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## MEMORANDUM

TO Representative Vruwink

FROM Marc Shovers, Sr. Legislative Attorney, (608) 266-0129

DATE February 5, 2018

SUBJECT Technical memorandum to **2017 AB 890** (LRB-5023/1) 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

February 2, 2018

**TO:** Marc Shovers  
Legislative Reference Bureau

**FROM:** Bob Schmidt  
Department of Revenue

**SUBJECT:** Technical Memorandum on Assembly Bill 890: Relating to Creating an Individual Income Tax Subtract Modification for Certain Low Income Residents of Rural Areas

The Department has the following concerns related to the bill:

Under s. 71.05(6)(b)54.c., "family income" is defined as the federal adjusted gross income of the claimant and his or her spouse. If the claimant and his or her spouse use the married filing separate filing status, and are not living together, both incomes would be totaled to figure the subtractions, but they would not be in the same household.

DOR suggests amending the language as follows:

c. In this subdivision, "family income" means the federal adjusted gross income of the claimant and his or her spouse, if residing in the same homestead, as defined in s. 71.52 (3), in the year to which the claim relates.

Under s. 71.05(6)(b)54.d., "household" is defined as a claimant and his or her spouse and all minor dependents. Only one member of a household may claim the subtraction in a taxable year. If the claimant and his or her spouse are married filing separate and not living together, only one spouse or the other may claim the subtraction.

DOR suggests amending the language as follows:

d. In this subdivision, "household" means a claimant and his or her spouse, if residing in the same homestead, as defined in s. 71.52 (3), and all minor dependents.

As written, both a dependent and the individual claiming the dependent may be able to claim the credit if the dependent is not a "minor dependent". To address this issue, DOR suggests adding language as follows:

j. The claimant may not be claimed as a dependent on another individual's income tax return.

Under s. 71.05(6)(b)54.h., the individual must live in a rural area, however, it is not clear whether that means at the time of filing the claim, for the entire taxable year to which the claim relates, or some other period of time. This should be clarified.

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

cc: Representative Vruwink