



**ASSEMBLY AMENDMENT 21,
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 1997 ASSEMBLY BILL 768**

May 6, 1998 – Offered by Representative WASSERMAN.

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 16, line 8: delete that line.

3 **2.** Page 16, line 9: delete “education costs;” and substitute “modifying the
4 structure of the individual income tax system;”.

5 **3.** Page 203, line 10: after that line insert:

6 “SECTION 281t. 71.05 (6) (a) (intro.) of the statutes is amended to read:

7 71.05 (6) (a) *Additions.* (intro.) To federal adjusted gross income, for taxable
8 years beginning before January 1, 1998, add:”.

9 **4.** Page 204, line 17: after that line insert:

10 “SECTION 282e. 71.05 (6) (a) 15. of the statutes, as affected by 1997 Wisconsin
11 Act 27, is amended to read:

1 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
2 (2di), (2dj), (2dL), (2dr), (2ds), and (2dx) ~~and (3s)~~ and not passed through by a
3 partnership, limited liability company or tax-option corporation that has added that
4 amount to the partnership's, company's or tax-option corporation's income under s.
5 71.21 (4) or 71.34 (1) (g).

6 **SECTION 282t.** 71.05 (6) (b) (intro.) of the statutes is amended to read:

7 71.05 (6) (b) *Subtractions.* (intro.) From federal adjusted gross income, for
8 taxable years beginning before January 1, 1998, subtract to the extent included in
9 federal taxable or adjusted gross income unless the modification is an item, other
10 than a capital gain deduction under s. 71.36 or interest on U.S. obligations, that is
11 passed through to an individual from a tax-option corporation and would be included
12 in that corporation's income if it were not a tax-option corporation:".

13 **5.** Page 204, line 18: delete the material beginning with that line and ending
14 with page 209, line 13.

15 **6.** Page 209, line 13: after that line insert:

16 **"SECTION 284e.** 71.05 (22) (dm) of the statutes is amended to read:

17 71.05 (22) (dm) (title) *Deduction limits; 1994 and thereafter to 1997.* Except
18 as provided in par. (f), for taxable years beginning on or after January 1, 1994, but
19 before January 1, 1998, the Wisconsin standard deduction is whichever of the
20 following amounts is appropriate. For a single individual who has a Wisconsin
21 adjusted gross income of less than \$7,500, the standard deduction is \$5,200. For a
22 single individual who has a Wisconsin adjusted gross income of at least \$7,500 but
23 not more than \$50,830, the standard deduction is the amount obtained by
24 subtracting from \$5,200 12% of Wisconsin adjusted gross income in excess of \$7,500

1 but not less than \$0. For a single individual who has a Wisconsin adjusted gross
2 income of more than \$50,830, the standard deduction is \$0. For a head of household
3 who has a Wisconsin adjusted gross income of less than \$7,500, the standard
4 deduction is \$7,040. For a head of household who has a Wisconsin adjusted gross
5 income of at least \$7,500 but not more than \$25,000, the standard deduction is the
6 amount obtained by subtracting from \$7,040 22.515% of Wisconsin adjusted gross
7 income in excess of \$7,500 but not less than \$0. For a head of household who has a
8 Wisconsin adjusted gross income of more than \$25,000, the standard deduction shall
9 be calculated as if the head of household were a single individual. For a married
10 couple filing jointly that has an aggregate Wisconsin adjusted gross income of less
11 than \$10,000, the standard deduction is \$8,900. For a married couple filing jointly
12 that has an aggregate Wisconsin adjusted gross income of at least \$10,000 but not
13 more than \$55,000, the standard deduction is the amount obtained by subtracting
14 from \$8,900 19.778% of aggregate Wisconsin adjusted gross income in excess of
15 \$10,000 but not less than \$0. For a married couple filing jointly that has an aggregate
16 Wisconsin adjusted gross income of more than \$55,000, the standard deduction is \$0.
17 For a married individual filing separately who has a Wisconsin adjusted gross
18 income of less than \$4,750, the standard deduction is \$4,230. For a married
19 individual filing separately who has a Wisconsin adjusted gross income of at least
20 \$4,750 but not more than \$26,140, the standard deduction is the amount obtained
21 by subtracting from \$4,230 19.778% of Wisconsin adjusted gross income in excess of
22 \$4,750 but not less than \$0. For a married individual filing separately who has a
23 Wisconsin adjusted gross income of more than \$26,140, the standard deduction is \$0.
24 The secretary of revenue shall prepare a table under which deductions under this

1 paragraph shall be determined. That table shall be published in the department's
2 instructional booklets.

3 **SECTION 284f.** 71.05 (22) (ds) of the statutes, as created by 1997 Wisconsin Act
4 27, is repealed.

5 **SECTION 284g.** 71.05 (22) (i) of the statutes is created to read:

6 71.05 (22) (i) *Standard deduction may not be claimed.* No standard deduction
7 may be claimed under this subsection for taxable years beginning after December 31,
8 1997.

9 **SECTION 284m.** 71.07 (1) of the statutes is amended to read:

10 71.07 (1) CLAIM OF RIGHT CREDIT. ~~Any~~ For taxable years that begin before
11 January 1, 1998, any natural person may credit against taxes otherwise due under
12 this chapter the decrease in tax under this chapter for the prior taxable year that
13 would be attributable to subtracting income taxed for that year under the claim of
14 right doctrine but repaid, as calculated under section 1341 of the internal revenue
15 code, if the income repaid is greater than \$3,000 and the amount is not subtracted
16 in computing Wisconsin adjusted gross income or used in computing the credit under
17 sub. (5) (a). If the allowable amount of the claim exceeds the claimant's taxes due
18 under this chapter the amount of the claim not used to offset those taxes shall be
19 certified to the department of administration for payment to the claimant by check,
20 share draft or other draft drawn on the general fund.

21 **SECTION 284n.** 71.07 (3) of the statutes is amended to read:

22 71.07 (3) FARMLAND PRESERVATION CREDIT. The farmland preservation credit
23 under subch. IX may be claimed against taxes otherwise due except that, subject to
24 s. 71.61 (6), no new claim may be filed under this subsection for a taxable year that
25 begins after December 31, 1997.

1 **SECTION 284no.** 71.07 (3m) (e) of the statutes is created to read:

2 71.07 (3m) (e) *Prohibition on filing new claims.* No new claim may be filed
3 under this subsection for a taxable year that begins after December 31, 1997.

4 **SECTION 284nq.** 71.07 (3s) of the statutes, as created by 1997 Wisconsin Act
5 27, is repealed.

6 **SECTION 284ns.** 71.07 (4) of the statutes is amended to read:

7 71.07 (4) HOMESTEAD CREDIT. The homestead credit under subch. VIII may be
8 claimed by individuals against taxes otherwise due, except that no new claim may
9 be filed under this subsection for a taxable year that begins after December 31, 1997.

10 **SECTION 284nv.** 71.07 (5) (intro.) of the statutes is amended to read:

11 71.07 (5) ITEMIZED DEDUCTIONS CREDIT. (intro.) Single For taxable years
12 beginning before January 1, 1998, single persons, married persons filing separately
13 and married persons filing jointly may claim as a credit against, but not to exceed
14 the amount of, Wisconsin net income taxes due an amount calculated as follows:

15 **SECTION 284nx.** 71.07 (5m) of the statutes, as created by 1997 Wisconsin Act
16 27, is repealed.

17 **SECTION 284p.** 71.07 (6) (am) of the statutes, as created by 1997 Wisconsin Act
18 27, is repealed.

19 **SECTION 284pm.** 71.07 (7) (c) of the statutes is created to read:

20 71.07 (7) (c) No new claim may be filed under this subsection for a taxable year
21 that begins after December 31, 1997.

22 **SECTION 284ps.** 71.07 (8) (d) of the statutes is created to read:

23 71.07 (8) (d) No new claim may be filed under this subsection for a taxable year
24 that begins after December 31, 1997.

25 **SECTION 285m.** 71.07 (9) (g) of the statutes is created to read:

1 71.07 (9) (g) No new claim may be filed under this subsection for a taxable year
2 that begins after December 31, 1997.

3 **SECTION 285n.** 71.07 (9e) (g) of the statutes is created to read:

4 71.07 (9e) (g) No new claim may be filed under this subsection for a taxable year
5 that begins after December 31, 1997.

6 **SECTION 285p.** 71.07 (9m) (g) of the statutes is created to read:

7 71.07 (9m) (g) No new claim may be filed under this subsection for a taxable
8 year that begins after December 31, 1997.

9 **SECTION 285pm.** 71.07 (9r) (L) of the statutes is created to read:

10 71.07 (9r) (L) No new claim may be filed under this subsection for a taxable
11 year that begins after December 31, 1997.”.

12 **7.** Page 209, line 18: delete “(3s).”.

13 **8.** Page 210, line 1: delete lines 1 and 2 and substitute:

14 “**SECTION 286n.** 71.10 (4) (de) of the statutes, as created by 1997 Wisconsin Act
15 27, is repealed.

16 **SECTION 286s.** 71.10 (4) (du) of the statutes, as created by 1997 Wisconsin Act
17 27, is repealed.”.

18 **9.** Page 210, line 14: after that line insert:

19 “**SECTION 289s.** 71.21 (4) of the statutes, as affected by 1997 Wisconsin Act 27,
20 is amended to read:

21 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
22 (2dj), (2dL), (2ds), and (2dx) ~~and (3s)~~ and passed through to partners shall be added
23 to the partnership’s income.”.

24 **10.** Page 220, line 9: after that line insert:

1 **“SECTION 297t.** 71.55 (11) of the statutes is created to read:

2 71.55 (11) PROHIBITION ON FILING NEW CLAIMS. No new claim may be filed under
3 this subchapter for a taxable year that begins after December 31, 1997.

4 **SECTION 297v.** 71.61 (6) of the statutes is created to read:

5 71.61 (6) PROHIBITION ON FILING NEW CLAIMS. No new claim may be filed under
6 this subchapter for a taxable year that begins after December 31, 1997, except that
7 an otherwise eligible claimant who is a party to a farmland preservation agreement
8 that is described under s. 71.59 (1) (c) or who is a party to a certificate of a zoning
9 authority that is described under s. 71.59 (1) (d), either of which is in effect on the
10 effective date of this subsection [revisor inserts date], may continue to claim the
11 credit under this subchapter until the expiration of the agreement or certificate.

12 **SECTION 297vw.** 71.64 (9) (b) of the statutes, as affected by 1997 Wisconsin Act
13 41, is amended to read:

14 71.64 (9) (b) The department shall from time to time adjust the withholding
15 tables to reflect any changes in income tax rates, any applicable surtax or any
16 changes in dollar amounts in s. 71.06 (1), (1m) and (2) resulting from statutory
17 changes, except that the department may not adjust the withholding tables to reflect
18 the changes in rates in s. 71.06 (1m) and (2) (c) and (d) and any changes in dollar
19 amounts with respect to bracket indexing under s. 71.06 (2e) ~~and with respect to~~
20 ~~standard deduction indexing under s. 71.05 (22) (ds)~~ for any taxable year that begins
21 before January 1, 2000. ~~The tables shall account for the working families tax credit~~
22 ~~under s. 71.07 (5m).~~ The tables shall be extended to cover from zero to 10 withholding
23 exemptions, shall assume that the payment of wages in each pay period will, when
24 multiplied by the number of pay periods in a year, reasonably reflect the annual wage
25 of the employe from] the employer and shall be based on the further assumption that

1 the annual wage will be reduced for allowable deductions from gross income. The
2 department may determine the length of the tables and a reasonable span for each
3 bracket. In preparing the tables the department shall adjust all withholding
4 amounts not an exact multiple of 10 cents to the next highest figure that is a multiple
5 of 10 cents. The department shall also provide instructions with the tables for
6 withholding with respect to quarterly, semiannual and annual pay periods.”.

7 **11.** Page 242, line 11: after that line insert:

8 “**SECTION 315n.** 77.92 (4) of the statutes, as affected by 1997 Wisconsin Act 27,
9 is amended to read:

10 77.92 (4) “Net business income”, with respect to a partnership, means taxable
11 income as calculated under section 703 of the internal revenue code; plus the items
12 of income and gain under section 702 of the internal revenue code; minus the items
13 of loss and deduction under section 702 of the internal revenue code; plus payments
14 treated as not made to partners under section 707 (a) of the internal revenue code;
15 plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), and
16 (2dx) ~~and (3s)~~; but excluding income, gain, loss and deductions from farming. “Net
17 business income”, with respect to a natural person, estate or trust, means profit from
18 a trade or business for federal income tax purposes and includes net income derived
19 as an employe as defined in section 3121 (d) (3) of the internal revenue code.”.

20 **12.** Page 531, line 23: after that line insert:

21 “(2xz) MODIFICATION OF THE INDIVIDUAL INCOME TAX SYSTEM, DEPARTMENT OF
22 REVENUE RESPONSIBILITIES.

23 (a) The department of revenue shall determine the net economic effect of the
24 treatment in this act of sections 71.05 (6) (a) (intro.) and (b) (intro.) and (22) (dm), (ds)

1 and (i), 71.07 (1), (3), (3m) (e), (3s), (4), (5) (intro.), (5m), (6) (am), (7) (c), (8) (d), (9)
2 (g), (9e) (g), (9m) (g) and (9r) (L), 71.10 (4) (de) and (du), 71.55 (11), 71.61 (6) and 71.64
3 (9) (b) of the statutes on the state's revenues.

4 (b) If the department determines that the state will have more revenue because
5 of the treatment of the sections listed in paragraph (a) than it would if these
6 treatments had not occurred, the department shall calculate the extra amount of
7 revenue that the state will have because of the treatment of the statutes listed in
8 paragraph (a). The department shall then adjust downward the rates of taxation
9 listed in section 71.06 (1m) and (2) (c) and (d) of the statutes, on a proportional basis,
10 for taxable years beginning on January 1, 1998, in such a way that the extra amount
11 of revenue that the state will have because of the treatment of the statutes listed in
12 paragraph (a) is fully expended.”.

13 **13.** Page 555, line 17: delete lines 17 to 22.

14 **14.** Page 570, line 25: after that line insert:

15 “(1xz) MODIFICATION OF THE INDIVIDUAL INCOME TAX SYSTEM. The treatment of
16 sections 71.05 (6) (a) 15. and (22) (ds), 71.07 (3s), (5m) and (6) (am), 71.10 (4) (de) and
17 (du), 71.64 (9) (b) and 77.92 (4) of the statutes first applies to taxable years beginning
18 on January 1, 1998.”.

19 **15.** Page 571, line 6: delete lines 6 to 11.

20 (END)