



# State of Wisconsin


LEGISLATIVE REFERENCE BUREAU

## **RESEARCH APPENDIX -** **PLEASE DO NOT REMOVE FROM DRAFTING FILE**

Date Transfer Requested: 06/30/2005 (Per: MES)



### Appendix – Part 01 of 05

 The 2005 drafting file for

 LRB 05b0689 

LRB 05b0780


LRB 05b0673


LRB 05b0759

LRB 05b0750

has been copied/added to the 2005 drafting file for

# **LRB 05b0783**

 The attached 2005 draft was incorporated into the new 2005 draft listed above. For research purposes, this cover sheet and the attached drafting file were copied, and added, as a appendix, to the new 2005 drafting file. If introduced this section will be scanned and added, as a separate appendix, to the electronic drafting file folder.

 This cover sheet was added to rear of the original 2005 drafting file. The drafting file was then returned, intact, to its folder and filed.

**2005 DRAFTING REQUEST**

**Senate Amendment (SA-AB100)**

Received: 06/24/2005

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: Judith Robson (608) 266-2253

By/Representing: Nadine

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters:

Subject: Tax, Individual - dedct/sbtrct

Extra Copies:

Submit via email: YES

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

Carbon copy (CC:) to:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Individual income tax exemption for pension certain earnings

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**Instructions:**

See Attached. Same as SB 60 (LRB -1071/2)

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**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>
/?	mshovers 06/24/2005	wjackson 06/24/2005		_____			
/1			jfrantze 06/24/2005	_____	Inorthro 06/24/2005	Inorthro 06/24/2005	

FE Sent For:

<END>

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1/?	mshovers	1 WJ 6/24	6/24	<i>[Signature]</i> 6/24			
1/MS 6/24/05							

FE Sent For:

<END>



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRBb0689/3

MES.../...

WJ (amr)

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~  
SENATE AMENDMENT ,  
TO 2005 ASSEMBLY BILL 100

1 At the locations indicated, amend the engrossed bill as follows:

2

(END)



## 2005 SENATE BILL 60

February 15, 2005 - Introduced by Senators WIRCH, HANSEN, LASSA and ROESSLER, cosponsored by Representatives BOYLE, SHILLING, FREESE, CULLEN, HUBLER, LEHMAN, TOWNSEND, SUDER, HINES, SHERIDAN and GUNDERSON. Referred to Joint Survey Committee on Tax Exemptions.

- 1     **AN ACT to amend** 71.05 (6) (b) 4.; and **to create** 71.05 (1) (ap) and 71.05 (1) (aq)  
2             of the statutes; **relating to:** exempting from taxation certain amounts of  
3             pension or retirement income received by an individual.

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### *Analysis by the Legislative Reference Bureau*

Under current law, the pension benefits of certain public employes are exempt from state taxation. The pensions that are exempt include payments received from the U.S. Civil Service Retirement System, the U.S. Military Employee Retirement System, the Milwaukee city and county retirement systems, the Police Officer's Annuity and Benefit Fund of Milwaukee, the Milwaukee Public School Teachers' Retirement Fund, the Wisconsin State Teachers' Retirement Fund, and the Sheriff's Annuity and Benefit Fund of Milwaukee County. For all of these pension plans, the exemption applies only to persons who were members of or retired from the plans as of December 31, 1963.

To the extent that they are not currently exempt from taxation, current law also exempts all retirement payments received from the U.S. Military Employee Retirement System and all retirement payments received from the federal government related to service with the Coast Guard or the commissioned corps of either the National Oceanic and Atmospheric Administration or the Public Health Service.

This bill exempts from taxation up to \$10,000 of pension payments received each year by an individual, if such payments are not already exempt from taxation. The bill also exempts from taxation up to \$10,000 of payments or distributions

**SENATE BILL 60**

received each year by an individual from an individual retirement account (IRA) or from a Roth IRA, but no individual may claim both exemptions created in the bill in the same taxable year.

To be eligible to claim either exemption, an individual must be at least 55 years old and may not work more than 1,044 hours in the year to which the exemption claim relates.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

# = page 564 line 170 after that line insert  
 1 ✓ SECTION 71.05 (1) (ap) of the statutes is created to read:  
 2 2852

2 71.05 (1) (ap) *Pension income*. Except for a payment that is exempt under par.  
 3 (a), (am), or (an), or that is exempt as a railroad retirement benefit, up to \$10,000 of  
 4 payments or distributions received each year by an individual from a retirement plan  
 5 offered by an employer if all of the following apply:

- 6 1. The individual does not claim an exemption under par. (aq).
- 7 2. The individual does not work more than 1,044 hours during the year to which
- 8 the exemption claim relates.
- 9 3. The individual is at least 55 years of age before the close of the taxable year
- 10 to which the exemption claim relates.

11 SECTION 71.05 (1) (aq) of the statutes is created to read:  
 12 12859

12 71.05 (1) (aq) *Individual retirement income*. Up to \$10,000 of payments or  
 13 distributions received each year by an individual from an individual retirement  
 14 account established under 26 USC 408 or 26 USC 408A, if all of the following apply:

- 15 1. The individual does not claim an exemption under par. (ap).
- 16 2. The individual does not work more than 1,044 hours during the year to which
- 17 the exemption claim relates.

SENATE BILL 60

1 3. The individual is at least 55 years of age before the close of the taxable year

2 to which the exemption claim relates. ✓/0

# Page 564 line 200 after that line insert:

3 SECTION 71.05 (6) (b) 4. of the statutes is amended to read:

4 71.05 (6) (b) 4. Disability payments other than disability payments that are  
5 paid from a retirement plan, the payments from which are exempt under sub. (1)  
6 (ap), if the individual either is single or is married and files a joint return, to the  
7 extent those payments are excludable under section 105 (d) of the internal revenue  
8 code Internal Revenue Code as it existed immediately prior to its repeal in 1983 by  
9 section 122 (b) of P.L. 98-21, except that if an individual is divorced during the  
10 taxable year that individual may subtract an amount only if that person is disabled  
11 and the amount that may be subtracted then is \$100 for each week that payments  
12 are received or the amount of disability pay reported as income, whichever is less.  
13 If the exclusion under this subdivision is claimed on a joint return and only one of  
14 the spouses is disabled, the maximum exclusion is \$100 for each week that payments  
15 are received or the amount of disability pay reported as income, whichever is less. ✓/0

16 SECTION 3. Initial applicability.

# Page 103 line 250 after that line insert:

17 (3m) This part first applies to taxable years beginning on January 1 of the year  
18 in which this subsection takes effect, except that if this subsection takes effect after  
19 July 31 this part first applies to taxable years beginning on January 1 of the year  
20 following the year in which this subsection takes effect. ✓/0  
21 (the treatment of sections 71.05 (1) (ap) (aq) and (b) (b) 4 of the statutes)

INT APP

(END)

Income tax exemption pension, retirement benefits



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRBb0689/1  
MES:wlj:jf

SENATE AMENDMENT ,  
TO 2005 ASSEMBLY BILL 100

1 At the locations indicated, amend the engrossed bill as follows:

2 1. Page 564, line 17: after that line insert:

3 "SECTION 285e. 71.05 (1) (ap) of the statutes is created to read:

4 71.05 (1) (ap) *Pension income.* Except for a payment that is exempt under par.  
5 (a), (am), or (an), or that is exempt as a railroad retirement benefit, up to \$10,000 of  
6 payments or distributions received each year by an individual from a retirement plan  
7 offered by an employer if all of the following apply:

8 1. The individual does not claim an exemption under par. (aq).

9 2. The individual does not work more than 1,044 hours during the year to which  
10 the exemption claim relates.

11 3. The individual is at least 55 years of age before the close of the taxable year  
12 to which the exemption claim relates.

13 SECTION 1285g. 71.05 (1) (aq) of the statutes is created to read:



1           71.05 (1) (aq) *Individual retirement income.* Up to \$10,000 of payments or  
2 distributions received each year by an individual from an individual retirement  
3 account established under 26 USC 408 or 26 USC 408A, if all of the following apply:

- 4           1. The individual does not claim an exemption under par. (ap).  
5           2. The individual does not work more than 1,044 hours during the year to which  
6 the exemption claim relates.  
7           3. The individual is at least 55 years of age before the close of the taxable year  
8 to which the exemption claim relates.”.

9           **2.** Page 564, line 20: after that line insert:

10           “SECTION 1286d. 71.05 (6) (b) 4. of the statutes is amended to read:

11           71.05 (6) (b) 4. Disability payments other than disability payments that are  
12 paid from a retirement plan, the payments from which are exempt under sub. (1)  
13 (ap), if the individual either is single or is married and files a joint return, to the  
14 extent those payments are excludable under section 105 (d) of the internal revenue  
15 code Internal Revenue Code as it existed immediately prior to its repeal in 1983 by  
16 section 122 (b) of P.L. 98–21, except that if an individual is divorced during the  
17 taxable year that individual may subtract an amount only if that person is disabled  
18 and the amount that may be subtracted then is \$100 for each week that payments  
19 are received or the amount of disability pay reported as income, whichever is less.  
20 If the exclusion under this subdivision is claimed on a joint return and only one of  
21 the spouses is disabled, the maximum exclusion is \$100 for each week that payments  
22 are received or the amount of disability pay reported as income, whichever is less.”.

23           **3.** Page 1036, line 25: after that line insert:

1           “(3m) INCOME TAX EXEMPTION; PENSION, RETIREMENT BENEFITS. The treatment of  
2           section 71.05 (1) (ap) and (aq) and (6) (b) 4. of the statutes first applies to taxable  
3           years beginning on January 1 of the year in which this subsection takes effect, except  
4           that if this subsection takes effect after July 31 the treatment of section 71.05 (1) (a0)  
5           and (aq) and (6) (b) 4. first applies to taxable years beginning on January 1 of the year  
6           following the year in which this subsection takes effect.”.

7

(END)