

2007 DRAFTING REQUEST

Bill

Received: 11/15/2007

Received By: jkreye

Wanted: As time permits

Identical to LRB: 99-1526/1

For: Lena Taylor (608) 266-5810

By/Representing: eric

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters:

Subject: Tax, Individual - dedct/sbtrct

Extra Copies:

Submit via email: YES

Requester's email: Sen.Taylor@legis.wisconsin.gov

Carbon copy (CC:) to: marc.shovers@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Individual income tax exemption for certain employer-paid fringe benefits for mass transit expenses

Instructions:

See Attached. Based on 1999 SB 511 (LRB -1526). Under IRS Rev. Procedure 2006-53, as contained in Internal Revenue Bulletin 2006-48, the amount for TY 2007 is \$110 for transit passes.

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 11/16/2007	jdyer 11/20/2007		_____			State Tax
/1			rschluet 11/20/2007	_____	cduerst 11/20/2007	sbasford 11/21/2007	State Tax
/2	mshovers 11/30/2007	jdyer 12/03/2007	nnatzke 12/03/2007	_____	cduerst 12/03/2007	cduerst 12/03/2007	

FE Sent For:

at intro
12/11/07

<END>

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May Contact:

Addl. Drafters:

Subject: Tax, Individual - miscellaneous

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/?	mshovers	1 11/20 jld					
		11/16/07					

FE Sent For:

11/20/07

<END>

Internal Revenue Bulletin: 2006-48
November 27, 2006

Rev. Proc. 2006-53

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SECTION 3. 2007 ADJUSTED ITEMS
SECTION 4. EFFECT ON OTHER DOCUMENTS
SECTION 5. EFFECTIVE DATE
SECTION 6. DRAFTING INFORMATION

.13 Qualified Transportation Fringe. For taxable years beginning in 2007, the monthly limitation under § 132(f)(2)(A), regarding the aggregate fringe benefit exclusion amount for transportation in a commuter highway vehicle and any transit pass, is \$110. The monthly limitation under § 132(f)(2)(B), regarding the fringe benefit exclusion amount for qualified parking, is \$215.

Internal Revenue bulletin

Bulletin No. 2007-45
November 5, 2007

HIGHLIGHTS OF THIS ISSUE

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

INCOME TAX

Rev. Rul. 2007-64, page 953.

2007 base period T-bill rate. The "base period T-bill rate" for the period ending September 30, 2007, is published as required by section 995(f) of the Code.

Rev. Rul. 2007-66, page 956.

Federal rates; adjusted federal rates; adjusted federal long-term rate and the long-term exempt rate. For purposes of sections 382, 642, 1274, 1288, and other sections of the Code, tables set forth the rates for November 2007.

Rev. Proc. 2007-65, page 967.

This procedure under sections 704(b) and 45 of the Code provides the necessary requirements for partnerships to meet a safe harbor in allocating wind energy production tax credits.

Rev. Proc. 2007-66, page 970.

Cost-of-living adjustments for 2008. This procedure sets forth the cost-of-living adjustments to certain items for 2008 as required under various provisions of the Code and Service guidance. Rev. Procs. 90-12 and 2002-41 modified.

EMPLOYEE PLANS

Rev. Rul. 2007-65, page 949.

Employer's deduction for contributions; limitation on employer's deduction; welfare benefit funds. This ruling discusses whether an employer's deductions for contributions to a welfare benefit fund under section 419 of the Code are "qualified direct costs" with respect to premiums paid by a welfare benefit fund on cash value life insurance policies.

Notice 2007-83, page 960.

Abusive trust arrangements; cash value life insurance; welfare benefits. This notice identifies certain trust arrangements that claim to be welfare benefit funds and that utilize cash value life insurance policies, and substantially similar arrangements, as listed transactions.

Notice 2007-84, page 963.

Post-retirement medical and life insurance benefits; nondiscrimination; welfare benefit funds. This notice alerts taxpayers that the tax treatment of trusts providing post-retirement medical and life insurance benefits to owners and other key employees may not provide the tax benefits claimed.

Notice 2007-87, page 966.

2008 cost-of-living adjustments; retirement plans, etc. This notice sets forth certain cost-of-living adjustments effective January 1, 2008, applicable to the dollar limits on benefits under qualified defined benefit pension plans and to other provisions affecting (1) certain plans of deferred compensation and (2) "control employees." This notice also contains cost-of-living adjustments for several pension-related amounts in restating the data in News Release IR-2007-171 issued October 18, 2007.

(Continued on the next page)

Announcements of Disbarments and Suspensions begin on page 979.
Finding Lists begin on page ii.



Department of the Treasury
Internal Revenue Service

Rev. Proc. 2007-66

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The instructions for the Form 1040 series provide tables showing the amount of the earned income credit for each type of taxpayer.

(2) *Excessive investment income.* For taxable years beginning in 2008, the earned income tax credit is not allowed under § 32(i) if the aggregate amount of certain investment income exceeds \$2,950.

.08 *Low-Income Housing Credit.* For calendar year 2008, the amount used under § 42(h)(3)(C)(ii) to calculate the State housing credit ceiling for the low-income housing credit is the greater of (1) \$2.00

multiplied by the State population, or (2) \$2,325,000.

.09 *Alternative Minimum Tax Exemption for a Child Subject to the "Kiddie Tax."* For taxable years beginning in 2008, for a child to whom the § 1(g) "kiddie tax" applies, the exemption amount under §§ 55 and 59(j) for purposes of the alternative minimum tax under § 55 may not exceed the sum of (1) the child's earned income for the taxable year, plus (2) \$6,400.

.10 *Transportation Mainline Pipeline Construction Industry Optional Expense Substantiation Rules for Payments to Employees under Accountable Plans.* For

calendar year 2008, an eligible employer may pay certain welders and heavy equipment mechanics an amount of up to \$15 per hour for rig-related expenses that is deemed substantiated under an accountable plan if paid in accordance with Rev. Proc. 2002-41. If the employer provides fuel or otherwise reimburses fuel expenses, up to \$9 per hour is deemed substantiated if paid under Rev. Proc. 2002-41.

.11 *Standard Deduction.*

(1) *In general.* For taxable years beginning in 2008, the standard deduction amounts under § 63(c)(2) are as follows:

<i>Filing Status</i>	<i>Standard Deduction</i>
Married Individuals Filing Joint Returns and Surviving Spouses (§ 1(a))	\$10,900
Heads of Households (§ 1(b))	\$ 8,000
Unmarried Individuals (other than Surviving Spouses and Heads of Households) (§ 1(c))	\$ 5,450
Married Individuals Filing Separate Returns (§ 1(d))	\$ 5,450

(2) *Dependent.* For taxable years beginning in 2008, the standard deduction amount under § 63(c)(5) for an individual who may be claimed as a dependent by another taxpayer cannot exceed the greater of (1) \$900, or (2) the sum of \$300 and the individual's earned income.

(3) *Aged or blind.* For taxable years beginning in 2008, the additional standard deduction amount under § 63(f) for the aged or the blind is \$1,050. These amounts are increased to \$1,350 if the individual is also unmarried and not a surviving spouse.

.12 *Overall Limitation on Itemized Deductions.* For taxable years beginning in 2008, the "applicable amount" of adjusted gross income under § 68(b), above which the amount of otherwise allowable itemized deductions is reduced under § 68, is \$159,950 (or \$79,975 for a separate return filed by a married individual).

.13 *Qualified Transportation Fringe.* For taxable years beginning in 2008, the monthly limitation under § 132(f)(2)(A), regarding the aggregate fringe benefit exclusion amount for transportation in a commuter highway vehicle and any transit pass, is \$115. The monthly limitation under § 132(f)(2)(B), regarding the fringe benefit exclusion amount for qualified parking, is \$220.

.14 *Income from United States Savings Bonds for Taxpayers Who Pay Qualified Higher Education Expenses.* For taxable years beginning in 2008, the exclusion under § 135, regarding income from United States savings bonds for taxpayers who pay qualified higher education expenses, begins to phase out for modified adjusted gross income above \$100,650 for joint returns and \$67,100 for other returns. The exclusion is completely phased out for modified adjusted gross income of \$130,650 or more for joint returns and \$82,100 or more for other returns.

.15 *Adoption Assistance Programs.* For taxable years beginning in 2008, under § 137(a)(2) the amount that can be excluded from an employee's gross income for the adoption of a child with special needs is \$11,650. For taxable years beginning in 2008, under § 137(b)(1) the maximum amount that can be excluded from an employee's gross income for the amounts paid or expenses incurred by an employer for qualified adoption expenses furnished pursuant to an adoption assistance program for other adoptions by the employee is \$11,650. The amount excludable from an employee's gross income begins to phase out under § 137(b)(2)(A) for taxpayers with modified adjusted gross income in excess of \$174,730 and is com-

pletely phased out for taxpayers with modified adjusted gross income of \$214,730 or more. (See section 3.03 of this revenue procedure for the adjusted items relating to the adoption credit.)

.16 *Private Activity Bonds Volume Cap.* For calendar year 2008, the amounts used under § 146(d)(1) to calculate the State ceiling for the volume cap for private activity bonds is the greater of (1) \$85 multiplied by the State population, or (2) \$262,095,000.

.17 *General Arbitrage Rebate Rules.* For bond years ending in 2008, the amount of the computation credit determined under § 1.148-3(d)(4) of the proposed Income Tax Regulations is \$1,430.

.18 *Safe Harbor Rules for Broker Commissions on Guaranteed Investment Contracts or Investments Purchased for a Yield Restricted Defeasance Escrow.* For calendar year 2008, under § 1.148-5(e)(2)(iii)(B)(1), a broker's commission or similar fee for the acquisition of a guaranteed investment contract or investments purchased for a yield restricted defeasance escrow is reasonable if (1) the amount of the fee that the issuer treats as a qualified administrative cost does not exceed the lesser of (A) \$34,000, and (B) 0.2 percent of the computational base (as defined in § 1.148-5(e)(2)(iii)(B)(2)) or,

2007-2008

1999 - 2000 LEGISLATURE

LRB-1526/1

MES:cmh/kg:jf

-3480/1

jid
run NA

2007 1999 SENATE BILL 511

March 28, 2000 - Introduced by Senator BURKE, cosponsored by Representative BOCK. Referred to Joint survey committee on Tax Exemptions.

SAV
X-ref ✓

regen

1 AN ACT to create 71.05 (6) (b) 29. of the statutes; relating to: exempting from
2 income taxation certain employer-paid fringe benefits for mass transit
3 expenses. ✓

Analysis by the Legislative Reference Bureau

for taxable years beginning in 2008,

\$115
\$115

This bill creates an individual income tax exemption for the cost of a public transportation pass provided by an employer to an employee, or for the money paid by an employer to an employee to purchase such a pass, if the value of the pass exceeds \$60 per month. Under current federal law, such passes, or funds to pay for such passes, provided to an employee that have a value of \$60 per month or less are exempt from the income tax.

\$115

~~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 the bill.~~

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:

4 SECTION 1. 71.05 (6) (b) 29. of the statutes is created to read:

5 71.05 (6) (b) 29. An amount paid by an employer to an employee for the purchase

6 of a public transportation pass, token, or fare card, or the value of such a pass, token,

45
45

1
2
3

SENATE BILL 511

SECTION 1

1 or fare card provided by an employer to an employe, if the money provided for, or the
 2 value of, the pass, token, or fare card exceeds ~~\$60~~ ^{\$115} per month.

SECTION 2. Initial applicability.

4 (1) This act first applies to taxable years beginning on January 1 of the year
 5 in which this subsection takes effect, except that if this subsection takes effect after
 6 July 31 this act first applies to taxable years beginning on January 1 of the year
 7 following the year in which this subsection takes effect.

(END)

DELETED
 2007
 \$110 transit pass
 Rev. Procedure
 2006-53
 2008 → \$115
 Rev. Proc. 2007-66-45
 Bulletin # 2007-45

Basford, Sarah

From: Peterson, Eric
Sent: Tuesday, November 20, 2007 4:52 PM
To: LRB.Legal
Subject: Draft Review: LRB 07-3480/1 Topic: Individual income tax exemption for certain employer-paid fringe benefits for mass transit expenses

Please Jacket LRB 07-3480/1 for the SENATE.



RMR

2007 BILL

JACKET
requested

regen

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Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

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BILL

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(END)

10

Barman, Mike

From: Peterson, Eric
Sent: Monday, December 03, 2007 2:11 PM
To: LRB.Legal
Subject: Draft Review: LRB 07-3480/2 Topic: Individual income tax exemption for certain employer-paid fringe benefits for mass transit expenses

Please Jacket LRB 07-3480/2 for the SENATE.