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ASSEMBLY SUBSTITUTE AMENDMENT 1, TO 2005 ASSEMBLY BILL 78

April 12, 2005 - Offered by Representative MUSSER.

AN ACT to create 71.05 (6) (b) 35. and 71.07 (6m) (c) 5. of the statutes; relating to: creating an individual income tax exemption for military income received by certain members of the U.S. armed forces and sunsetting the armed forces member tax credit.

Analysis by the Legislative Reference Bureau

For taxable years beginning after December 31, 2004, this substitute amendment exempts from taxation all military income received from the federal government by an individual who is on active duty in the U.S. armed forces and who is either stationed outside this state or who is serving in this state on certain specified tasks.

Under current law, the armed forces member tax credit allows an active duty member of the U.S. armed forces to claim a nonrefundable individual income tax credit of up to \$200 in military income received each year from the federal government for services performed while the claimant is stationed outside of the United States. Because the credit is nonrefundable, no amount will be paid to the claimant by check if the credit he or she is due exceeds his or her tax liability.

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Under this substitute amendment, no new claims may be made for the credit for taxable years that begin after December 31, 2004.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2	71.05 (6) (b) 35. For taxable years that begin after December 31, 2004, any
3	amount of basic, special, or incentive pay income, as those terms are used in 37 USC
4	chapters 3 and 5, received from the federal government by any of the following, to the
5	extent that such income is not subtracted under subd. 34.:

Section 1. 71.05 (6) (b) 35. of the statutes is created to read:

- a. An individual who is on active duty in the U.S. armed forces, as defined in 26 USC 7701 (a) (15), and who is stationed outside this state.
- b. An individual who is on active duty in the U.S. armed forces, as defined in 26 USC 7701 (a) (15), and who is serving within this state under 10 USC 12301 (d).
 - **SECTION 2.** 71.07 (6m) (c) 5. of the statutes is created to read:
- 71.07 (6m) (c) 5. No new claims may be filed under this subsection for taxable years that begin after December 31, 2004.

13 (END)