



2005 ASSEMBLY BILL 104

February 17, 2005 – Introduced by Representatives KERKMAN, OWENS, ALBERS, BIES, BOYLE, DAVIS, FREESE, GIELOW, GRONEMUS, GUNDERSON, HAHN, HINES, HONADEL, HUNDERTMARK, JENSEN, JESKEWITZ, KRAWCZYK, KREIBICH, LEMAHIEU, MCCORMICK, MEYER, MURSAU, MUSSER, NASS, NISCHKE, OTT, PETROWSKI, PETTIS, PRIDEMORE, SUDER, TOWNSEND, VAN ROY, VOS, VRAKAS and WOOD, cosponsored by Senators KEDZIE, DARLING, HARSDORF, KANAVAS, A. LASEE, LASSA, LAZICH, LEIBHAM, ROESSLER and STEPP. Referred to Committee on Ways and Means. Referred to Joint Survey Committee on Tax Exemptions.

1 **AN ACT** *to renumber and amend* 71.05 (6) (b) 21.; and *to create* 71.05 (6) (b)
2 21. b., 71.05 (6) (b) 21. c., 71.05 (6) (b) 21. d., 71.05 (6) (b) 21. e. and 71.05 (6) (b)
3 21. f. of the statutes; **relating to:** increasing the amount of the individual
4 income tax subtract modification for social security benefits.

Analysis by the Legislative Reference Bureau

In general, under current law, 50 percent of certain social security benefits are taxed by this state once the recipient's income reaches \$34,000 for a single individual or \$44,000 for a married couple filing jointly, while the federal government taxes 85 percent of these same benefits.

Over the course of five years, beginning with 2006, this bill increases the exemption amount such that by 2010, the social security benefits which are included in the calculation of a taxpayer's federal adjusted gross income will be completely exempt from taxation. In 2006 the exemption amount is approximately 60 percent; in 2007, 70 percent; in 2008, 80 percent; in 2009, 90 percent; and in 2010 and thereafter, 100 percent.

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.

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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:

1 **SECTION 1.** 71.05 (6) (b) 21. of the statutes is renumbered 71.05 (6) (b) 21. a. and
2 amended to read:

3 71.05 (6) (b) 21. a. The For taxable years beginning before January 1, 2006, the
4 difference between the amount of social security benefits included in federal
5 adjusted gross income for the current year and the amount calculated under section
6 86 of the ~~internal revenue code~~ Internal Revenue Code as that section existed on
7 December 31, 1992.

8 **SECTION 2.** 71.05 (6) (b) 21. b. of the statutes is created to read:

9 71.05 (6) (b) 21. b. For taxable years beginning after December 31, 2005, and
10 before January 1, 2007, the difference between the amount of social security benefits
11 included in federal adjusted gross income for the current year and 80 percent of the
12 amount calculated under section 86 of the Internal Revenue Code as that section
13 existed on December 31, 1992.

14 **SECTION 3.** 71.05 (6) (b) 21. c. of the statutes is created to read:

15 71.05 (6) (b) 21. c. For taxable years beginning after December 31, 2006, and
16 before January 1, 2008, the difference between the amount of social security benefits
17 included in federal adjusted gross income for the current year and 60 percent of the
18 amount calculated under section 86 of the Internal Revenue Code as that section
19 existed on December 31, 1992.

20 **SECTION 4.** 71.05 (6) (b) 21. d. of the statutes is created to read:

