is created to read:

71.05 **(6)** (b) 39. Any amount of mileage reimbursement received by an individual for his or her mileage expenses incurred as a volunteer driver for a charitable organization, as defined in s. 29.89 (1), to the extent that the individual does not claim the reimbursed amount as a deductible charitable contribution under 26 USC 170 or to the extent that the reimbursement received is not excluded from income under P.L. 109–73.

SECTION 2. Subchapter XVI of chapter 71 [precedes 71.98] of the statutes is created to read:

10 **CHAPTER 71**

11 SUBCHAPTER XVI

INTERNAL REVENUE CODE UPDATE

- **71.98 Internal Revenue Code update.** The following federal laws, to the extent that they apply to the Internal Revenue Code, apply to this chapter:
- (1) MILEAGE RATE FOR CHARITABLE USE OF VEHICLES. Section 303 of P.L. 109–73, relating to the mileage rate for the charitable use of vehicles used to provide relief related to Hurricane Katrina.

SECTION 3. Initial applicability.

(1) This act first applies to taxable years beginning on January 1 of the year in which this subsection takes effect, except that if this subsection takes effect after

- July 31 this act first applies to taxable years beginning on January 1 of the year
- 2 following the year in which this subsection takes effect.

3 (END)