



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 04 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: 06/29/2005

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 - income**

Extra Copies:

Submit via email: **YES**

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

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Create a 5th individual income tax bracket

Instructions:

See attached. Create a 5th bracket for \$1 million and above.

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 06/29/2005	lkunkel 06/29/2005		_____			
/1	mshovers 06/29/2005	wjackson 06/29/2005	rschluet 06/29/2005	_____	sbasford 06/29/2005	sbasford 06/29/2005	

FE Sent For:

<END>

2005 DRAFTING REQUEST

Senate Amendment (SA-AB100)

Received: 06/29/2005

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 - income

Extra Copies:

Submit via email: YES

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

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Create a 5th individual income tax bracket

Instructions:

See attached. Create a 5th bracket for \$1 million and above.

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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1/?	mshovers	lkunkel					
	06/29/2005	06/29/2005					
	mshovers	1 WLj 6/29					

11 MES 6/29/05

6295

FE Sent For:

<END>

Shovers, Marc

From: Hanaman, Cathlene
Sent: Wednesday, June 29, 2005 9:10 AM
To: Shovers, Marc
Subject: FW: Senate Democratic Amendment

Is this you?

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

From: Engel, Andrew
Sent: Tuesday, June 28, 2005 6:32 PM
To: Hanaman, Cathlene; Gratz, Nadine
Subject: Senate Democratic Amendment

Please draft an amendment that would create a fifth tax bracket for those who report income of \$1 million dollars or more to be taxed at 7.75%



State of Wisconsin
2005 - 2006 LEGISLATURE

LRBb07597/
MES.....

WLS
FMR

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

D-NOTE

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

2 ⁵⁷²
✓ 1. Page ~~758~~, line 24: after that line insert:

3 "SECTION 1292e. 71.06 (1p) (intro.) of the statutes is amended to read:

4 71.06 (1p) FIDUCIARIES, SINGLE INDIVIDUALS AND HEADS OF HOUSEHOLDS; AFTER 2000

5 TO 2005. (intro.) The tax to be assessed, levied and collected upon the taxable incomes
6 of all fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve
7 funds, and single individuals and heads of households shall be computed at the
8 following rates for taxable years beginning after December 31, 2000, and before
9 January 1, 2006:

History: 1987 a. 312; 1989 a. 31; 1993 a. 16; 1997 a. 27, 41, 237; 1999 a. 9; 2001 a. 16.

10 SECTION 1292f. 71.06 (1q) of the statutes is created to read:

11 71.06 (1q) FIDUCIARIES, SINGLE INDIVIDUALS AND HEADS OF HOUSEHOLDS; AFTER

12 2005. The tax to be assessed, levied and collected upon the taxable incomes of all

1 fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and
2 single individuals and heads of households shall be computed at the following rates
3 for taxable years beginning after December 31, 2005:

4 ✓ (a) On all taxable income from \$0 to \$7,500 , 4.6 percent.

5 ✓ (b) On all taxable income exceeding \$7,500 but not exceeding \$15,000, 6.15
6 percent.

7 ✓ (c) On all taxable income exceeding \$15,000 but not exceeding \$112,500, 6.5
8 percent.

9 ✓ (d) On all taxable income exceeding \$112,500 but not exceeding \$1,000,000,
10 6.75 percent.

11 ✓ (e) On all taxable income exceeding \$1,000,000, 7.75 percent.

12 **SECTION 1292g.** 71.06 (2) (g) (intro.)[✓] of the statutes is amended to read:

13 71.06 (2) (g) (intro.) For joint returns, for taxable years beginning after
14 December 31, 2000, and before January 1, 2006:

History: 1987 a. 312; 1989 a. 31; 1993 a. 16; 1997 a. 27, 41, 237; 1999 a. 9; 2001 a. 16. ✓

15 **SECTION 1292h.** 71.06 (2) (h) (intro.)[✓] of the statutes is amended to read:

16 71.06 (2) (h) (intro.) For married persons filing separately, for taxable years
17 beginning after December 31, 2000, and before January 1, 2006:

History: 1987 a. 312; 1989 a. 31; 1993 a. 16; 1997 a. 27, 41, 237; 1999 a. 9; 2001 a. 16. ✓

18 **SECTION 1292i.** 71.06 (2) (i) of the statutes is created to read:

19 71.06 (2) (i) For joint returns, for taxable years beginning after
20 December 31, 2005:

21 ✓ 1. On all taxable income from \$0 to \$10,000, 4.6 percent.

22 ✓ 2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 6.15
23 percent.

1 ✓ 3. On all taxable income exceeding \$20,000 but not exceeding \$150,000, 6.5
2 percent.

3 ✓ 4. On all taxable income exceeding \$150,000 but not exceeding \$1,000,000, 6.75
4 percent.

5 ✓ 5. On all taxable income exceeding \$1,000,000, 7.75 percent.

6 ✓ SECTION 1292j. 71.06 (2) (j) of the statutes is created to read:

7 71.06 (2) (j) For married persons filing separately, for taxable years beginning
8 after December 31, 2005:

9 ✓ 1. On all taxable income from \$0 to \$5,000, 4.6^{percent}

10 ✓ 2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 6.15
11 percent.

12 ✓ 3. On all taxable income exceeding \$10,000 but not exceeding \$75,000, 6.5
13 percent.

14 ✓ 4. On all taxable income exceeding \$75,000 but not exceeding \$500,000, 6.75
15 percent.

16 ✓ 5. On all taxable income exceeding \$500,000, 7.75 percent.

17 SECTION 1292k. 71.06 (2e) of the statutes is renumbered 71.06(2e) (a) and
18 amended to read:

19 71.06 (2e) BRACKET INDEXING. (a) For taxable years beginning after
20 December 31, 1998, and before January 1, 2000, the maximum dollar amount in
21 each tax bracket, and the corresponding minimum dollar amount in the next bracket,
22 under subs. (1m) and (2) (c) and (d), and for taxable years beginning after
23 December 31, 1999, and before January 1, 2006, the maximum dollar amount in
24 each tax bracket, and the corresponding minimum dollar amount in the next bracket,
25 under subs. (1n), (1p), and (2) (e), (f), (g), and (h), and for taxable years beginning

1 after December 31, 2006, the maximum dollar amount in each tax bracket, and the
 2 corresponding minimum dollar amount in the next bracket, under subs. (1q) and (2)
 3 (i) and (j), shall be increased each year by a percentage equal to the percentage
 4 change between the U.S. consumer price index for all urban consumers, U.S. city
 5 average, for the month of August of the previous year and the U.S. consumer price
 6 index for all urban consumers, U.S. city average, for the month of August 1997, as
 7 determined by the federal department of labor, except that for taxable years
 8 beginning after December 31, 2000, and before January 1, 2002, the dollar amount
 9 in the top bracket under subs. (1p) (c) and (d), (2) (g) 3. and 4. and (h) 3. and 4. shall
 10 be increased by a percentage equal to the percentage change between the U.S.
 11 consumer price index for all urban consumers, U.S. city average, for the month of
 12 August of the previous year and the U.S. consumer price index for all urban
 13 consumers, U.S. city average, for the month of August 1999, as determined by the
 14 federal department of labor. Each amount that is revised under this subsection
 15 paragraph shall be rounded to the nearest multiple of \$10 if the revised amount is
 16 not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount
 17 shall be increased to the next higher multiple of \$10. The department of revenue
 18 shall annually adjust the changes in dollar amounts required under this subsection
 19 paragraph and incorporate the changes into the income tax forms and instructions.

History: 1987 a. 312; 1989 a. 31; 1993 a. 16; 1997 a. 27, 41, 237; 1999 a. 9; 2001 a. 16.

20 **SECTION 1292L.** 71.06 (2e) (b) of the statutes is created to read:

21 71.06 (2e) (b) For taxable years beginning after December 31, 2004, and before
 22 January 1, 2006, the maximum dollar amount in each tax bracket, and the
 23 corresponding minimum dollar amount in the next bracket, under subs. (1q) (a), (b),
 (c), and (d) and (2) (i) 1., 2., 3., and 4. and (j) 1., 2., 3., and 4. shall be increased each

1 year by a percentage equal to the percentage change between the U.S. consumer
 2 price index for all urban consumers, U.S. city average, for the month of August of the
 3 previous year and the U.S. consumer price index for all urban consumers, U.S. city
 4 average, for the month of August 1997, as determined by the federal department of
 5 labor. Each amount that is revised under this paragraph shall be rounded to the
 6 nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised
 7 amount is a multiple of \$5, such an amount shall be increased to the next higher
 8 multiple of \$10. The department of revenue shall annually adjust the changes in
 9 dollar amounts required under this paragraph and incorporate the changes into the
 10 income tax forms and instructions.

11 SECTION 1292m. 71.06 (2m) of the statutes is amended to read:

12 71.06 (2m) RATE CHANGES. If a rate under sub. (1), (1m), (1n), (1p), (1q) or (2)
 13 changes during a taxable year, the taxpayer shall compute the tax for that taxable
 14 year by the methods applicable to the federal income tax under section 15 of the
 15 ~~internal revenue code~~ Internal Revenue Code

History: 1987 a. 312; 1989 a. 31; 1993 a. 16; 1997 a. 27, 41, 237; 1999 a. 9; 2001 a. 16.

16 SECTION 1292n. 71.06 (2s) (d) of the statutes is amended to read:

17 71.06 (2s) (d) For taxable years beginning after December 31, 2000, and before
 18 January 1, 2006, with respect to nonresident individuals, including individuals
 19 changing their domicile into or from this state, the tax brackets under subs. (1p) and
 20 (2) (g) and (h) shall be multiplied by a fraction, the numerator of which is Wisconsin
 21 adjusted gross income and the denominator of which is federal adjusted gross
 22 income. In this paragraph, for married persons filing separately "adjusted gross
 23 income" means the separate adjusted gross income of each spouse, and for married
 24 persons filing jointly "adjusted gross income" means the total adjusted gross income

1 of both spouses. If an individual and that individual's spouse are not both domiciled
2 in this state during the entire taxable year, the tax brackets under subs. (1p) and (2)
3 (g) and (h) on a joint return shall be multiplied by a fraction, the numerator of which
4 is their joint Wisconsin adjusted gross income and the denominator of which is their
5 joint federal adjusted gross income.

History: 1987 a. 312; 1989 a. 31; 1993 a. 16; 1997 a. 27, 41, 237; 1999 a. 9; 2001 a. 16.

6 **SECTION 1202o.** 71.06 (2s) (e) of the statutes is created to read:

7 71.06 (2s) (e) For taxable years beginning after December 31, 2005, with
8 respect to nonresident individuals, including individuals changing their domicile
9 into or from this state, the tax brackets under subs. (1q) and (2) (i) and (j) shall be
10 multiplied by a fraction, the numerator of which is Wisconsin adjusted gross income
11 and the denominator of which is federal adjusted gross income. In this paragraph,
12 for married persons filing separately "adjusted gross income" means the separate
13 adjusted gross income of each spouse, and for married persons filing jointly "adjusted
14 gross income" means the total adjusted gross income of both spouses. If an individual
15 and that individual's spouse are not both domiciled in this state during the entire
16 taxable year, the tax brackets under subs. (1q) and (2) (i) and (j) on a joint return shall
17 be multiplied by a fraction, the numerator of which is their joint Wisconsin adjusted
18 gross income and the denominator of which is their joint federal adjusted gross
19 income."

20 2. Page 588, line 3: after that line insert:

21 "SECTION 1318e. 71.125 of the statutes is amended to read:

22 71.125 Imposition of tax. (1) Except as provided in sub. (2), the tax imposed
23 by this chapter on individuals and the rates under s. 71.06 (1), (1m), (1n), (1p), (1q),
24 and (2) shall apply to the Wisconsin taxable income of estates or trusts, except

1 nuclear decommissioning trust or reserve funds, and that tax shall be paid by the
2 fiduciary.

3 (2) Each electing small business trust, as defined in section 1361 (e) (1) of the
4 Internal Revenue Code, is subject to tax at the highest rate under s. 71.06 (1), (1m),
5 (1n) ~~or~~, (1p), or (1q), whichever taxable year is applicable, on its income as computed
6 under section 641 of the Internal Revenue Code, as modified by s. 71.05 (6) to (12),
7 (19) and (20).

History: 1987 a. 312; 1997 a. 27, 237; 1999 a. 9.

8 SECTION 1318s. 71.17 (6) of the statutes is amended to read:

9 71.17 (6) FUNERAL TRUSTS. If a qualified funeral trust makes the election under
10 section 685 of the Internal Revenue Code for federal income tax purposes, that
11 election applies for purposes of this chapter and each trust shall compute its own tax
12 and shall apply the rates under s. 71.06 (1), (1m), (1n) ~~or~~, (1p), or (1q)." ✓

History: 1987 a. 312; 1989 a. 31; 1997 a. 237; 1999 a. 9; 2001 a. 102.

13 ✓ 3. Page 689, line 25: after that line insert:

14 "SECTION 1430e. 71.64 (9) (b) (intro.) of the statutes is amended to read:

15 71.64 (9) (b) (intro.) The department shall from time to time adjust the
16 withholding tables to reflect any changes in income tax rates, any applicable surtax,
17 or any changes in dollar amounts in s. 71.06 (1), (1m), (1n), (1p), (1q), and (2) resulting
18 from statutory changes, except as follows:"

History: 1987 a. 312; 1989 a. 31; 1997 a. 27, 41; 1999 a. 9.

19 ✓ 4. Page 690, line 6: delete "or (1p)" and substitute "~~or~~, (1p), or (1q)". ✓

20 (END)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb0759/?dn

MES.../!...

WLJ

This amendment creates a ^(5P)5th individual income tax bracket for taxable income in excess of \$1,000,000. You may wish to have the amendment reviewed by the department of revenue, especially the changes to bracket indexing in s. 71.06 (2e) ^{as} _{created} § 71.06 (2e) (b) consistent with 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**

LRBb0759/1dn
MES:wlj:rs

June 29, 2005

This amendment creates a fifth individual income tax bracket for taxable income in excess of \$1,000,000. You may wish to have the amendment reviewed by the Department of Revenue, especially the changes to bracket indexing in s. 71.06 (2e). Is created s. 71.06 (2e) (b) consistent with your intent?

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



State of Wisconsin
2005 - 2006 LEGISLATURE

LRBb0759/1
MES:wlj:rs

SENATE AMENDMENT ,
TO 2005 ASSEMBLY BILL 100

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

2 1. Page 572, line 24: after that line insert:

3 "SECTION 1292e. 71.06 (1p) (intro.) of the statutes is amended to read:

4 71.06 (1p) FIDUCIARIES, SINGLE INDIVIDUALS AND HEADS OF HOUSEHOLDS; ~~AFTER~~ 2000
5 TO 2005. (intro.) The tax to be assessed, levied, and collected upon the taxable incomes
6 of all fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve
7 funds, and single individuals and heads of households shall be computed at the
8 following rates for taxable years beginning after December 31, 2000, and before
9 January 1, 2006:

10 SECTION 1292f. 71.06 (1q) of the statutes is created to read:

11 71.06 (1q) FIDUCIARIES, SINGLE INDIVIDUALS AND HEADS OF HOUSEHOLDS; AFTER
12 2005. The tax to be assessed, levied, and collected upon the taxable incomes of all
13 fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and

1 single individuals and heads of households shall be computed at the following rates
2 for taxable years beginning after December 31, 2005:

3 (a) On all taxable income from \$0 to \$7,500 , 4.6 percent.

4 (b) On all taxable income exceeding \$7,500 but not exceeding \$15,000, 6.15
5 percent.

6 (c) On all taxable income exceeding \$15,000 but not exceeding \$112,500, 6.5
7 percent.

8 (d) On all taxable income exceeding \$112,500 but not exceeding \$1,000,000,
9 6.75 percent.

10 (e) On all taxable income exceeding \$1,000,000, 7.75 percent.

11 **SECTION 1292g.** 71.06 (2) (g) (intro.) of the statutes is amended to read:

12 71.06 (2) (g) (intro.) For joint returns, for taxable years beginning after
13 December 31, 2000, and before January 1, 2006:

14 **SECTION 1292h.** 71.06 (2) (h) (intro.) of the statutes is amended to read:

15 71.06 (2) (h) (intro.) For married persons filing separately, for taxable years
16 beginning after December 31, 2000, and before January 1, 2006:

17 **SECTION 1292i.** 71.06 (2) (i) of the statutes is created to read:

18 71.06 (2) (i) For joint returns, for taxable years beginning after
19 December 31, 2005:

20 1. On all taxable income from \$0 to \$10,000, 4.6 percent.

21 2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 6.15
22 percent.

23 3. On all taxable income exceeding \$20,000 but not exceeding \$150,000, 6.5
24 percent.

1 4. On all taxable income exceeding \$150,000 but not exceeding \$1,000,000, 6.75
2 percent.

3 5. On all taxable income exceeding \$1,000,000, 7.75 percent.

4 **SECTION 1292j.** 71.06 (2) (j) of the statutes is created to read:

5 71.06 (2) (j) For married persons filing separately, for taxable years beginning
6 after December 31, 2005:

7 1. On all taxable income from \$0 to \$5,000, 4.6 percent.

8 2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 6.15
9 percent.

10 3. On all taxable income exceeding \$10,000 but not exceeding \$75,000, 6.5
11 percent.

12 4. On all taxable income exceeding \$75,000 but not exceeding \$500,000, 6.75
13 percent.

14 5. On all taxable income exceeding \$500,000, 7.75 percent.

15 **SECTION 1292k.** 71.06 (2e) of the statutes is renumbered 71.06 (2e) (a) and
16 amended to read:

17 71.06 (2e) BRACKET INDEXING. (a) For taxable years beginning after
18 December 31, 1998, and before January 1, 2000, the maximum dollar amount in
19 each tax bracket, and the corresponding minimum dollar amount in the next bracket,
20 under subs. (1m) and (2) (c) and (d), and for taxable years beginning after
21 December 31, 1999, and before January 1, 2006, the maximum dollar amount in
22 each tax bracket, and the corresponding minimum dollar amount in the next bracket,
23 under subs. (1n), (1p), and (2) (e), (f), (g), and (h), and for taxable years beginning
24 after December 31, 2006, the maximum dollar amount in each tax bracket, and the
25 corresponding minimum dollar amount in the next bracket, under subs. (1q) and (2)

1 (i) and (j), shall be increased each year by a percentage equal to the percentage
2 change between the U.S. consumer price index for all urban consumers, U.S. city
3 average, for the month of August of the previous year and the U.S. consumer price
4 index for all urban consumers, U.S. city average, for the month of August 1997, as
5 determined by the federal department of labor, except that for taxable years
6 beginning after December 31, 2000, and before January 1, 2002, the dollar amount
7 in the top bracket under subs. (1p) (c) and (d), (2) (g) 3. and 4. and (h) 3. and 4. shall
8 be increased by a percentage equal to the percentage change between the U.S.
9 consumer price index for all urban consumers, U.S. city average, for the month of
10 August of the previous year and the U.S. consumer price index for all urban
11 consumers, U.S. city average, for the month of August 1999, as determined by the
12 federal department of labor. Each amount that is revised under this subsection
13 paragraph shall be rounded to the nearest multiple of \$10 if the revised amount is
14 not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount
15 shall be increased to the next higher multiple of \$10. The department of revenue
16 shall annually adjust the changes in dollar amounts required under this subsection
17 paragraph and incorporate the changes into the income tax forms and instructions.

18 **SECTION 1292L.** 71.06 (2e) (b) of the statutes is created to read:

19 71.06 (2e) (b) For taxable years beginning after December 31, 2004, and before
20 January 1, 2006, the maximum dollar amount in each tax bracket, and the
21 corresponding minimum dollar amount in the next bracket, under subs. (1q) (a), (b),
22 (c), and (d) and (2) (i) 1., 2., 3., and 4. and (j) 1., 2., 3., and 4., shall be increased each
23 year by a percentage equal to the percentage change between the U.S. consumer
24 price index for all urban consumers, U.S. city average, for the month of August of the
25 previous year and the U.S. consumer price index for all urban consumers, U.S. city

1 average, for the month of August 1997, as determined by the federal department of
2 labor. Each amount that is revised under this paragraph shall be rounded to the
3 nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised
4 amount is a multiple of \$5, such an amount shall be increased to the next higher
5 multiple of \$10. The department of revenue shall annually adjust the changes in
6 dollar amounts required under this paragraph and incorporate the changes into the
7 income tax forms and instructions.

8 **SECTION 1292m.** 71.06 (2m) of the statutes is amended to read:

9 71.06 (2m) RATE CHANGES. If a rate under sub. (1), (1m), (1n), (1p), (1q), or (2)
10 changes during a taxable year, the taxpayer shall compute the tax for that taxable
11 year by the methods applicable to the federal income tax under section 15 of the
12 ~~internal revenue code~~ Internal Revenue Code.

13 **SECTION 1292n.** 71.06 (2s) (d) of the statutes is amended to read:

14 71.06 (2s) (d) For taxable years beginning after December 31, 2000, and before
15 January 1, 2006, with respect to nonresident individuals, including individuals
16 changing their domicile into or from this state, the tax brackets under subs. (1p) and
17 (2) (g) and (h) shall be multiplied by a fraction, the numerator of which is Wisconsin
18 adjusted gross income and the denominator of which is federal adjusted gross
19 income. In this paragraph, for married persons filing separately “adjusted gross
20 income” means the separate adjusted gross income of each spouse, and for married
21 persons filing jointly “adjusted gross income” means the total adjusted gross income
22 of both spouses. If an individual and that individual’s spouse are not both domiciled
23 in this state during the entire taxable year, the tax brackets under subs. (1p) and (2)
24 (g) and (h) on a joint return shall be multiplied by a fraction, the numerator of which

1 is their joint Wisconsin adjusted gross income and the denominator of which is their
2 joint federal adjusted gross income.

3 **SECTION 1202o.** 71.06 (2s) (e) of the statutes is created to read:

4 71.06 (2s) (e) For taxable years beginning after December 31, 2005, with
5 respect to nonresident individuals, including individuals changing their domicile
6 into or from this state, the tax brackets under subs. (1q) and (2) (i) and (j) shall be
7 multiplied by a fraction, the numerator of which is Wisconsin adjusted gross income
8 and the denominator of which is federal adjusted gross income. In this paragraph,
9 for married persons filing separately “adjusted gross income” means the separate
10 adjusted gross income of each spouse, and for married persons filing jointly “adjusted
11 gross income” means the total adjusted gross income of both spouses. If an individual
12 and that individual’s spouse are not both domiciled in this state during the entire
13 taxable year, the tax brackets under subs. (1q) and (2) (i) and (j) on a joint return shall
14 be multiplied by a fraction, the numerator of which is their joint Wisconsin adjusted
15 gross income and the denominator of which is their joint federal adjusted gross
16 income.”.

17 **2.** Page 588, line 3: after that line insert:

18 “**SECTION 1318e.** 71.125 of the statutes is amended to read:

19 **71.125 Imposition of tax.** (1) Except as provided in sub. (2), the tax imposed
20 by this chapter on individuals and the rates under s. 71.06 (1), (1m), (1n), (1p), (1q),
21 and (2) shall apply to the Wisconsin taxable income of estates or trusts, except
22 nuclear decommissioning trust or reserve funds, and that tax shall be paid by the
23 fiduciary.

1 (2) Each electing small business trust, as defined in section 1361 (e) (1) of the
2 Internal Revenue Code, is subject to tax at the highest rate under s. 71.06 (1), (1m),
3 (1n) ~~or~~, (1p), or (1q), whichever taxable year is applicable, on its income as computed
4 under section 641 of the Internal Revenue Code, as modified by s. 71.05 (6) to (12),
5 (19), and (20).

6 **SECTION 1318s.** 71.17 (6) of the statutes is amended to read:

7 71.17 (6) FUNERAL TRUSTS. If a qualified funeral trust makes the election under
8 section 685 of the Internal Revenue Code for federal income tax purposes, that
9 election applies for purposes of this chapter and each trust shall compute its own tax
10 and shall apply the rates under s. 71.06 (1), (1m), (1n) ~~or~~, (1p), or (1q).”

11 **3.** Page 689, line 25: after that line insert:

12 “**SECTION 1430e.** 71.64 (9) (b) (intro.) of the statutes is amended to read:

13 71.64 (9) (b) (intro.) The department shall from time to time adjust the
14 withholding tables to reflect any changes in income tax rates, any applicable surtax,
15 or any changes in dollar amounts in s. 71.06 (1), (1m), (1n), (1p), (1q), and (2) resulting
16 from statutory changes, except as follows:”

17 **4.** Page 690, line 6: delete “or (1p)” and substitute “~~or~~, (1p), or (1q)”.

18

(END)