

State of Misconsin 2021 - 2022 LEGISLATURE

LRB-4868/P2 JK:emw

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1	AN ACT to renumber and amend 71.05 (6) (b) 8.; and to create 71.05 (6) (b) 8.
2	a. and b. of the statutes; relating to: updating the income tax subtraction for
3	unemployment compensation (suggested as remedial legislation by the
4	Department of Revenue).

Analysis by the Legislative Reference Bureau

Under current law, an individual may claim an income tax subtraction equal to an amount of the unemployment compensation the individual received in the taxable year, as determined under a section of the Internal Revenue Code as it existed prior to December 31, 1985. This bill replaces a reference to that section of the IRC with the actual language of that section.

For further information, see the Notes provided by the Law Revision Committee of the Joint Legislative Council.

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

Law Revision Committee Prefatory Note: This bill is a remedial legislation proposal, requested by the Department of Revenue and introduced by the Law Revision Committee under s. $13.83\,(1)\,(c)\,4$. and 5., stats. After careful consideration of the various provisions of the bill, the Law Revision Committee has determined that this bill makes minor substantive changes in the statutes, and that these changes are desirable as a matter of public policy.

SECTION 1.	71.05 (6) (b) 8	3. of the statute	s is renumbered	71.05 (6) ((b) 8. (i	ntro.)
and amended to	read:					

71.05 (6) (b) 8. (intro.) The difference between the amount of unemployment compensation included in federal adjusted gross income for the current year and the amount of unemployment compensation calculated under section 85 of the internal revenue code (relating to unemployment compensation) as that section existed on December 31, 1985. as follows:

SECTION 2. 71.05 (6) (b) 8. a. and b. of the statutes are created to read:

71.05 (6) (b) 8. a. If the sum for the taxable year of the federal adjusted gross income of the taxpayer; determined without regard to this subd. 8. a., social security income, and tier 1 railroad retirement benefits; and the unemployment compensation exceeds the base amount, gross income for the taxable year includes unemployment compensation in an amount equal to the lesser of one-half of the amount of the excess of such sum over the base amount or the amount of the unemployment compensation.

b. For purposes of subd. 8. a., "base amount" means \$18,000 in the case of a joint return, \$0 in the case of a taxpayer who is married at the close of the taxable year but does not file a joint return for such year and does not live apart from their spouse at all times during the taxable year, or \$12,000 for all other individuals.

Note: Sections 1 and 2 replace a cross-reference to a section of a prior version of the federal Internal Revenue Code with language from that section itself.

SECTION 3. Initial applicability.

(1) This act first applies to taxable years beginning after December 31, 2021.

(END)