

2019 DRAFTING REQUEST

Assembly Amendment (AA-AB221)

For: **Tod Ohnstad (608) 266-0455**

Drafter: **mshovers**

By: **Matt**

Secondary Drafters:

Date: **9/13/2019**

May Contact:

Same as LRB:

Submit via email: **YES**
Requester's email: **Rep.Ohnstad@legis.wisconsin.gov**
Carbon copy (CC) to: **Erika.Lunder@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Individual income tax exemption for federal civil service pension income

Instructions:

See attached. address DOR's tech memo issues

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P1	mshovers 9/13/2019	aernsttr 9/16/2019	dwalker 9/16/2019		
/1				lparisi 9/19/2019	

FE Sent For: **<END>**

Shovers, Marc

From: Egerer, Matt
Sent: Thursday, September 12, 2019 2:45 PM
To: Shovers, Marc
Subject: AB 221 Amendment
Attachments: AB221_TechMemo.pdf

Marc,

Rep. Ohnstad asked that I request an amendment that makes the 3 changes suggested by DOR in this memo.

Matt Egerer
Office of Representative Tod Ohnstad
Wisconsin State Representative
608.266.0455

MEMORANDUM

May 22, 2019

TO: Representative Ohnstad
FROM: Bob Schmidt
Department of Revenue
SUBJECT: Technical Memorandum on 2019 Assembly Bill 221: Relating to Exempting from Taxation the Pension Benefits of Certain Retired Federal Employees

The Department has the following concerns related to the bill:

Under Section 1 of the bill, the reference to other exempt retirement payments does not include s. 71.05 (1) (am), Stats. The Department suggests amending the language as follows:

71.05 (1) (ad) *Federal employee pension income.* One of the following amounts of payments received from the U.S. civil service retirement system, to the extent that such payments are not exempt under par. (a), (ae), (am), or (an):

Similarly, s. 71.05 (1) (am) should be amended to reference to the new federal employee pension income exemption. Note that a reference to exempt uniformed services retirement payments under s. 71.05 (1) (an), Stats., is also missing. The Department suggest amending language as follows:

71.05 (1) (am) *Military retirement systems.* All retirement payments received from the U.S. military employee retirement system, to the extent that such payments are not exempt under par. (a), (ad), or (ae), or (an).

The effective date of the bill is for taxable years beginning after December 31, 2018. If the bill is passed late in the year, forms may already be finalized by that time and the department may not have time to effectively implement an electronic filing option for 2019. To circumvent this issue, alternative effective date language could be:

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

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

cc: Marc Shovers

Shovers, Marc

From: Shovers, Marc
Sent: Thursday, June 06, 2019 4:50 PM
To: Egerer, Matt
Subject: RE: AB 221

Hi Matt:

The income limits in s. 71.05 (1) (ae) apply only to that subtract modification. They do not apply to the subtract modification in created s. 71.05 (1) (ad).

As for the technical memo, I generally don't agree with DOR's suggested changes to s. 71.05 (1) (ad) and (am); par. (am) deals with the military retirement system, and par. (ad) deals with the civil service retirement system, so I believe DOR's suggestion is unnecessary to the extent it affects pars. (ad) and (am) cross-referencing each other.

As far as DOR's suggestion that par. (am) be amended to add a cross-reference to (an), I agree that that may be a good idea, although that change has nothing to do with your bill – it's just a technical issue that DOR seems to have noticed when reviewing AB 221.

DOR is right about the timing issues, if the bill were to pass late in the year. If the bill is not enacted by approximately August 1, 2019, I suggest the years in the bill be advanced by one.

Please let me know if you have any additional questions or concerns. I'd be happy to discuss these issues by phone tomorrow if you'd like.

Thanks,

Marc

Marc Shovers
Senior Legislative Attorney
Legislative Reference Bureau
608-504-5876
marc.shovers@legis.wisconsin.gov

From: Egerer, Matt <Matt.Egerer@legis.wisconsin.gov>
Sent: Thursday, June 06, 2019 4:27 PM
To: Shovers, Marc <Marc.Shovers@legis.wisconsin.gov>
Subject: AB 221

Marc,

Rep. Ohnstad asked that I check in on two issues on AB 221 that you'd drafted.

First, he was asked by a constituent and asked that I double-check if the income limits [\$15,000 or \$30,000 married] in 71.05(1)(ae) would also apply to the tax exemption in the bill.

Second, as you know we received a technical memo on the bill from DOR. I presume these are changes that we should consider and have drafted as a simple amendment, but I wanted to discuss them a bit further.

Matt Egerer
Office of Representative Tod Ohnstad
Wisconsin State Representative
608.266.0455



PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION
ASSEMBLY AMENDMENT ,
TO ASSEMBLY BILL 221

MOR.

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1 At the locations indicated, amend the bill as follows:

2 **1.** Page 2, line 4: after “(ae),” insert “(am),”.

3 **2.** Page 3, line 3: after that line insert:

4 **SECTION 71.05 (1) (am)** of the statutes is amended to read:

5 **71.05 (1) (am) Military retirement systems.** All retirement payments received
6 from the U.S. military employee retirement system, to the extent that such payments
7 are not exempt under par. (a) or ~~(ad)~~, (ae), or (an). ^{edit quote}

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; 2011 a. 3, 5, 10, 32, 212, 232, 237; 2011 a. 260 ss. 80, 81; 2013 a. 19, 20, 128, 145; 2013 a. 166 s. 76; 2013 a. 173, 227; 2015 a. 55, 60, 84, 195; 2015 a. 197 s. 51; 2015 a. 216, 312; 2017 a. 17, 58, 59, 197, 231, 368; 2019 a. 7, 9.

8 **3.** Page 4, line 6: delete that line and substitute:

9 “(1) This act first applies to taxable years beginning on January 1 of the year
10 in which this subsection takes effect, except that if this subsection takes effect after

1 July 31, this act first applies to taxable years beginning on January 1 of the year
2 following the year in which this subsection takes effect.”.

3 (END)

Shovers, Marc

From: Barman, Mike
Sent: Thursday, September 19, 2019 1:51 PM
To: Shovers, Marc
Subject: Re-draft request ... LRB a0512/P1

From: Rep.Ohnstad <Rep.Ohnstad@legis.wisconsin.gov>
Sent: Thursday, September 19, 2019 1:50 PM
To: LRB.Legal <lrblegal@legis.wisconsin.gov>
Subject: RE: Draft review: LRB a0512/P1

Thank you - please provide an introducible draft of this amendment.

From: LRB.Legal <lrblegal@legis.wisconsin.gov>
Sent: Monday, September 16, 2019 11:50 AM
To: Rep.Ohnstad <Rep.Ohnstad@legis.wisconsin.gov>
Subject: Draft review: LRB a0512/P1

Following is the PDF version of draft LRB a0512/P1.



11
No
Changes

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION
ASSEMBLY AMENDMENT ,
TO ASSEMBLY BILL 221

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 2, line 4: after "(ae)," insert "(am),".

3 **2.** Page 3, line 3: after that line insert:

4 "SECTION 2s. 71.05 (1) (am) of the statutes is amended to read:

5 71.05 (1) (am) *Military retirement systems.* All retirement payments received
6 from the U.S. military employee retirement system, to the extent that such payments
7 are not exempt under par. (a) ~~or~~, (ad), (ae), or (an)."

8 **3.** Page 4, line 6: delete that line and substitute:

9 "(1) This act first applies to taxable years beginning on January 1 of the year
10 in which this subsection takes effect, except that if this subsection takes effect after

1 July 31, this act first applies to taxable years beginning on January 1 of the year
2 following the year in which this subsection takes effect.”.

3 (END)