



1999 ASSEMBLY BILL 546

October 20, 1999 - Introduced by Representatives KREUSER, AINSWORTH, BOYLE, CULLEN, HASENOHRL, LA FAVE, MUSSER, STEINBRINK, TURNER and WAUKAU, cosponsored by Senators DARLING and PLACHE. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 71.52 (6) of the statutes; **relating to:** modifying the definition
2 of "income" under the homestead tax credit.

Analysis by the Legislative Reference Bureau

Under current law, "income" is defined under the homestead tax credit as the sum of Wisconsin adjusted gross income (AGI) and a number of other items, to the extent that the other items are not included in Wisconsin AGI, such as certain public assistance payments, nontaxable interest received on state and municipal bonds and certain retirement benefits. One of the retirement benefits that is currently included in the definition of income is the gross amount of any pension or annuity.

This bill changes the definition of "income" under the homestead credit to include only the taxable amount of any pension or annuity, rather than the gross amount.

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:

3 **SECTION 1.** 71.52 (6) of the statutes is amended to read:
4 71.52 (6) "Income" means the sum of Wisconsin adjusted gross income and the
5 following amounts, to the extent not included in Wisconsin adjusted gross income:

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1 maintenance payments (except foster care maintenance and supplementary
2 payments excludable under section 131 of the internal revenue code), support money,
3 cash public assistance (not including credit granted under this subchapter and
4 amounts under s. 46.27), cash benefits paid by counties under s. 59.53 (21), the ~~gross~~
5 taxable amount of any pension or annuity (including railroad retirement benefits,
6 all payments received under the federal social security act and veterans disability
7 pensions), nontaxable interest received from the federal government or any of its
8 instrumentalities, nontaxable interest received on state or municipal bonds,
9 worker’s compensation, unemployment insurance, the gross amount of “loss of time”
10 insurance, compensation and other cash benefits received from the United States for
11 past or present service in the armed forces, scholarship and fellowship gifts or
12 income, capital gains, gain on the sale of a personal residence excluded under section
13 121 of the internal revenue code, dividends, income of a nonresident or part-year
14 resident who is married to a full-year resident, housing allowances provided to
15 members of the clergy, the amount by which a resident manager’s rent is reduced,
16 nontaxable income of an American Indian, nontaxable income from sources outside
17 this state and nontaxable deferred compensation. Intangible drilling costs,
18 depletion allowances and depreciation, including first-year depreciation allowances
19 under section 179 of the internal revenue code, amortization, contributions to
20 individual retirement accounts under section 219 of the internal revenue code,
21 contributions to Keogh plans, net operating loss carry-forwards and capital loss
22 carry-forwards deducted in determining Wisconsin adjusted gross income shall be
23 added to “income”. “Income” does not include gifts from natural persons, cash
24 reimbursement payments made under title XX of the federal social security act,
25 surplus food or other relief in kind supplied by a governmental agency, the gain on

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1 the sale of a personal residence deferred under section 1034 of the internal revenue
2 code or nonrecognized gain from involuntary conversions under section 1033 of the
3 internal revenue code. Amounts not included in adjusted gross income but added to
4 “income” under this subsection in a previous year and repaid may be subtracted from
5 income for the year during which they are repaid. Scholarship and fellowship gifts
6 or income that are included in Wisconsin adjusted gross income and that were added
7 to household income for purposes of determining the credit under this subchapter in
8 a previous year may be subtracted from income for the current year in determining
9 the credit under this subchapter. A marital property agreement or unilateral
10 statement under ch. 766 has no effect in computing “income” for a person whose
11 homestead is not the same as the homestead of that person’s spouse.

12 **SECTION 2. Initial applicability.**

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

17 (END)