

2011 DRAFTING REQUEST

Bill

Received: 01/11/2011

Received By: mshovers

Wanted: As time permits

Companion to LRB:

For: Lena Taylor (608) 266-5810

By/Representing: Eric

May Contact:

Drafter: mshovers

Subject: Tax, Individual - dedct/sbtrct

Addl. Drafters:

Extra Copies:

Submit via email: YES

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

Carbon copy (CC:) to:

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. Redraft 2009 SB 508 (LRB -0839/2)

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 01/12/2011	jdyer 01/14/2011		_____			State Tax
/1			mduchek 01/14/2011	_____	lparisi 01/14/2011	sbasford 08/22/2011	

FE Sent For:

*At intro  
8/22/2011*

<END>

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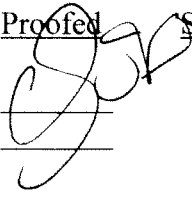
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/?	mshovers	1/14 jld					
1/1	MES	1/12/11					

FE Sent For:

<END>



**Worksheet 5-1. Figuring the Cost of Group-Term Life Insurance To Include in Income**

Keep for Your Records



1. Enter the total amount of your insurance coverage from your employer(s) . . . . .	1.	_____
2. Limit on exclusion for employer-provided group-term life insurance coverage . . . . .	2.	50,000
3. Subtract line 2 from line 1 . . . . .	3.	_____
4. Divide line 3 by \$1,000. Figure to the nearest tenth . . . . .	4.	_____
5. Go to Table 5-1. Using your age on the last day of the tax year, find your age group in the left column, and enter the cost from the column on the right for your age group . . . . .	5.	_____
6. Multiply line 4 by line 5 . . . . .	6.	_____
7. Enter the number of full months of coverage at this cost. . . . .	7.	_____
8. Multiply line 6 by line 7 . . . . .	8.	_____
9. Enter the premiums you paid per month . . . . .	9.	_____
10. Enter the number of months you paid the premiums . . . . .	10.	_____
11. Multiply line 9 by line 10. . . . .	11.	_____
12. Subtract line 11 from line 8. <b>Include this amount in your income as wages . . . . .</b>	12.	_____

**Example.** You are 51 years old and work for employers A and B. Both employers provide group-term life insurance coverage for you for the entire year. Your coverage is \$35,000 with employer A and \$45,000 with employer B. You pay premiums of \$4.15 a month under the employer B group plan. You figure the amount to include in your income as shown in Worksheet 5-1. Figuring the Cost of Group-Term Life Insurance to Include in Income—Illustrated, earlier.

**Table 5-1. Cost of \$1,000 of Group-Term Life Insurance for One Month**

Age	Cost
Under 25 . . . . .	\$ .05
25 through 29 . . . . .	.06
30 through 34 . . . . .	.08
35 through 39 . . . . .	.09
40 through 44 . . . . .	.10
45 through 49 . . . . .	.15
50 through 54 . . . . .	.23
55 through 59 . . . . .	.43
60 through 64 . . . . .	.66
65 through 69 . . . . .	1.27
70 and older . . . . .	2.06

**Entire cost excluded.** You are not taxed on the cost of group-term life insurance if any of the following circumstances apply.

1. You are permanently and totally disabled and have ended your employment.
2. Your employer is the beneficiary of the policy for the entire period the insurance is in force during the tax year.
3. A charitable organization (defined in chapter 24) to which contributions are deductible is the only beneficiary of the policy for the entire period the insurance is in force during the tax year. (You are not entitled to a deduction for a charitable contribution for naming a charitable organization as the beneficiary of your policy.)
4. The plan existed on January 1, 1984, and
  - a. You retired before January 2, 1984, and were covered by the plan when you retired, or
  - b. You reached age 55 before January 2, 1984, and were employed by the employer or its predecessor in 1983.

**Entire cost taxed.** You are taxed on the entire cost of group-term life insurance if either of the following circumstances apply.

- The insurance is provided by your employer through a qualified employees' trust, such as a pension trust or a qualified annuity plan.
- You are a key employee and your employer's plan discriminates in favor of key employees.

**Retirement Planning Services**

If your employer has a qualified retirement plan, qualified retirement planning services provided to you (and your spouse) by your employer are

not included in your income. Qualified services include retirement planning advice, information about your employer's retirement plan, and information about how the plan may fit into your overall individual retirement income plan. You cannot exclude the value of any tax preparation, accounting, legal, or brokerage services provided by your employer.

If your employer provides you with a qualified transportation fringe benefit, it can be excluded from your income, up to certain limits. A qualified transportation fringe benefit is:

- Transportation in a commuter highway vehicle (such as a van) between your home and work place,
- Qualified parking, or
- Qualified bicycle commuting reimbursement.

Cash reimbursement by your employer for these expenses under a *bona fide* reimbursement arrangement also is excludable. However, cash reimbursement for a transit pass is excludable only if a voucher or similar item that can be exchanged only for a transit pass is not readily available for direct distribution to you.

The exclusion for commuter transportation and transit pass fringe benefits cannot be more than \$230 a month.

The exclusion for the qualified parking fringe benefit cannot be more than \$230 a month.

The exclusion for qualified bicycle commuting in a calendar year is \$20 multiplied by the number of qualified bicycle commuting months that year.

If the benefits have a value that is more than these limits, the excess must be included in your income. You are not entitled to these exclusions if the reimbursements are made under a compensation reduction agreement.

**Commuter highway vehicle.** This is a highway vehicle that seats at least six adults (not including the driver). At least 80% of the vehicle's mileage must reasonably be expected to be:

- For transporting employees between their homes and work place, and
- On trips during which employees occupy at least half of the vehicle's adult seating capacity (not including the driver).

**Transit pass.** This is any pass, token, farecard, voucher, or similar item entitling a person to ride mass transit (whether public or private) free or at a reduced rate or to ride in a commuter highway vehicle operated by a person in the business of transporting persons for compensation.

**Qualified parking.** This is parking provided to an employee at or near the employer's place of business. It also includes parking provided on or near a location from which the employee commutes to work by mass transit, in a commuter highway vehicle, or by carpool. It does not include parking at or near the employee's home.

**Worksheet 5-1. Figuring the Cost of Group-Term Life Insurance to Include in Income—Illustrated**

Keep for Your Records



1. Enter the total amount of your insurance coverage from your employer(s) . . . . .	1.	80,000
2. Limit on exclusion for employer-provided group-term life insurance coverage . . . . .	2.	50,000
3. Subtract line 2 from line 1 . . . . .	3.	30,000
4. Divide line 3 by \$1,000. Figure to the nearest tenth . . . . .	4.	30.0
5. Go to Table 5-1. Using your age on the last day of the tax year, find your age group in the left column, and enter the cost from the column on the right for your age group . . . . .	5.	.23
6. Multiply line 4 by line 5 . . . . .	6.	6.90
7. Enter the number of full months of coverage at this cost. . . . .	7.	12
8. Multiply line 6 by line 7 . . . . .	8.	82.80
9. Enter the premiums you paid per month . . . . .	9.	4.15
10. Enter the number of months you paid the premiums . . . . .	10.	12
11. Multiply line 9 by line 10. . . . .	11.	49.80
12. Subtract line 11 from line 8. <b>Include this amount in your income as wages . . . . .</b>	12.	33.00



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRB-0839/2  
MES:kjph

0977/1

Handwritten initials and a circled signature: RMMR

2011 ~~2009~~ SENATE BILL 508

D-NOTE

February 2, 2010 - Introduced by Senators TAYLOR, COGGS and CARPENTER, cosponsored by Representatives TOLES, FIELDS, BERCEAU, ZEPNICK and SINICKI. Referred to Committee on Health, Health Insurance, Privacy, Property Tax Relief, and Revenue.

4

1 AN ACT to create 71.05 (6) (b) 47. 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

2010

230 ←

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, of up to \$120 per month. Under current federal law, for taxable years beginning in 2009, such passes, or funds to pay for such passes, provided to an employee that have a value of \$120 per month or less are exempt from the income tax. This federal exemption applies for Wisconsin purposes.

This bill first applies to taxable years beginning on January 1, 2011, except that if the bill takes effect after July 31, 2011, it first applies to taxable years beginning on January 1, 2012.

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.

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:

SENATE BILL 508

1 SECTION 1. 71.05 (6) (b) 47<sup>x</sup> of the statutes is created to read:

2 71.05 (6) (b) 47. Any amount paid by an employer to an employee for the  
3 purchase of a public transportation pass, token, or fare card, or the value of such a  
4 pass, token, or fare card provided by an employer to an employee, up to \$~~40~~<sup>keep 230</sup> per  
5 month.

6 SECTION 2. Initial applicability.

7 (1) This act first applies to taxable years beginning on<sup>v</sup> January 1, 2011, except  
8 that if this subsection takes effect after July 31, 2011<sup>v</sup>, this act first applies to taxable  
9 years beginning on January 1, 2012<sup>v</sup>.

10 (END)

0-NOTE

Senator Taylor!

This bill increases the exemption amount from \$115 to \$230 to reflect current federal law under the Internal Revenue Code.

MES  
MES

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-0977/1dn  
MES:jld:md

January 14, 2011

Senator Taylor:

This bill increases the exemption amount from \$115 to \$230 to reflect current federal law under the Internal Revenue Code.

Marc E. Shovers  
Managing Attorney  
Phone: (608) 266-0129  
E-mail: [marc.shovers@legis.wisconsin.gov](mailto:marc.shovers@legis.wisconsin.gov)



**Barman, Mike**

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**From:** Peterson, Eric  
**Sent:** Monday, August 22, 2011 9:37 AM  
**To:** LRB.Legal  
**Subject:** Draft Review: LRB 11-0977/1 Topic: Individual income tax exemption for certain employer-paid fringe benefits for mass transit expenses

Please Jacket LRB 11-0977/1 for the SENATE.