

# 05hr\_SC-JCEDCA\_sb0029\_pt01



(FORM UPDATED: 08/11/2010)

## WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

### 2005-06

(session year)

### Senate

(Assembly, Senate or Joint)

### Committee on ... Job Creation, Economic Development and Consumer Affairs (SC-JCEDCA)

### COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

### INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)  
(**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)  
(**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

## Senate

### Record of Committee Proceedings

#### **Committee on Job Creation, Economic Development and Consumer Affairs**

##### **Senate Bill 29**

Relating to: increasing the amount of the individual income tax personal exemption for certain older taxpayers.

By Senators Kedzie, Lazich, A. Lasee, Roessler, Leibham, Kanavas, Stepp and Lassa; cosponsored by Representatives Kerkman, Gronemus, Lothian, Hines, Nass, Jeskewitz, Davis, Pettis, Nischke, Krawczyk, Freese, Kreibich, Bies, Gunderson, Townsend, Honadel, Albers, Mursau, Loeffelholz, Van Roy, Vrakas, Ott and Towns.

January 27, 2005      Referred to Committee on Job Creation, Economic Development and Consumer Affairs.

April 19, 2005      **PUBLIC HEARING HELD**

Present:    (5)    Senators Kanavas, Zien, Reynolds, Lassa and Decker.  
Absent:    (0)    None.

##### Appearances For

- Neal Kedzie, Madison — Senator

##### Appearances Against

- None.

##### Appearances for Information Only

- Ms. Sherrie Gates-Hendrix, Madison — Department of Revenue

##### Registrations For

- Samantha Kerkman, Madison — Representative

##### Registrations Against

- None.

April 21, 2005      **EXECUTIVE SESSION HELD**

Present:    (5)    Senators Kanavas, Zien, Reynolds, Lassa and Decker.  
Absent:    (0)    None.

Moved by Senator Kanavas that **Senate Bill 29** be recommended for passage.

Ayes:    (5)    Senators Kanavas, Zien, Reynolds, Lassa and Decker.

Noes: (0) None.

PASSAGE RECOMMENDED, Ayes 5, Noes 0

Jeremy Shepherd  
Committee Clerk

**Record of Committee Proceedings**

~~Joint committee on Finance~~

~~Senate Bill 29~~

**SENATE BILL 29 (LRB -0725)**

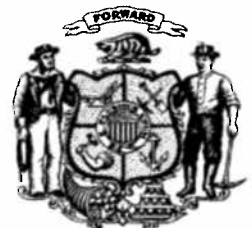
An Act to amend 71.03 (2) (a) 1. and 71.05 (23) (b) 3.; and to create 71.05 (23) (b) 4. and 71.05 (23) (b) 5. of the statutes; relating to: increasing the amount of the individual income tax personal exemption for certain older taxpayers.

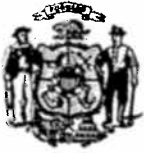
**2005**

01-27.	S.	Introduced by Senators <b>Kedzie, Lazich, A. Lasee, Roessler, Leibham, Kanavas, Stepp</b> and <b>Lassa</b> ; cosponsored by Representatives <b>Kerkman, Gronemus, Lothian, Hines, Nass, Jeskewitz, Davis, Pettis, Nischke, Krawczyk, Freese, Kreibich, Bies, Gunderson, Townsend, Honadel, Albers, Mursau, Loeffelholz, Van Roy, Vrakas, Ott</b> and <b>Towns</b> .	
01-27.	S.	Read first time and referred to committee on Job Creation, Economic Development and Consumer Affairs .....	58
02-11.	S.	Fiscal estimate received.	
04-19.	S.	Public hearing held.	
04-21.	S.	Executive action taken.	
04-22.	S.	Report passage recommended by committee on Job Creation, Economic Development and Consumer Affairs, Ayes 5, Noes 0 .....	183
04-22.	S.	Available for scheduling.	
04-22.	S.	Pursuant to Senate Rule 46 (2)(c), withdrawn from the committee on Senate Organization and rereferred to the joint committee on Finance .....	184
04-27.	S.	Senator <b>Brown</b> added as a coauthor .....	187
<b>2006</b>			
05-11.	S.	Failed to pass pursuant to Senate Joint Resolution 1 .....	853



# WISCONSIN STATE LEGISLATURE





# State of Wisconsin • DEPARTMENT OF REVENUE

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**Jim Doyle**  
Governor

**Michael L. Morgan**  
Secretary of Revenue

## Senate Job Creation, Economic Development and Consumer Affairs, April 19, 2005

### **Senate Bill 29 – Increase the Individual Income Tax Personal Exemption for Older Taxpayers (Senator Kedzie)**

#### *Description of Current Law and Proposed Change*

Under current law, a personal exemption of \$700 may be claimed for each taxpayer, spouse, and dependent. An additional exemption of \$250 may be claimed by a taxpayer or spouse who has reached the age of 65 by the close of the taxable year.

This bill increases the additional exemption for certain elderly individuals. Under the bill, the additional exemption for taxpayers and spouses who have reached the age of 70 before the close of the taxable year would increase to \$300, and the additional exemption for taxpayers and their spouses who have reached the age of 75 before the close of the taxable year would increase to \$350.

#### *Fairness/Tax Equity*

- This bill would affect approximately 106,000 tax filers, resulting in a \$7 average reduction in taxes for each tax filer. These filers represent 30% of all tax filers over age 65. Of the filers with a reduced tax liability, 38% have taxable income greater than \$40,000. Therefore, this bill provides a small reduction in taxes for the elderly, many of whom are earning more than \$40,000.
- Some advocate preferential tax treatment for elderly taxpayers to relieve them of expenses, for instance health care, not experienced by other taxpayers. Additionally, preferential treatment is advocated to encourage retirees to move to or remain in Wisconsin.
- Raising the personal exemption for the elderly is an effective policy tool for providing an across-the-board tax benefit for the elderly. However, this bill increases the exemption by different amounts and only for certain elderly taxpayers, depending on their age. Furthermore, the average reduction in taxes of \$7 does not significantly reduce taxes for the elderly.

#### *Impact on Economic Development*

- There is some concern that too many elderly are leaving the state because of the state's tax treatment. However, data obtained from the Census Bureau suggests that this is not the case, particularly in comparison with other states. According to the Census Bureau, Wisconsin ranked 33<sup>rd</sup> in the United States for elderly net migration from 1995 to 2000.

- Comparison of elderly migration patterns provides little evidence that tax treatment has a significant impact on residence decisions by the elderly. According to the U.S. Bureau of the Census, the net migration rates of elderly persons were negative for 1995 to 2000 – more elderly moving out than in – for Wisconsin and its four neighboring states, but Wisconsin had the lowest rate, -5.6 per 1,000 people.
- Although taxes are one factor retirees consider when deciding where to live, climate, location of relatives, and quality and availability of health care and public services are also important.

*Administrative Impact/Fiscal Effect*

- The bill would result in an annual GPR decrease of \$760,000. The department would incur one-time programming costs of \$37,400 and annual costs of \$24,700.

Prepared by: Kirstin Nelson, (608) 261-8984

April 19, 2005

KN:skr

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State Senator  
**Neal J. Kedzie**

11th Senate District

April 19, 2005

Senate Committee on Job Creation, Economic Development and Consumer Affairs  
State Senator Ted Kanavas, Chair  
Madison, WI

Dear Chairman Kanavas and Committee members,

Today marks 'Tax Freedom Day' in Wisconsin, or the first day of the year in which all earnings go to the taxpayers. It means that every day worked from January 4, 2005 to April 19, 2005 their earnings have gone to pay for federal, state and local government.

While that day is certainly coming sooner and sooner each year, for those living on fixed or retirement income, it is still too long to wait. That is why I have introduced a 'Senior Security' tax relief package, which is before you today as Senate Bills 29, 30 and 31. I thank you for your attention and review of all three.

If enacted, collectively it could mean hundreds, perhaps thousands, of real tax savings for our senior population each year. **Senate Bill 29** will create a graduated tax exemption for older taxpayers, and while moderate in scope, is a good first step. **Senate Bill 30** is the much-heralded pension income tax relief bill and is one I've personally been involved with for more than six years. This bill is a major component of the 'Senior Security' package. And finally, **Senate Bill 31** would offer tax free Social Security benefits within five years and would put Wisconsin in line with many other states that do so.

Again, thank you for your consideration of these very important bills. I hope the committee will look favorably upon them so Wisconsin can compete with more tax-friendly states and keep our senior population here at home.

Sincerely,

**Neal Kedzie**  
State Senator  
11<sup>th</sup> Senate District

NJK: dj





State Representative

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**Samantha J. Kerkman**

*Senate Bill 29*

*Statement of Representative Samantha Kerkman*

*Senate Committee on Job Creation, Economic Development and Consumer Affairs*

*April 19, 2005*

Chairman Kanavas and members of the committee, thank you for the opportunity to provide a statement on Senate Bill 29.

Senator Kedzie has been a true champion of Wisconsin taxpayers. Senate Bill 29 is another move towards making Wisconsin a more tax friendly state for our seniors. I am proud to be a co-author of the bill.

I hope the committee will seriously consider passage of Senate Bill 29. We all have constituents who are living month to month; this legislation will ensure that they can keep a little more in the bank at tax time.