



State of Wisconsin

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STEPHEN R. MILLER
CHIEF

January 23, 2007

MEMORANDUM

To: Representative Lothian

From: Marc E. Shovers, Sr. Legislative Attorney, (608) 266-0129

Subject: Technical Memorandum to **2007 AB-18** (LRB 07-0457/1) **by DOR**

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

January 18, 2007

TO: Marc Shovers
Legislative Reference Bureau

FROM: Rebecca Boldt
Department of Revenue

SUBJECT: Technical Memorandum on Assembly Bill 18: Exempting from Taxation
Retirement Plan Income

The Department has the following concerns related to the bill:

A qualified retirement plan includes Individual Retirement Accounts (IRA). IRAs may be withdrawn at any time or distributions may be made from other retirement plans when a person leaves to take a new job (with federal early distribution penalties). If it is not the intent to allow a subtraction for early distributions, the subtraction could be limited to persons of a certain age, etc. For example, it could be limited to distributions after age 59 ½ (this is when the federal early distribution penalty no longer applies), because you are disabled, or for distributions on or after death.

This bill first applies to taxable years beginning on January 1, 2007. There would be a problem if this bill was enacted late in the year after 2007 forms are sent to the printer. For this reason, it is preferable that it would first apply to taxable years beginning on January 1, 2008.

If you have any questions regarding this technical memorandum, please contact Brad Caruth at (608) 261-8984 or bradley.caruth@dor.state.wi.us.

cc: Representative Lothian