



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

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STEPHEN R. MILLER
CHIEF

April 9, 2008

MEMORANDUM

To: Representative Davis

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

Subject: Technical Memorandum to **2007 AB 953** (LRB-2255/1) 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

March 18, 2008

TO: Marc Shovers
Legislative Reference Bureau

FROM: Rebecca Boldt
Department of Revenue

SUBJECT: Technical Memorandum on Assembly Bill 953: Creating a Nonrefundable Individual Income Tax Credit for Certain Income Received by a Volunteer Fire Fighter , Volunteer First Responder, or Volunteer Emergency Medical Technician

The Department has the following concerns related to the bill:

This bill creates complexity for claimants in that persons will have to first determine their marginal tax rate before they can compute the credit. It would be simpler if the credit were computed using a fixed percentage rather than the marginal tax rate.

In addition, federal Public Law 110-142 provides an exclusion of up to \$30 a month for income received by these volunteers. It is not known whether a future update of the Internal Revenue Code for Wisconsin will include this provision. If it does, there will be further confusion as some of the income received will be allowed as a subtraction and, for Wisconsin, the balance, if any, will be used to compute the credit. If it doesn't, the volunteers will first have to file a schedule to add the excluded amount to federal income and then use it to compute the credit. It would be less confusing for the volunteers if Wisconsin simply followed the provisions in Public Law 110-142. However, this federal provision will only apply through taxable years beginning in 2010.

The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language could be developed and costs allocated in the following manner:

	Chapter 20	Amount	FTE
annual	s. 20.566 (1) (a)	\$4,400	-

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

cc: Representative Davis