

No. 102, A.]

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CHAPTER 614

AN ACT to repeal 71.08 (5) and 71.09 (2n); to renumber 71.15 (4); to amend 71.01 (2) (a), (b) and (c), 71.05 (10), (12), (13) (a) and (b), 71.08 (3), (4) (a) and (8), 71.09 (1) (introductory paragraph), (2) (introductory paragraph), (2m) (a), (b), (c), (d) and (e), 71.10 (3m) (d), (9) (a) and 71.14 (2), (8) and (9); to repeal and recreate 71.05 (9) and (13) (c), 71.08 (4) (b), (c), (7) (a), (b) and (c), 71.09 (6), 71.10 (2) and (9) (c) and 71.11 (3); and to create 71.05 (13) (e), 71.09 (1a) and (2a), 71.10 (9) (f), 71.14 (2a) and (10) and 71.15 (2) of the statutes, relating to the state income tax; optional standard deductions, integration of teachers' retirement fund surtax into the normal tax, conformity with certain federal laws, exemptions for dependents and instalment payment of tax.

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

SECTION 1. 71.01 (2) (a), (b) and (c) of the statutes are amended to read:

71.01 (2) (a) In addition to any other taxes imposed by ch. 71, there shall be levied, collected, and paid upon the incomes of all persons other than corporations *for calendar years prior to and including the calendar year 1952, and corresponding fiscal years, but not thereafter*, except as otherwise provided by law, a surtax on taxable income assessable under the provisions of ch. 71 or any amendment that may hereinafter be made to ch. 71, computed as provided in s. 71.09 (3).

(b) In addition to any other taxes imposed by ch. 71, there shall be levied, collected, and paid upon the incomes of corporations, as defined in s. 71.02 (2), *for calendar years prior to and including the calendar year 1952, and corresponding fiscal years, but not thereafter*, except as otherwise provided by law, a surtax on taxable income assessable under the provisions of ch. 71 or any amendment that may hereinafter be made to ch. 71, computed as provided in s. 71.09 (4).

(c) The surtax provided for herein shall be based upon the taxable income assessable as hereinafter defined, and shall apply to the income received during the calendar year ending December 31, 1920, or corresponding fiscal year, and to the taxable income assessable annually thereafter, *until terminated pursuant to pars. (a) and (b)*, and shall be assessed and collected in the same manner as the income taxes provided for in ch. 71, except as otherwise herein provided.

SECTION 2. 71.05 (9) and (13) (c) of the statutes are repealed and recreated to read:

71.05 (9) With respect to determination of net taxable income for the calendar year 1953 and corresponding fiscal years, and thereafter, expenses paid during the income year, not compensated for by insurance or otherwise, for medical care of the taxpayer, his spouse, or of a dependent specified in s. 71.09 (6) (b) (regardless of the gross income of such dependent) in excess of \$75 but not more than \$1500. Expenses paid for medical care under this subsection, shall include amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body (including amounts paid for accident or health insurance).

(13) (c) The optional standard deduction shall not be allowed to a married person whose spouse is required to file a return unless such spouse has elected to take the optional standard deduction or has elected to pay the optional tax imposed by s. 71.09 (2m) with respect to the same income year. The determination of whether an individual is married shall be made pursuant to s. 71.09 (6) (a).

SECTION 3. 71.05 (10), (12), (13) (a) and (b) of the statutes are amended to read:

71.05 (10) Any and all sums not to exceed \$800 paid by any person by way of alimony to a former spouse under any order or decree of any court * * *.

(12) For other provisions relating to deductions of estates or trusts see s. 71.08 * * *.

(13) (a) In lieu of the deductions allowed in this section for interest paid, other than interest paid on indebtedness incurred to carry on a profession or business from which taxable income is derived, Wisconsin income taxes, United States income taxes, * * * contributions, medical expenses, dues to labor unions and professional societies and the deductions permitted in * * * subs. (10) and (11), there shall be allowed to natural persons and guardians with adjusted gross incomes of \$5,000 or more an optional standard deduction * * * of \$450 with respect to income of the calendar year 1953 or corresponding fiscal year and subsequent years. The meaning of the term "adjusted gross income" as used in this subsection shall be as defined in s. 71.09 (2m) (c).

(b) * * * If the adjusted gross income shown on the return is \$5,000 or more, but the correct adjusted gross income is less than \$5,000, then an election by the taxpayer to take the optional standard deduction shall be deemed an election by him to pay the optional tax imposed by s. 71.09 (2m).

SECTION 4. 71.05 (13) (e) of the statutes is created to read:

71.05 (13) (e) In the case of a taxpayer who moved into or out of the state within the income year, the optional standard deduction shall not be allowed.

SECTION 5. 71.08 (3), (4) (a) and (8) of the statutes are amended to read:

71.08 (3) The first return of an executor or administrator shall be filed in the form and manner and within the time that a return should have been filed by the decedent had he survived. Subsequent returns of such executor or administrator shall be filed in the form and within the time that the returns of income are required from persons other than corporations. The first return of such executor or administrator shall include the income received by the decedent during the portion of the year preceding the demise of deceased and also items specified in s. 71.08 (1) * * *. In computing the net income of an estate, a deduction shall be allowed for amounts paid as premium on fidelity bonds of the executor or administrator.

(4) (a) No personal exemption under * * * ss. 71.09 (6) (a) and 71.09 (6) * * * (c) for the decedent or his spouse shall be allowed * * * for * * * any year other than the year of death, except as provided in subs. (b) or (c).

(8) Trustees of trust estates created by will or by contract or by declaration of trust or implication of law shall annually make a return of all income received by them as such to the assessor of incomes of the county in which the trust or estate is being admin-

istered, showing the total taxable income received by them during the year, the names and addresses of distributees and the amounts severally distributable to them whether distributed or not, and also the amounts to be accumulated by them for unknown or unborn or undisclosed beneficiaries or for other reasons. The net income received by such trustees shall be ascertained in the same manner as the net income of persons other than corporations, except that the personal exemptions under s. 71.09 (6) (a), (b) * * * and (c) * * * shall not be allowed to such trustee. Distributees who receive or who are entitled to receive any part of such net income shall return the same as income to the assessor of incomes in the district in which they respectively reside, together with all other income received by them and shall be assessed thereon as provided by this chapter. Such of said distributees as are nonresidents of this state shall be assessed on such income as they receive from the trust estate as the income of nonresidents is assessed. No personal exemption shall be allowed either resident or nonresident distributees unless they make a claim therefor in their income tax returns made in accordance with the terms of this act showing the total net income.

SECTION 6. 71.08 (4) (b) and (c) and (7), (a), (b) and (c) of the statutes are repealed and recreated to read:

71.08 (4) (b) If, had decedent lived, he would have been entitled to an exemption for his spouse, pursuant to s. 71.09 (6) (a) or to an exemption for a dependent pursuant to s. 71.09 (6) (b), such exemption shall be allowed to the executor or administrator so long as over half of the support of the spouse or dependent is supplied by the decedent or the executor or administrator from decedent's estate and the gross income of the spouse or dependent for the calendar year in which the taxable year of the executor or administrator begins is less than \$600.

(c) If the decedent was a married person at the date of his demise and if in any year subsequent to the year of decedent's death his widow is a head of a family within the meaning of s. 71.09 (6) (c), if such widow does not take a head of family exemption on her individual return, the head of family exemption may be taken on the return of the executor or administrator of decedent.

(7) (a) *When guardians must report.* A guardian of the property of a ward, appointed pursuant to ch. 319 shall make an annual return of income of the ward (when required by s. 71.10 (2)) to the assessor of incomes of the county in which the ward resides, which return shall be made at the same time as returns of persons other than corporations are made.

(b) *Net income to be reported.* The net income of the ward to be reported by the guardian shall be ascertained in the same manner as the income of other persons is ascertained so as to submit to taxation both the earned income and unearned income of such ward.

(c) *Personal exemptions in guardianship cases.* The personal exemption allowable to the guardian shall be the same as would have been allowable to the ward had he made the return.

SECTION 7. 71.08 (5) of the statutes is repealed.

SECTION 8. 71.09 (1) (introductory paragraph), (2) (introductory paragraph), (2m) (a), (b), (c), (d) and (e) of the statutes are amended to read:

71.09 (1) (introductory paragraph) The tax to be assessed, levied and collected upon the taxable incomes of all persons other than corporations, for calendar years prior to and including the calendar year 1952, and corresponding fiscal years, but not thereafter, shall be computed at the following rates, to wit:

(2) (introductory paragraph) The taxes to be assessed, levied and collected upon the taxable incomes of corporations for calendar years prior to and including the calendar year 1952, and corresponding fiscal years, but not thereafter, shall be computed at the following rates, to wit:

(2m) (a) In lieu of the taxes on net taxable incomes computed at the rates applicable to persons other than corporations, prescribed by ch. 71, an optional tax is imposed on * * * adjusted gross income in an amount determined from the table prescribed in par. (d). Such optional tax basis may be elected only by natural persons and guardians with respect to income of the calendar year * * * 1953 or corresponding fiscal year, and subsequent years and under the following conditions:

1. Such person's * * * adjusted gross income for the income year * * * must be less than \$5,000.

* * * 2. * * * The taxable year of such person may not, by reason of a change in the accounting period, cover less than 12 months.

* * * 3. * * * If such person is married and such person's spouse is required to file a return, then the spouse must have elected either to pay the optional tax imposed

by s. 71.09 (2m) or to have taken the optional standard deduction provided in s. 71.05 (13) (a), with respect to the same income year. The determination of whether an individual is married shall be made pursuant to s. 71.09 (6) (a).

* * * 4. * * * Such person must not have moved into or out of the state within the income year.

* * *
* * *

(b) The election herein provided may be made annually by the filing of a return on the optional tax basis at the time and in the manner provided by this chapter. * * * If the adjusted gross income shown on a return filed on the optional tax basis is less than \$5,000, but the correct adjusted gross income is \$5,000 or more, then the election by the taxpayer to pay the optional tax imposed by par. (a) shall be deemed an election by him to take the optional standard deduction. When both husband and wife have elected to file on one or the other of the bases provided in ss. 71.05 (13) and 71.09 (2m), or one files on one of such bases and the other on the other, neither may change such election in favor of an itemization of deductions unless the other also changes his election in favor of an itemization of deductions.

(c) The term adjusted gross * * * income as used in this subsection * * * means the sum of the items of income enumerated in ss. 71.03 (1) and 71.08 (8) and not exempted under ss. 71.01 (3) * * *, 71.03 (2) * * * and 71.07 (1), minus the deductions allowed by ss. 71.046, 71.05 (1) to (11) and 71.06, except the following, which, with certain limitations, are deductible in determining net taxable income other than on the optional basis:

1. Income taxes imposed by the state of Wisconsin or the United States government.
2. Medical expenses.
3. Interest paid, other than that paid on indebtedness incurred to carry on a profession or business from which taxable income is derived.
4. Contributions.
5. Alimony.
6. Amounts expended for purposes covered by s. 71.05 (11).
7. Dues to unions or professional societies.

(d) The commissioner of taxation is authorized and directed to prepare a table from which the optional tax specified in par. (a) shall be determined. Such table shall be published in the department's official rules and be placed on the * * * appropriate tax blanks. The form and the tax computations of said table shall be substantially as follows:

1. The title thereof shall be "Optional Tax Table."
2. The first 2 columns shall contain the minimum and the maximum amounts respectively of the * * * adjusted gross income in brackets of not more than \$100, and extending to include the maximum amount reportable under par. (a) 1.
3. The third column shall show the amount of the tax payable for each bracket by a person who claims no personal exemption or exemption for dependents. Said tax shall be computed at the rates provided in ch. 71 for all taxes and surtaxes on net income of persons other than corporations, which rates shall be applied to the amount of * * * income at the middle of each bracket after deducting from such amount 9 per cent thereof. The amount of tax for each bracket shall be computed only to the nearest * * * 10 cents.
4. Columns shall be provided showing the amount of tax payable for each bracket by persons * * * claiming up to 8 exemptions. The amounts of such tax shall be computed by deducting from the amounts shown in column 3 * * * \$7 for each exemption. * * * Specific directions * * * consistent with the provisions of this section, shall be provided in the form of footnotes to the tax table for the computation of * * * taxes of * * * persons claiming more than 8 exemptions. As used in this subsection or in the table provided pursuant to this subsection, the terms "exemptions," "each exemption," or "number of exemptions" mean the number of exemptions allowed under s. 71.09 (6) as deductions in computing the normal income tax.

(e) All the provisions of ch. 71 not in conflict with the provisions of this subsection * * * shall be applicable to the optional tax imposed by this subsection.

SECTION 9. 71.09 (1a) and (2a) of the statutes are created to read:

71.09 (1a) The tax to be assessed, levied and collected upon taxable incomes of all persons other than corporations for the calendar year 1953 and corresponding fiscal years, and for calendar and fiscal years thereafter, shall be computed at the following rates, to wit:

- (a) On the first \$1,000 of taxable income or any part thereof, at the rate of one per cent.

- (b) On the second \$1,000 or any part thereof, $1\frac{1}{4}$ per cent.
- (c) On the third \$1,000 or any part thereof, $1\frac{1}{2}$ per cent.
- (d) On the fourth \$1,000 or any part thereof, $2\frac{1}{2}$ per cent.
- (e) On the fifth \$1,000 or any part thereof, 3 per cent.
- (f) On the sixth \$1,000 or any part thereof, $3\frac{1}{2}$ per cent.
- (g) On the seventh \$1,000 or any part thereof, 4 per cent.
- (h) On the eighth \$1,000 or any part thereof, 5 per cent.
- (i) On the ninth \$1,000 or any part thereof, $5\frac{1}{2}$ per cent.
- (j) On the tenth \$1,000 or any part thereof, 6 per cent.
- (k) On the eleventh \$1,000 or any part thereof, $6\frac{1}{2}$ per cent.
- (l) On the twelfth \$1,000 or any part thereof, 7 per cent.
- (m) On the thirteenth \$1,000 or any part thereof, $7\frac{1}{2}$ per cent.
- (n) On the fourteenth \$1,000 or any part thereof, 8 per cent.
- (o) On all taxable income in excess of \$14,000, $8\frac{1}{2}$ per cent.

(2a) The taxes to be assessed, levied and collected upon taxable incomes of corporations for the calendar year 1953 and corresponding fiscal years and for calendar and fiscal years thereafter shall be computed at the following rates, to wit:

- (a) On the first \$1,000 of taxable income or any part thereof, 2 per cent.
- (b) On the second \$1,000 or any part thereof, $2\frac{1}{2}$ per cent.
- (c) On the third \$1,000 or any part thereof, 3 per cent.
- (d) On the fourth \$1,000 or any part thereof, 4 per cent.
- (e) On the fifth \$1,000 or any part thereof, 5 per cent.
- (f) On the sixth \$1,000 or any part thereof, 6 per cent.
- (g) On all taxable income in excess of \$6,000, 7 per cent.

SECTION 10. 71.09 (2n) of the statutes is repealed.

SECTION 11. 71.09 (6) of the statutes is repealed and recreated to read:

71.09 (6) There may be deducted from the tax, after the same shall have been computed according to the rates in s. 71.09 personal exemptions for natural persons as follows:

(a) An exemption of \$7 for the taxpayer; and an additional exemption of \$7 for the spouse of the taxpayer, to the extent that such additional \$7 exemption is not used as a deduction from the separate tax of the spouse, and provided that such spouse is not a dependent of another taxpayer. The determination of whether an individual is married shall be made as of the close of his taxable year, unless his spouse dies during his taxable year, in which case such determination shall be made as of the time of such death. An individual legally separated from his spouse under a decree of divorce or of separate maintenance shall not be considered as married.

(b) An exemption of \$7 for each dependent whose gross income for the calendar year in which the taxable year of the taxpayer begins is less than \$600. As used in this subsection, the term "dependent" means any of the following persons over half of whose support, for the calendar year in which the taxable year of the taxpayer begins, was received from the taxpayer:

1. A son or daughter of the taxpayer, or a descendant of either.
2. A stepson or stepdaughter of the taxpayer.
3. A brother, sister, stepbrother or stepsister of the taxpayer.
4. The father or mother of the taxpayer, or an ancestor of either.
5. A stepfather or stepmother of the taxpayer.
6. A son or daughter of a brother or sister of the taxpayer.
7. A brother or sister of the father or mother of the taxpayer.
8. A son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the taxpayer. As used herein the terms "brother" and "sister" include a brother or sister by the half-blood. For the purpose of determining whether any of the foregoing relationships exist, a legally adopted child of a person shall be considered a child of such person by blood. The term "dependent" does not include any individual who is domiciled in a state other than Wisconsin unless such person is a resident of Wisconsin within the meaning of s. 71.01. The relationship of affinity once existing will not be terminated by divorce or death of a spouse.

(c) An additional exemption of \$7 for a head of a family. For purposes of this subsection, "a head of a family" shall mean a taxpayer deemed not married for purposes of par. (a) who maintained a household and supported therein himself and at least one other individual with respect to which individual the taxpayer was entitled to an exemption under par. (b).

(d) A married person reporting income for taxation on the optional basis provided by s. 71.09 (2m) must claim either all or none of each personal exemption provided by

pars. (a), (b) or (c) and his tax will be determined accordingly from the optional tax table.

SECTION 12. 71.10 (2) of the statutes is repealed and recreated to read:

71.10 (2) Every person other than a corporation, having for the calendar year a gross income of \$600 or more and every married person receiving any net income during the year when the combined net incomes of such married person and his or her spouse is \$1,400 or more shall report the same on or before March 15 following the close of such year (or when such person's fiscal year is other than the calendar year, then on or before the fifteenth day of the third month following the close of such fiscal year) to the assessor of incomes, in the manner and form prescribed by the department of taxation, whether notified to do so or not, and shall be subject to the same penalties for failure to report as those who receive notice. If the taxpayer is unable to make his own return, the return shall be made by a duly authorized agent or by the guardian or other person charged with the care of the person or property of such taxpayer. Nothing contained in this subsection shall preclude the assessor of incomes from requiring any person other than a corporation to file an income tax return when in the judgment of the assessor of incomes a return should be filed.

SECTION 13. 71.10 (3m) (d) and (9) (a) of the statutes are amended to read:

71.10 (3m) (d) If a separate income tax return is made for a short period under sub. (b) on account of a change in the income year, the net income for such short period shall be placed on an annual basis by multiplying the amount thereof by 12 and dividing by the number of months included in the period for which the separate return is made. The tax shall be such part of the tax computed on such annual basis (after deduction of any personal exemptions allowable under s. 71.09) as the number of months in such short period is of 12 months. * * * *If the individual's personal exemption status changed during the short period, such status shall be determined as of the end of such short period.*

(9) (a) *With respect to the payment of taxes on income of the calendar year 1953 and corresponding fiscal years, and thereafter,* the initial payment of taxes on incomes of persons who file on a calendar year basis shall be paid on or before March 15 following the close of the calendar year. Such initial payment shall be in the amount equal to at least one-third the total tax, and shall not be less than * * * \$20 if the total tax exceeds * * * \$20, nor less than the total amount of the tax if the same does not exceed * * * \$20. The balance of such tax shall be paid on or before August 1 following the close of the calendar year.

SECTION 13a. 71.10 (9) (c) of the statutes is repealed and recreated to read:

71.10 (9) (c) Any person not paying his tax in full on or before the fifteenth day of the third month following the close of his income year is required to add to the amount not paid on or before such date, 2 per cent of such amount, which 2 per cent shall become due and payable at the time such unpaid balance becomes due and payable and shall be deemed a part of such unpaid balance.

SECTION 14. 71.10 (9) (f) of the statutes is created to read:

71.10 (9) (f) Amounts received in respect of the services of a child shall be included in his gross income and not in the gross income of the parent, even though such amounts are not received by the child. All expenditures by the parent or the child attributable to amounts which are includible in the gross income of the child and not of the parent solely by reason of the preceding sentence shall be deemed to have been paid or incurred by the child. For the purposes of this subsection, the term "parent" includes an individual who is entitled to the services of a child by reason of having parental rights and duties in respect of the child. Any tax assessed against the child, to the extent attributable to amounts includible in the gross income of the child and not of the parent solely by reason of the first sentence of this subsection shall, if not paid by the child, for all purposes be considered as having also been properly assessed against the parent.

SECTION 15. 71.11 (3) of the statutes is repealed and recreated to read:

71.11 (3) **REPORTS REQUESTED BY ASSESSORS.** Whenever in the judgment of the assessor of incomes any person other than a corporation shall be subject to income tax in his district under the provisions of this chapter, he shall notify such person to make report to him on or before March 15 of each year in such manner and form as the department of taxation shall prescribe, specifying in detail the amounts of income received by him from all sources and such other information as the department shall deem necessary to enforce the provisions of this chapter.

SECTION 16. 71.14 (2), (8) and (9) of the statutes are amended to read:

71.14 (2) Annually, beginning July 1, *(to and including July 1, 1953, but not there-*

after) out of the normal tax collection of the preceding fiscal year, *exclusive of the amount of such taxes as have resulted from the repeal of s. 71.10 (9) (c) of the 1951 statutes*, there shall be set aside 80 per cent of the estimated costs to be incurred from the appropriation made by s. 20.09 (1) including supplementary salary bonus appropriations made by the director of budget and accounts and supplementary appropriations made by the emergency board, for administering the income tax law as certified by the * * * *commissioner of taxation for the current fiscal year, and the amount of that portion of the appropriation made by s. 20.25 for the current fiscal year which is chargeable to the normal income tax. The estimated costs of administering the income tax law from s. 20.09 (1) shall be adjusted to actual costs on the cash basis per the records of the department of budget and accounts as of June 30 following, and such adjustment shall be reflected in the apportionment to be made August 15 pursuant to this section. The aggregate of the aforesaid amounts shall be borne by the state, the counties, and the towns, cities and villages in the proportion that the net normal income tax collections for the preceding fiscal year are allocated to the state and to each such political subdivision pursuant to the provisions of this section. The remainder of the net normal income tax collections shall be apportioned as follows, to wit: 40 per cent to the state, 10 per cent to the county, and the balance to the town, city or village from which the income was derived as provided in s. 71.14 (6), except that when in any calendar year the amount apportionable to any town, city or village exceeds 2 per cent of the equalized value of all taxable property in such town, city or village as established in November of the next preceding year under s. 70.61, such excess shall be apportioned and paid to the county to be distributed and paid to all of the several towns, cities and villages of the county, according to the school population therein. If subsequent to January 1, 1937, there shall be paid over to any town, city or village in any calendar year any amount in excess of 2 per cent of the equalized value of all taxable property therein for the preceding year, such excess payment shall be recoverable by the county.*

(8) The whole amount collected as surtax imposed by s. 71.01 (2) shall, through the same channel as other income taxes are paid, be paid into the state treasury, and this section shall not apply to said surtax. The amount of said surtax herein imposed is hereby levied and shall be collected as herein set forth and shall be paid into the general fund of the state treasury and set apart for the retirement deposit fund and contingent fund as provided in this act, *except that such surtaxes collected on and after July 1, 1953 shall lose their identity as such and shall be included in the normal income taxes from which the 14 per cent and 8 per cent referred to in sub. (2a) shall be determined, and such 14 per cent and 8 per cent shall be set apart for the said retirement deposit fund and contingent fund.* The state treasurer shall, in the same manner as other income taxes are remitted and paid, annually remit and pay to the city treasurer of each city of the first class in which a teachers' annuity and retirement fund is maintained under the provisions of s. 38.24, 40 per cent of the amount of said tax levied and collected from the taxpayers in such city, and it shall be the duty of the city treasurer of such city to pay the whole amount, so remitted and paid, into the general fund of such teachers' annuity and retirement fund of such city to constitute a part of said fund; *provided however, that with respect to any distribution of taxes by the state treasurer on and after May 15, 1954, in lieu of any distribution of surtaxes imposed by s. 71.01 (2), the state treasurer shall remit and pay to the city treasurer of each city of the first class in which a teachers' annuity and retirement fund is maintained under the provisions of s. 38.24, 5.6 per cent of the normal income taxes on corporations and 3.2 per cent of the normal income taxes on persons other than corporations collected from taxpayers in such city in the period covered by such distribution.*

(9) Whenever in any year the receipts from the surtax imposed by s. 71.01 (2) and/or the aggregate of the 14 per cent and the 8 per cent referred to in sub. (2a) of this section shall not be sufficient to provide the necessary moneys to carry out the provisions of this act, the deficit shall be paid out of the general fund of the state treasurer, and if in any year such surtax and/or such percentages provides more money than is needed, such excess shall be paid into the general fund of the state treasury.

SECTION 17. 71.14 (2a) and (10) of the statutes are created to read:

71.14 (2a) Beginning July 1, 1954, and annually thereafter, out of the normal income tax collections of the preceding fiscal year, exclusive of the amount of such taxes as have resulted from the repeal of s. 71.10 (9) (c) of the 1951 statutes, there shall first be set aside for the state's general fund, 14 per cent of such taxes collected from corporations and 8 per cent of such taxes collected from persons other than corporations. From the balance of such taxes there shall be set aside 80 per cent of the estimated costs to be incurred from the appropriation made by s. 20.09 (1) including supple-

mentary salary bonus appropriations made by the director of budget and accounts and supplementary appropriations made by the emergency board, for administering the income tax law as certified by the commissioner of taxation for the current fiscal year, and the amount of that portion of the appropriation made by s. 20.25 for the current fiscal year which is chargeable to the income tax. The estimated costs of administering the income tax law from s. 20.09 (1) shall be adjusted to actual costs on the cash basis per the records of the department of budget and accounts as of June 30 following, and such adjustment shall be reflected in the apportionment to be made August 15 pursuant to this section. The aggregate of the aforesaid amounts set aside to cover the cost of income tax administration and high school aid shall be borne by the state, the counties, and the towns, cities and villages in the proportion that the net normal income tax collections for the preceding year (after reduction by the 14 and 8 percentages) are allocated to the state and to each political subdivision pursuant to the provisions of this section. The remainder of the income tax collections shall be apportioned as follows, to wit: 40 per cent to the state, 10 per cent to the county, and the balance to the town, city or village from which the income was derived as provided in s. 71.14 (6), except that when in any calendar year the amount apportionable to any town, city or village exceeds 2 per cent of the equalized value of all taxable property in such town, city or village as established in November of the next preceding year under s. 70.61, such excess shall be apportioned and paid to the county to be distributed and paid to all of the several towns, cities and villages of the county, according to the school population therein. If subsequent to January 1, 1937, there shall be paid over to any town, city or village in any calendar year any amount in excess of 2 per cent of the equalized value of all taxable property therein for the preceding year, such excess payment shall be recoverable by the county.

(10) All normal income taxes collected by reason of the repeal of s. 71.10 (9) (c) of the 1951 statutes, shall be retained entirely by the state.

SECTION 18. 71.15 (2) of the statutes is created to read:

71.15 (2) The provisions of ss. 71.05 (10) and (12), 71.08 (3) and (8) and 71.10 (3m) (d) as amended by ch. 614 (Bill No. 102, A.) laws of 1953, ss. 71.08 (4) (b) and (c), 71.08 (7) (a), (b) and (c), 71.09 (6), 71.10 (2) and 71.11 (3) as repealed and recreated by said chapter and s. 71.10 (9) (f) created by said chapter, apply to income of the calendar year 1953, or corresponding fiscal year, and subsequent years. The repeal and recreation of s. 71.10 (9) (c) is to be effective in the determination of taxes payable on income of the calendar year 1953, or corresponding fiscal year, and thereafter.

SECTION 19. 71.15 (4) of the statutes is renumbered 71.15 (3).

Approved July 21, 1953.
