

**Laws Enacted by the Legislature
In Calendar Year 1979**

1979 Senate Bill 1

Date published: February 27, 1979

CHAPTER 1, Laws of 1979

AN ACT to repeal 72.12 (7) (a) (title), (b) and (c) and 72.15 (4) (title); to renumber 71.09 (1d), 72.12 (7) (a) (exc. 72.12 (7) (a) (title)), and 77.53 (3) (a); to renumber and amend 71.07 (7) (b), 77.53 (3) (b) and 77.58 (3) (intro.) and (a); to consolidate and amend 71.02 (2) (gq) 1 and 2; to amend 16.40 (3) (title), 70.996 (1) (a), 71.02 (2) (f) and (gq) 4, 6 and 7, 71.04 (5) (d) 2 and 4, 71.05 (1) (a) 8, (b) 2 and (f), 71.07 (1) and (2) (c) 1, 71.09 (1) (intro.), as renumbered, and (7) (a) 3, (go) (intro.) and (p) (intro.), 71.10 (10) (e), 72.14 (1) (e), 72.15 (4) (exc. 72.15 (4) (title)), 72.17 (intro.) and (1), 72.22 (3), 72.30 (3) (c) and (e) and (7), 72.33 (2) (intro.), 72.62, 72.82 (1) (b), 77.51 (7) (am) and (15), 77.53 (1), (2), (3) (intro.), (9), (11), (12) and (14) to (16), and 79.03 (4) (c); to repeal and recreate 71.09 (7) (h); and to create 13.101 (11), 13.103, 16.40 (14) to (16), 71.02 (2) (gq) 2, 2m and 4.b, 71.042, 71.05 (1) (a) 10 to 12, (b) 8 and (f) 2 and 3, 71.07 (2m) and (7) (b) 1, 71.09 (1b), (2) and (7) (gp), 71.10 (1) (d), 71.20 (22); 71.53, 71.55, 72.14 (4), 72.21 (3), 72.22 (4), 77.51 (7g) (intro.), 77.54 (30) and 79.03 (4) (f) of the statutes; to amend chapter 418, laws of 1977, section 923 (42) (b) 13; and to create chapter 418, laws of 1977, section 923 (42) (b) 13m and 20, relating to state revenues, including a peoples escrow fund, increasing the standard deduction, eliminating itemized deductions for taxes, creating an income tax credit for property taxes and rent paid, modifying the taxation of capital gains and losses, revising individual income tax rates, indexing individual income tax brackets against inflation, allowing withholding modifications, reducing 1979 taxes and suspending withholding for a corresponding period, allowing "subchapter S" treatment of certain small businesses, permitting corporations to deduct contributions to out-of-state charities, modifying the corporate income apportionment formula, taxing certain unemployment compensation, expanding the homestead tax credit program, increasing inheritance and gift tax exemption amounts, exempting the first \$10,000 of household property transferred from inheritance taxation, repealing the inheritance tax exemption for the first \$10,000 of life insurance, allowing the full deduction of federal estate taxes, allowing instalment payments of inheritance taxes, imposing sales and use taxes on the occasional sales of boats registered with the federal government, clarifying the imposition of the use tax, exempting heating fuels and electricity from sales and use taxes, granting rule-making authority and providing penalties.

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

SECTION 1. 13.101 (11) of the statutes is created to read:

13.101 (11) For any year in which a tax reduction is to be made under s. 71.55, the committee may supplement the department of revenue's existing appropriations from the moneys determined available for the tax reduction under s. 16.40 (16) in such amount as

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deemed appropriate to defray the additional costs incurred as a result of the tax reduction, but not to exceed an amount equal to 30 cents per check issued under s. 71.55.

SECTION 2. 13.103 of the statutes is created to read:

13.103 Determination of peoples escrow amount. Not later than October 30 of each year, beginning in 1981, the joint committee on finance, after receiving from the department of administration the estimate required under s. 16.40 (16), shall approve the actual peoples escrow amount to be held in reserve in the general fund for distribution under s. 71.55.

SECTION 3. 16.40 (3) (title) of the statutes is amended to read:

16.40 (3) (title) PREPARE ANNUAL FINANCIAL STATEMENT.

SECTION 4. 16.40 (14) to (16) of the statutes are created to read:

16.40 (14) REPORT ON ANNUAL APPROPRIATIONS AUTHORIZED. Provide on or before June 30 of each year, beginning in 1981, a report to the governor and the joint committee on finance on the final level of general revenue appropriations authorized for the fiscal year. In this subsection "general revenue appropriations" means all appropriations funded from either general purpose revenues or local tax revenues as defined in s. 20.001 (2) (a) and (g).

(15) PROVIDE ANNUAL EXPENDITURE REPORT. Provide on or before October 15 of each year, beginning in 1981, a summary expenditure report to the governor and the joint committee on finance on the actual total general revenue expenditures for the preceding fiscal year based on the more detailed information provided in the annual financial statements for the year required under sub. (3). In this subsection "general revenue expenditures" means all expenditures from any appropriation funded from either general purpose revenues or local tax revenues as defined in s. 20.001 (2) (a) and (g).

(16) ESTIMATE PEOPLES ESCROW AMOUNT. Submit on or before October 15 of each year, beginning in 1981, a summary statement of the amount of any unappropriated general revenues balance for the fiscal year ended the previous June 30. This statement shall also separately identify a contingency reserve amount equal to 2% of gross general revenue appropriations for the period as identified in the report required under sub. (14). The amount resulting from deducting the contingency reserve amount from the unallocated general revenues amount, when approved by the joint committee on finance under s. 13.103, shall be the amount to be held in reserve for distribution under s. 71.55. The unappropriated general revenues balance amount in any year shall not include any amount previously approved by the joint committee on finance under s. 13.103 as reserved for distribution under s. 71.55 unless a distribution of such amount has occurred. In this subsection "unappropriated general revenues balance" means the general fund balance as reported under s. 16.40 (3).

SECTION 5. 70.996 (1) (a) of the statutes is amended to read:

70.996 (1) (a) The "adjusted base amount" is the base amount increased each year by the same rate as the actual rate of annual increase in the amount of general fund tax revenue collected by the state, subject to s. 79.03 (4) (d), but not more than 12% or less than 5%, except that for the 1979 distribution under this section the adjusted base amount shall equal the base amount. For the purpose of computing the 1980 and 1981 distributions the amount of general fund tax revenue collected by the state in 1978-79 is the sum of actual collections plus \$207,000,000 and in 1979-80 is the sum of actual collections plus \$254,100,000.

SECTION 6. 71.02 (2) (f) of the statutes is amended to read:

71.02 (2) (f) "Itemized deductions" means deductions from federal adjusted gross income allowable under the internal revenue code in determining federal taxable income, other than the federal standard deduction, low-income allowance and deductions for personal exemptions; but with respect to nonresident natural persons deriving income from

property located, business transacted or personal or professional services performed in this state, including natural persons changing their domicile into or from this state in the calendar year 1972 or corresponding fiscal year or thereafter, "itemized deductions" are limited to such fraction of the amount so determined as Wisconsin adjusted gross income is of federal adjusted gross income, except that for married persons "itemized deductions" are limited to such fraction of the amount so determined as combined Wisconsin adjusted gross income is of combined or joint federal adjusted gross income. In addition, for taxable year 1979 and thereafter, "itemized deductions" excludes deductions for taxes allowable under section 164 of the internal revenue code.

SECTION 7. 71.02 (2) (gq) 1 and 2 of the statutes are consolidated and amended to read:

71.02 (2) (gq) 1. For the taxable year ~~years~~ 1977 and ~~thereafter~~ 1978, except as otherwise provided, the Wisconsin standard deduction is the larger of the percentage standard deduction or the low-income allowances as provided in this paragraph. ~~2.~~ The percentage standard deduction shall be an amount equal to 15% of Wisconsin adjusted gross income but not to exceed \$2,000 for an unmarried individual or \$2,000 in the aggregate for a husband and wife, unless otherwise provided in this paragraph.

SECTION 8. 71.02 (2) (gq) 2 of the statutes is created to read:

71.02 (2) (gq) 2. For the taxable year 1979, except as otherwise provided, the Wisconsin standard deduction is the larger of the low-income allowance as provided in this paragraph or \$2,000 for an unmarried individual or \$2,900 in the aggregate for a husband and wife.

SECTION 8m. 71.02 (2) (gq) 2m of the statutes is created to read:

71.02 (2) (gq) 2m. For the taxable year 1980 and thereafter, except as otherwise provided, the Wisconsin standard deduction is the larger of the low-income allowance as provided in this paragraph or \$2,300 for an unmarried individual or \$3,400 in the aggregate for a husband and wife.

SECTION 9. 71.02 (2) (gq) 4 of the statutes is amended to read:

71.02 (2) (gq) 4. a. The following amounts shall be added to the standard deduction and shall be utilized in determining the low-income allowance under subds. ~~2 and 1~~ to 3: if ~~Wisconsin~~ adjusted gross income is less than \$5,000, add \$800 for each dependent; if ~~Wisconsin~~ adjusted gross income is at least \$5,000 but less than \$6,000, add \$700 for each dependent; if ~~Wisconsin~~ adjusted gross income is at least \$6,000 but less than \$7,000, add \$600 for each dependent; if ~~Wisconsin~~ adjusted gross income is at least \$7,000 but less than \$8,000, add \$500 for each dependent; if ~~Wisconsin~~ adjusted gross income is at least \$8,000 but less than \$9,000, add \$400 for each dependent; if ~~Wisconsin~~ adjusted gross income is at least \$9,000 but less than \$10,000, add \$300 for each dependent; if ~~Wisconsin~~ adjusted gross income is at least \$10,000 but less than \$11,000, add \$200 for each dependent; and if ~~Wisconsin~~ adjusted gross income is at least \$11,000 but less than \$12,000, add \$100 for each dependent. No amount may be added to the standard deduction or low-income allowance for dependents if ~~Wisconsin~~ adjusted gross income is \$12,000 or more.

~~b. c.~~ In this subdivision, for married persons ~~Wisconsin~~ "adjusted gross income is income" means the combined total ~~Wisconsin~~ adjusted gross incomes of both spouses.

d. In this subdivision, "dependent" means each person for whom the taxpayer is entitled to an exemption for the taxable year under section 151 (e) of the federal internal revenue code.

SECTION 10. 71.02 (2) (gq) 4. b of the statutes is created to read:

71.02 (2) (gq) 4. b. In this subdivision, "adjusted gross income" means Wisconsin adjusted gross income for resident natural persons and federal adjusted gross income for nonresident natural persons, including natural persons changing their domicile into or from this state during the taxable year.

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SECTION 11. 71.02 (2) (gq) 6 of the statutes is amended to read:

71.02 (2) (gq) 6. In the case of a taxpayer with respect to whom a deduction under s. 71.09 (6p) is allowable to another person for ~~the taxable year 1977 or 1978~~, the percentage standard deduction shall be computed only with reference to so much of the taxpayer's adjusted gross income as is attributable to the taxpayer's earned income, as defined in section 911 (b) of the internal revenue code as of December 31, 1976, and low-income allowance shall not exceed the taxpayer's earned income for the taxable year. In the case of a taxpayer with respect to whom a deduction under s. 71.09 (6p) is allowable to another person for taxable year 1979 or thereafter, the Wisconsin standard deduction shall not exceed the taxpayer's earned income, as defined in section 911 (b) of the internal revenue code as of December 31, 1976.

SECTION 12. 71.02 (2) (gq) 7 of the statutes is amended to read:

71.02 (2) (gq) 7. With respect to nonresident natural persons deriving income from property located, business transacted or personal or professional services performed in this state, including natural persons changing their domicile into or from this state, for the taxable year 1977 and thereafter, the low-income allowance authorized under this paragraph is limited, and for the taxable year 1979 and thereafter, the Wisconsin standard deduction is limited, by such fraction of that amount as Wisconsin adjusted gross income is of federal adjusted gross income for unmarried persons, and as combined Wisconsin adjusted gross income is of combined or joint federal adjusted gross income for married persons.

SECTION 12m. 71.04 (5) (d) 2 and 4 of the statutes are amended to read:

71.04 (5) (d) 2. A corporation, trust or community chest, fund or foundation ~~operating within this state~~, organized and operated exclusively for religious, charitable, scientific, literary or educational purposes or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

4. A cemetery company owned and operated exclusively for the benefit of its members, or any corporation chartered solely for burial purposes as a cemetery corporation and not permitted by its charter to engage in any business not necessarily incident to that purpose, if such the company or corporation is operating within this state and is not operated for profit and no part of the net earnings of such the company or corporation inures to the benefit of any private shareholder or individual.

SECTION 13. 71.042 of the statutes is created to read:

71.042 Corporations electing to be taxed under subchapter S. Beginning with calendar year 1979 or corresponding fiscal year, in addition to other deductions under s. 71.04, the amount of Wisconsin net income for the current year of a corporation electing to be taxed under subchapter S of the internal revenue code, as amended to December 31, 1978, may be deducted from net income if the Wisconsin adjusted gross income of all its shareholders includes the income otherwise includible in the corporation's Wisconsin net income. Net operating losses of the corporation to the extent attributed or made available to a shareholder may not be used by the corporation for further tax benefit.

SECTION 14. 71.05 (1) (a) 8 of the statutes is amended to read:

71.05 (1) (a) 8. ~~The ordinary income portion~~ amount of any lump sum distribution taxable under section 402 (e) (1) of the internal revenue code (relating to distributions from employee benefit plans), as amended to December 31, 1978.

SECTION 15. 71.05 (1) (a) 10 of the statutes is created to read:

71.05 (1) (a) 10. Any amount received by a Wisconsin resident shareholder as a proportionate share of the earnings and profits of a corporation electing to be taxed under subchapter S of the internal revenue code, as amended to December 31, 1978, which was accumulated prior to the beginning of its 1979 taxable year.

SECTION 16. 71.05 (1) (a) 11 of the statutes is created to read:

71.05 (1) (a) 11. Any amount deducted under section 121 of the internal revenue code (relating to gain from the sale of a residence).

SECTION 17. 71.05 (1) (a) 12 of the statutes is created to read:

71.05 (1) (a) 12. The amount of unemployment compensation taxable under section 85 of the internal revenue code, created by section 112 of P.L. 95-600. For purposes of determining the amount of taxable unemployment compensation to be included in Wisconsin adjusted gross income, married persons may elect to combine their federal adjusted gross incomes and compute the includable amount as persons filing a joint federal return, but each spouse shall include in Wisconsin adjusted gross income his or her share of the taxable unemployment compensation.

SECTION 18. 71.05 (1) (b) 2 of the statutes is amended to read:

71.05 (1) (b) 2. Any amount included under ~~sections~~ section 668 ~~and 1373~~ of the internal revenue code.

SECTION 19. 71.05 (1) (b) 8 of the statutes is created to read:

71.05 (1) (b) 8. The gain not to exceed \$100,000, from the sale or exchange of a principal residence, as defined in section 121 of the internal revenue code, as amended to December 31, 1978, by a natural person 55 years of age or older at the end of the taxable year. This subtraction may be made only once in a natural person's lifetime.

SECTION 20. 71.05 (1) (f) of the statutes is amended to read:

71.05 (1) (f) Add to or subtract from federal adjusted gross income, as appropriate, ~~any:~~

1. Any amounts excluded or included therein solely by reason of subchapter S (small business corporations electing to be taxed as partnerships) or subchapter R (proprietorships or partnerships electing to be taxed as corporations) under of the internal revenue code.

SECTION 21. 71.05 (1) (f) 2 of the statutes is created to read:

71.05 (1) (f) 2. The amount by which the Wisconsin adjusted tax basis of capital stock in a corporation electing to be taxed under subchapter S of the internal revenue code, as amended to December 31, 1978, in the year of disposition in a taxable transaction differs from the federal adjusted tax basis on the last day of the corporation's 1978 taxable year or any amount by which the Wisconsin adjusted tax basis of such stock differs from its federal adjusted tax basis thereafter.

SECTION 22. 71.05 (1) (f) 3 of the statutes is created to read:

71.05 (1) (f) 3. The shareholder's proportionate share of the amount by which net income of a corporation electing to be taxed under subchapter S of the internal revenue code, before deduction of net income under s. 71.042, differs from federal taxable income of the corporation.

SECTION 23. 71.07 (1) of the statutes is amended to read:

71.07 (1) All income or loss of resident individuals and resident estates and trusts shall follow the residence of the individual, estate or trust. Income or loss of nonresident individuals and nonresident estates and trusts from business, not requiring apportionment under sub. (2), (3) or (5), shall follow the situs of the business from which derived. All income or loss of nonresident individuals and nonresident estates and trusts derived from a corporation electing to be taxed under subchapter S of the internal revenue code not requiring apportionment under sub. (2m), shall follow the situs of the business of the corporation from which derived. Income or loss of nonresident individuals and nonresident estates and trusts derived from rentals and royalties from real estate or tangible personal property, or from the operation of any farm, mine or quarry, or from the sale of real property or tangible personal property shall follow the situs of the property from

which derived. Income from personal services of nonresident individuals, including income from professions, shall follow the situs of the services. All other income or loss of nonresident individuals and nonresident estates and trusts, including income or loss derived from land contracts, mortgages, stocks, bonds and securities or from the sale of similar intangible personal property, shall follow the residence of such persons, except as provided in sub. (7).

SECTION 23m. 71.07 (2) (c) 1 of the statutes is amended to read:

71.07 (2) (c) 1. The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in this state during the tax period, and the denominator of which is the total sales of the taxpayer everywhere during the tax period. For calendar year 1979 or corresponding fiscal year, and thereafter, with respect to sales of tangible personal property the numerator of the sales factor is the sales of the taxpayer during the tax period under subd. 2 other than sales deemed to be in this state because the taxpayer is not within the jurisdiction of the destination state for income tax purposes plus 50% of the sales deemed to be in this state because the taxpayer is not within the jurisdiction of the destination state for income tax purposes.

SECTION 24. 71.07 (2m) of the statutes is created to read:

71.07 (2m) Nonresident individuals and nonresident estates and trusts deriving income from a corporation electing to be taxed under subchapter S of the internal revenue code which is engaged in business within and without this state shall be taxed only on the income of the corporation derived from business transacted and property located in this state.

SECTION 25. 71.07 (7) (b) of the statutes is renumbered 71.07 (7) (b) 2 and amended to read:

71.07 (7) (b) 2. A Any other trust ~~estate~~ created by ~~will~~, contract, declaration of trust or implication of law shall be considered resident at the place where the trust ~~estate~~ is being administered except as provided in par. (d).

SECTION 26. 71.07 (7) (b) 1 of the statutes is created to read:

71.07 (7) (b) 1. A trust created by a decedent at death by will, contract, declaration of trust or implication of law shall be considered resident at the domicile of the decedent at the time of the decedent's death until transferred by the court having jurisdiction under s. 72.27 to another court's jurisdiction. After jurisdiction is transferred, the trust shall be considered resident at the place to which jurisdiction is transferred. The hearing to transfer jurisdiction shall be held only after giving written notice to the department of revenue under s. 879.05.

SECTION 27. 71.09 (1b) of the statutes is created to read:

71.09 (1b) The tax to be assessed, levied and collected upon taxable incomes of all persons other than corporations for the calendar year 1979 and corresponding fiscal years and for calendar and fiscal years thereafter shall be computed at the following rates:

- (a) On all taxable income from \$0 to \$3,000, 3.4%.
- (b) On all taxable income exceeding \$3,000 but not exceeding \$6,000, 5.2%.
- (c) On all taxable income exceeding \$6,000 but not exceeding \$9,000, 7%.
- (d) On all taxable income exceeding \$9,000 but not exceeding \$12,000, 8.2%.
- (e) On all taxable income exceeding \$12,000 but not exceeding \$15,000, 8.7%.
- (f) On all taxable income exceeding \$15,000 but not exceeding \$20,000, 9.1%.
- (g) On all taxable income exceeding \$20,000, but not exceeding \$40,000, 9.5%.
- (h) On all taxable income exceeding \$40,000, 10%.

SECTION 28. 71.09 (1d) of the statutes is renumbered 71.09 (1), and 71.09 (1) (intro.), as renumbered, is amended to read:

71.09 (1) (intro.) The tax to be assessed, levied and collected upon taxable incomes of all persons other than corporations for the calendar year years 1972 to 1978 and corresponding fiscal years ~~and for calendar and fiscal years thereafter~~ shall be computed at the following rates:

SECTION 29. 71.09 (2) of the statutes is created to read:

71.09 (2) Commencing with calendar year 1980 and corresponding fiscal years and thereafter, the dollar amounts in sub. (1b) shall be changed to reflect the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of June of the current year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of June of the previous year, as determined by the U.S. department of labor, but in no case shall the amounts be increased by more than 10%. The revised amounts shall be rounded to the nearest whole number divisible by 100, and in no case shall be reduced below the amounts appearing in sub. (1b) on the effective date of this act (1979). The department of revenue shall annually adopt by rule any changes in dollar amounts required under this subsection, and incorporate them in the income tax forms and instructions.

SECTION 30. 71.09 (7) (a) 3 of the statutes is amended to read:

71.09 (7) (a) 3. "Household income" means all income received by all persons of a household in a calendar year while members of ~~such the household reduced by \$600 if the claimant, spouse or any dependent of the claimant allowable under sub. (6p) is 65 years of age or older prior to the close of the year to which the claim relates.~~

SECTION 31. 71.09 (7) (go) (intro.) of the statutes is amended to read:

71.09 (7) (go) (intro.) The amount of any claim filed in 1978 ~~or 1979 and based upon property taxes accrued or rent constituting property taxes accrued in 1977, or claims filed in later calendar years based upon property taxes accrued or rent constituting property taxes accrued in the preceding calendar year~~ or 1978, respectively, shall be limited as follows:

SECTION 32. 71.09 (7) (gp) of the statutes is created to read:

71.09 (7) (gp) The amount of any claim filed in 1980 and based upon property taxes accrued or rent constituting property taxes accrued in 1979, or claims filed in later calendar years based upon property taxes accrued or rent constituting property taxes accrued in the preceding calendar year shall be limited as follows:

1. If the household income was \$5,000 or less in the year to which the claim relates, the claim shall be limited to 80% of the property taxes accrued, or rent constituting property taxes accrued, or both, in the year on the claimant's homestead.

2. If the household income was more than \$5,000 in the year to which the claim relates, the claim shall be limited to 80% of the amount by which the property taxes accrued, or rent constituting property taxes accrued, or both, in such year on the claimant's homestead is in excess of one-ninth of household income exceeding \$5,000.

3. No credit may be allowed if the household income of a claimant exceeds \$14,000.

SECTION 33. 71.09 (7) (h) of the statutes is repealed and recreated to read:

71.09 (7) (h) In any case in which property taxes accrued, or rent constituting property taxes accrued, or both, in respect of any one household exceeds the following, the amount thereof shall, for purposes of this subsection, be deemed to have been the following:

1. In calendar year 1971, 1972, 1973 or 1974, \$500.
2. In calendar year 1975 or 1976, \$535.
3. In calendar year 1977 or 1978, \$800.
4. In calendar year 1979, or any subsequent calendar year, \$1,000.

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SECTION 34. 71.09 (7) (p) (intro.) of the statutes is amended to read:

71.09 (7) (p) (intro.) ~~No claim for credit under this section may be allowed to any claimant who at the time of filing such claim is receiving~~ Property taxes accrued or rent constituting property taxes accrued shall be reduced by one-twelfth for each month or portion of a month for which the claimant received general relief from any municipality or county equal to or in excess of the standards specified in s. 49.19 (11) (a) in effect on January 1 of the year for which credit is claimed under this subsection, or is a recipient of received assistance under s. 49.19, except assistance received:

SECTION 35. 71.10 (1) (d) of the statutes is created to read:

71.10 (1) (d) Any corporation deducting income under s. 71.042 shall file with its state franchise or income tax return an exact copy of its federal income tax return for the same year and shall file any other return or statement filed with or made to, or any document received from, the U.S. internal revenue service affecting the taxation of its shareholders.

SECTION 36. 71.10 (10) (e) of the statutes is amended to read:

71.10 (10) (e) A claim for refund may be made within 2 years of the assessment of a tax ~~or an assessment to recover all or part of any tax credit under this chapter, assessed by office audit on or after January 1, 1970, provided such tax if the assessment was not protested by the filing of a petition for redetermination and the taxable year had not been closed by field audit under par. (d) prior to the filing of such the claim.~~ No claim may be allowed under this paragraph for any tax paid with respect to any item of income, credit or deduction self-assessed or determined by the taxpayer or assessed as the result of any assessment made by the department with respect to which all the conditions specified in this paragraph are not met. This paragraph does not extend the time to file under s. 71.09 (7) (dm) or (11) (d).

SECTION 37. 71.20 (22) of the statutes is created to read:

71.20 (22) (a) In lieu of the amount required to be deducted and withheld under this section, an employer and employe may agree in writing on a form prescribed and provided by the department that a lesser amount be withheld from the employe's wages if:

1. The employe determines that the lesser amount approximates the employe's anticipated income tax liability for the year.
2. The employe sends a copy of the completed agreement form to the department within 10 days after it is filed with the employer.
3. The agreement expires on April 30 of the following year, for calendar year taxpayers, or 4 months following the close of their fiscal year, for fiscal year taxpayers.

(b) If the department determines that an agreement under par. (a) would result in an insufficient amount of tax being withheld, the department may void the agreement by notification to the employer and employe.

(c) Any employe who fails to notify the department as required by par. (a) 2 shall be subject to a penalty of \$10.

(d) Any employe who enters into an agreement under par. (a) with the intent to defeat or evade the proper withholding of tax under this section, shall be subject to a penalty equal to 50% of the proper amount required to be withheld.

(e) Any employe who wilfully supplies an employer with false or fraudulent information regarding an agreement with the intent to defeat or evade the proper withholding of tax under this section may be imprisoned not more than 6 months, or fined not more than \$500, plus the costs of prosecution, or both.

SECTION 38. 71.53 of the statutes is created to read:

71.53 Property tax and rent credit. (1) In this section:

(a) "Principal dwelling" means any dwelling used as a primary residence by the claimant, including a part of a multidwelling or multipurpose building.

(b) "Property taxes" means real and personal property taxes, exclusive of special assessments, delinquent interest and charges for service, paid by a claimant during the taxable year for which credit under this section is claimed, less any property taxes paid which are properly includible as a trade or business expense under section 162 of the internal revenue code and less the tax credit, if any, afforded in respect of the property by ss. 79.10 (3) and 79.17 (3m). If the property on which the taxes were paid is owned by 2 or more persons or entities as joint tenants or tenants in common, "property taxes" is that part of property taxes paid, reduced by any tax credit under ss. 79.10 (3) and 79.17 (3m), as reflects the ownership percentage of the claimant. If property is sold during the taxable year the "property taxes" for the seller and buyer shall be the amount of the tax prorated to each in the closing agreement pertaining to the sale or, if not so provided for in the closing agreement, the tax shall be prorated between the seller and buyer in proportion to months of their respective ownership. "Property taxes" includes monthly parking permit fees collected under s. 66.058 (3) (c).

(c) "Rent constituting property taxes" means 25% of rent if heat is not included, or 20% of rent if heat is included, paid during the taxable year for which credit is claimed under this section, at arms-length, for the use of a principal dwelling, excluding any payment for domestic, food, medical or other services which are unrelated to use of the dwelling as housing. "Rent" includes space rental paid to a landlord for parking a mobile home. Rent shall be proportioned among the occupants of a principal dwelling according to their respective contribution to the total amount of rent paid.

(2) Subject to the limitations provided in this section, a claimant may claim as a credit against, but not to exceed the amount of, Wisconsin income taxes otherwise due, 12% of the claimant's property taxes and rent constituting property taxes. This credit shall be subtracted from the Wisconsin net income tax liability prior to the application of any credit under s. 71.09 (7), (11) or (12).

(3) Married persons may divide the total amount of the credit claimed under this section by either spouse between them as they choose.

(4) No credit may be allowed under this section unless claimed within the period specified in s. 71.10 (10) (bn).

(5) In any case in which a principal dwelling is rented by a person from another person under circumstances deemed by the department of revenue to be not at arms-length, it may determine rent at arms-length, and, for purposes of this section, such determination shall be final.

(6) No claim for credit under this section may be allowed to any claimant who resided for the entire taxable year to which the claim relates in housing which was exempt from taxation under ch. 70, except housing for which payments in lieu of taxes are made under s. 66.40 (22). If the claimant lived in housing which was subject to taxation under ch. 70 for any part of the taxable year to which the claim relates, the property taxes or rent shall be based on the period during which such housing constituted the claimant's principal dwelling.

(7) Property taxes and rent constituting property taxes shall be reduced by one-twelfth for any full month in which the claimant was not domiciled in this state. Any month in which the claimant was domiciled in this state for less than 15 days shall be a full month for purposes of this subsection.

SECTION 39. 71.55 of the statutes is created to read:

71.55 Peoples escrow fund. (1) In any odd-numbered year, beginning in 1981, in which the amounts determined under s. 13.103 as in reserve for distribution under this section equal or exceed \$50,000,000, the net Wisconsin income tax liability of all natural

persons, prior to the application of any tax credit other than personal exemptions under s. 71.09 (6p), who have timely filed a Wisconsin income tax return for a 12-month taxable year ending during the preceding calendar year shall be reduced by the amount calculated under this section.

(2) The amount of reduction under sub. (1) shall be the product of the person's net income tax liability as determined under this chapter for the taxable year identified in sub. (1) multiplied by a fraction, the numerator of which is the total amount to be distributed under this section, and the denominator of which is the total individual income tax liability determined by the department of revenue for the returns referred to in sub. (1).

(3) The reduction calculated under sub. (2) shall be paid by separate check no later than December 1 of the calendar year in which a tax reduction is required under this section. The department may not issue a check to any person with respect to whom the amount determined under sub. (2) is less than one dollar. The check will be sent to the address on the income tax return which was the basis for the reduction. If returned as undeliverable, the department shall make a reasonable attempt at determining a current address. If such attempt is unsuccessful and the check remains unclaimed for a period of 6 months following its date of issuance, the amount of the reduction shall escheat to this state.

(4) If a combined husband and wife return has been filed with both persons indicating Wisconsin net income tax liability, the reduction shall be based on the combined liabilities and shall be made payable to both spouses.

(5) No interest shall be paid on reductions calculated under this section.

(6) The department of revenue may credit the amount of any reduction against any outstanding liabilities of the recipient or the recipient's spouse in respect to any tax collected by the department, and shall pay any balance of the reduction remaining to the recipient.

(7) Any person's net income tax liability may be corrected by the department prior to the calculation of the amount of reduction under this section.

(8) If it is determined that a reduction was excessive as a result of negligence by the recipient, the excess amount may be recovered by assessment as income taxes are assessed and shall bear interest of 1.5% per month from the date of the issuance of the check to the date of repayment to the state. If it is determined that the reduction was excessive as a result of fraudulent intent by the recipient, the entire reduction plus a penalty equal to 50% of the reduction may be recovered by assessment as income taxes are assessed and shall bear interest of 1.5% per month from the date of the issuance of the check to the date of repayment to the state.

SECTION 41. 72.12 (7) (a) (exc. 72.12 (7) (a) (title)) of the statutes is renumbered 72.12 (7).

SECTION 42. 72.12 (7) (a) (title), (b) and (c) of the statutes are repealed.

SECTION 43. 72.14 (1) (e) of the statutes is amended to read:

72.14 (1) (e) The estate tax as finally determined by the U.S. government ~~on property subject to tax under this subchapter, to the extent that the federal tax is computed on the clear market value of the same property for state inheritance tax purposes.~~

SECTION 44. 72.14 (4) of the statutes is created to read:

72.14 (4) **INSTALMENT PAYMENTS.** Interest attributable to payments under s. 72.22 (4) is not deductible under this section in the estate of the decedent in which an election to pay under s. 72.22 (4) was made.

SECTION 45. 72.15 (4) (exc. 72.15 (4) (title)) of the statutes is amended to read:

72.15 (4) No tax is imposed on the transfer of the first ~~\$2,500~~ \$10,000 of the aggregated clear market value of household furniture, furnishings and appliances and other tangible personal property, except money, otherwise taxable under s. 72.12. This exception shall be in addition to all other exemptions and allowances.

SECTION 46. 72.15 (4) (title) of the statutes is repealed.

SECTION 47. 72.17 (intro.) and (1) of the statutes are amended to read:

72.17 (title) Exemptions. (intro.) Exemptions from the tax, to be applied against the first ~~\$25,000~~ and then, where an additional amount is permitted, against the next \$25,000 lowest bracket or brackets, are allowed as follows:

(1) To a surviving spouse, property of a clear market value of ~~\$50,000~~ \$250,000; to all other class A distributees, property of a clear market value of ~~\$4,000~~ \$10,000;

SECTION 48. 72.21 (3) of the statutes is created to read:

72.21 (3) This section does not apply with respect to taxes due under this subchapter on transfers to a distributee who has elected to pay the taxes under s. 72.22 (4).

SECTION 49. 72.22 (3) of the statutes is amended to read:

72.22 (3) PAYMENT. Payments must be made to the department. Full ~~Except as provided in sub. (4), full~~ payment shall accompany the inheritance tax return. If a prepayment was made, any additional tax shown owing on the return, as filed, shall accompany the return.

SECTION 50. 72.22 (4) of the statutes is created to read:

72.22 (4) INSTALMENT PAYMENTS. (a) Whether or not there is a federal estate tax liability, if the distributee would be authorized to pay federal estate taxes under section 6166 of the internal revenue code, as amended to December 31, 1978, in lieu of full payment, payment may be made according to an equal payment schedule over a period not to exceed 15 years from the decedent's date of death. A distributee electing to pay under this subsection may subsequently pay part or all of the remaining tax plus interest at the time any scheduled payment is due under this subsection.

(b) If the tax due under this subchapter and subch. III has not been finally determined, payment of an estimated tax may be made under this subsection on the same basis as a determined tax. Upon final determination of the tax, the difference between the estimated and determined tax and interest may be equally allocated to the remaining payment periods.

(c) Any distributee electing to pay under this subsection shall, within one year of the decedent's date of death, file written notice of the election with the department and with the person required to file the inheritance tax return. Any distributee who fails to give notice under this paragraph shall make full payment as required under sub. (3).

(d) Upon the filing of a notice under par. (c), distributees of real estate shall provide the department a certified copy of a lien for unpaid taxes and interest on the real estate to secure payment, recorded in the office of the register of deeds of the county in which the real estate is located. Distributees of personal property shall, upon the filing of a notice under par. (c), provide the department a financial guarantee bond equaling the estimated tax and interest elected to be paid under this subsection to secure payment if the tax has not been determined. Upon determination of the tax, distributees of personal property shall either provide a financial guarantee bond sufficient to secure payment of the tax and interest or pay the department the excess over the amount of tax and interest secured by the bond. If the distributee has received real and personal property, the department may require security to cover the tax with a lien affecting only the real property or a bond affecting only the personal property if there is sufficient security to secure payment of the tax. Any distributee who fails to provide the security required under this paragraph, or

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who disposes of one-third or more of the real and personal property on which the tax is secured under this paragraph, shall make full payment as required under sub. (3).

(e) Upon the failure of any distributee to make a scheduled payment agreed to under par. (a), upon the distributee's death or if the security provided under par. (d) is jeopardized, the department may proceed to collect the payment or the entire unpaid balance of the taxes, costs and interest.

SECTION 51. 72.30 (3) (c) of the statutes is amended to read:

72.30 (3) (c) Upon determination of the value of the property and the tax, the department shall issue a dated certificate showing the amount of tax and any interest and penalty, or showing the amount of tax and stating that payment will be made under s. 72.22 (4).

SECTION 52. 72.30 (3) (e) of the statutes is amended to read:

72.30 (3) (e) No circuit court proceeding held for the transfer of property of a decedent shall be completed until the original certificate determining the tax or determining no tax, together with proof that any tax has been paid, ~~shall be~~ is filed with the court and, if an election has been made under s. 72.22 (4), until proof is filed with the court or probate registrar that security required under s. 72.22 (4) (d) has been filed with the department.

SECTION 53. 72.30 (7) of the statutes is amended to read:

72.30 (7) COLLECTION. In addition to its powers to collect taxes due under this subchapter, the department may proceed in the manner provided in ~~s. ss. 71.13 (3) and 71.135.~~ All payments under this subchapter or subch. III after their due date shall be applied first in discharging costs and interest and the balance applied on the tax principal.

SECTION 54. 72.33 (2) (intro.) of the statutes is amended to read:

72.33 (2) (intro.) If the amount of the federal estate tax initially paid is subsequently increased or decreased ~~and if this affects the amount of the allowable federal estate tax deduction under s. 72.14 (1) (e), or if the federal determination requires adjustments in Wisconsin distribution or the deductions allowable under s. 72.14 (1) (a) only for medical expenses and last illness under s. 72.14 (1) (e),~~ the person entitled to the refund or liable for the additional tax under subch. II or III shall, within 30 days:

SECTION 55. 72.62 of the statutes is amended to read:

72.62 Liability and lien. Liability for this tax is imposed upon the same persons in the same manner as under s. 72.21 and shall remain a lien in the same manner as under ~~s. ss. 72.22 (4) and 72.25.~~ If an election is made to pay under s. 72.22 (4), the tax under this subchapter shall be allocated to each distributee based on the distributee's share of the taxable estate.

SECTION 56. 72.82 (1) (b) of the statutes is amended to read:

72.82 (1) (b) To all other class A donees, property of a clear market value of ~~\$4,000~~ \$10,000;

SECTION 57. 77.51 (7) (am) of the statutes is amended to read:

77.51 (7) (am) Any person making any retail sale of a motor vehicle, aircraft, snowmobile, mobile home not exceeding 45 feet in length, trailer, semitrailer or boat registered or titled, or required to be registered or titled, under the laws of this state or of the United States.

SECTION 58. 77.51 (7g) (intro.) of the statutes is created to read:

77.51 (7g) (intro.) "Retailer engaged in business in this state", unless otherwise limited by federal statute, for purposes of the use tax, means any of the following:

SECTION 59. 77.51 (15) of the statutes is amended to read:

77.51 (15) "Use" includes the exercise of any right or power over tangible personal property or taxable services incident to the ownership, possession or enjoyment of ~~that the~~ property or services, or the results produced by the services, including installation or affixation to real property and including the possession of, or the exercise of any right or power over tangible personal property by a lessee under a lease, except that it does not include the sale or rental of ~~that the~~ property in the regular course of business.

SECTION 60. 77.53 (1), (2) and (3) (intro.) of the statutes are amended to read:

77.53 (1) An excise tax is hereby levied and imposed on the storage, use or other consumption in this state of tangible personal property or taxable services described in s. 77.52 purchased from any retailer ~~on or after February 1, 1962,~~ at the rate of ~~3%~~ 4% of the sales price of the property or taxable services; ~~but beginning on September 1, 1969 the rate of the tax hereby imposed shall be 4%.~~

(2) Every person storing, using or otherwise consuming in this state tangible personal property or taxable services purchased from a retailer is liable for the tax imposed by this section. ~~His~~ The person's liability is not extinguished until the tax has been paid to this state, but a receipt with the tax separately stated from a retailer engaged in business in this state or from a retailer who is authorized by the department, under such rules as it prescribes, to collect the tax and who is regarded as a retailer engaged in business in this state for purposes of the tax imposed by this section given to the purchaser ~~pursuant to~~ under sub. (3) ~~is sufficient to relieve~~ relieves the purchaser from further liability for the tax to which the receipt refers.

(3) (intro.) Every retailer engaged in business in this state and making sales of tangible personal property or taxable services for delivery into this state or with knowledge directly or indirectly that the property or service is intended for storage, use or other consumption in this state, shall, at the time of making the sales or, if the storage, use or other consumption of the tangible personal property or taxable service is not then taxable ~~hereunder~~ under this section, at the time the storage, use or other consumption becomes taxable, collect the tax from the purchaser and give to the purchaser a receipt ~~therefor~~ in the manner and form prescribed by the department. ~~"Retailer engaged in business in this state", unless otherwise limited by federal statute, means any of the following:~~

SECTION 61. 77.53 (3) (a) of the statutes is renumbered 77.51 (7g) (a).

SECTION 62. 77.53 (3) (b) of the statutes is renumbered 77.51 (7g) (b) and amended to read:

77.51 (7g) (b) Any retailer having any representative, agent, ~~salesman~~ salesperson, canvasser or solicitor operating in this state under the authority of the retailer or its subsidiary for the purpose of selling, delivering or the taking of orders for any tangible personal property or taxable services.

SECTION 63. 77.53 (9) of the statutes is amended to read:

77.53 (9) Every retailer selling tangible personal property or taxable services for storage, use or other consumption in this state shall register with the department and give the name and address of all agents operating in this state, the location of all distribution or sales houses or offices or other places of business in this state, and such other information as the department requires.

SECTION 64. 77.53 (11) and (12) of the statutes are amended to read:

77.53 (11) The certificate referred to in sub. (10) relieves the person selling the property or service from the burden of proof only if a) taken in good faith from a person who is engaged as a seller of tangible personal property or taxable services and who holds the permit provided for by s. 77.52 (9) and who, at the time of purchasing the tangible personal property or taxable service, intends to sell it in the regular course of operations or is unable to ascertain at the time of purchase whether the property or service will be sold or will be used for some other purpose, or b) if taken in good faith from a person claiming

exemption. The certificate shall be signed by and bear the name and address of the purchaser, and shall indicate the number of the permit issued to the purchaser ~~and~~, the general character of tangible personal property or taxable service sold by the purchaser and the basis for the claimed exemption. The certificate shall be substantially in ~~such~~ the form as the department prescribes.

(12) If a purchaser who gives a certificate makes any storage or use of the property or service other than retention, demonstration or display while holding it for sale in the regular course of operations as a seller, the storage or use is taxable as of the time the property or service is first so stored or used.

SECTION 65. 77.53 (14) to (16) of the statutes are amended to read:

77.53 (14) It is presumed that tangible personal property or taxable services shipped or brought to this state by the purchaser ~~on or after February 1, 1962, was were~~ purchased from or serviced by a retailer ~~on or after February 1, 1962.~~

(15) ~~On and after February 1, 1962, it shall be further~~ It is presumed that tangible personal property or taxable services delivered outside this state to a purchaser known by the retailer to be a resident of this state ~~was were~~ purchased from a retailer for storage, use or other consumption in this state and stored, used or otherwise consumed in this state. This presumption may be controverted by a written statement in writing, signed by the purchaser or ~~his an~~ authorized representative, and retained by the seller that the property or service was purchased for use at a designated point outside this state. This presumption may also be controverted by other evidence satisfactory to the department that the property or service was not purchased for storage, use or other consumption in this state.

(16) If the purchase, rental or lease of tangible personal property or service subject to the tax imposed by this section was subject to a sales tax by another state ~~or the District of Columbia~~ in which ~~said the~~ purchase was made, the amount of ~~such~~ sales tax ~~so paid such~~ the other state shall be applied as a credit against and deducted from the tax, to the extent thereof, imposed by this section. ~~For purposes of~~ In this subsection, "sales tax" ~~shall include~~ includes a use or excise tax imposed on the use of tangible personal property or taxable service by the state in which the sale occurred and "state" includes the District of Columbia but does not include the commonwealth of Puerto Rico or the several territories organized by congress.

SECTION 66. 77.54 (30) of the statutes is created to read:

77.54 (30) (a) The gross receipts from the sale of:

1. Coal, fuel oil, propane, steam and wood used for fuel sold for residential use.
2. Electricity and natural gas sold for residential use during the months of November, December, January, February, March and April.
3. Electricity sold for use in farming, including but not limited to agriculture, dairy farming, floriculture and horticulture, during the months of November, December, January, February, March and April.

(b) For purposes of this subsection, electricity or natural gas is considered sold at the time of billing. If the billing is by mail, the time of billing is the day on which the billing is mailed.

(c) If fuel or electricity is sold partly for a use exempt under this subsection and partly for a use which is not exempt under this subsection, no tax shall be collected on that percentage of the gross receipts equal to the percentage of the fuel or electricity which is used for an exempt use, as specified in an exemption certificate provided by the purchaser to the seller.

(d) In this subsection "residential use" means use in a structure or portion of a structure which is a person's permanent residence, but does not include use in transient accommodations, as specified in s. 77.52 (2) (a) 1, motor homes, travel trailers or other recreational vehicles.

SECTION 67. 77.58 (3) (intro.) of the statutes is renumbered 77.58 (3) (a) and amended to read:

77.58 (3) (a) For purposes of the sales tax a return shall be filed by every seller. For purposes of the use tax a return shall be filed by every retailer ~~maintaining a place of~~ engaged in business in the this state and by every person purchasing tangible personal property or services, the storage, use or other consumption of which is subject to the use tax, who has not paid the use tax due to a retailer required to collect the tax. Returns shall be signed by the person required to file the return or by his a duly authorized agent but need not be verified by oath.

SECTION 68. 77.58 (3) (a) of the statutes is renumbered 77.58 (3) (b) and amended to read:

77.58 (3) (b) For purposes of the sales tax the return shall show the gross receipts of the seller during the preceding reporting period. For purposes of the use tax, in case of a return filed by a retailer, the return shall show the total sales price of the property or taxable services sold by him, the storage, use or consumption of which ~~property~~ became subject to the use tax during the preceding reporting period, in. In case of a sales or use tax return filed by a purchaser, the return shall show the total sales price of the property and taxable services purchased by him, the storage, use or consumption of which became subject to the use tax during the preceding reporting period. The return shall also show the amount of the taxes for the period covered by the return and such other information as the department deems necessary for the proper administration of ~~the this~~ subchapter.

SECTION 69. 79.03 (4) (c) of the statutes is amended to read:

79.03 (4) (c) ~~Annually~~ Except as provided in par. (f), beginning in 1979, the amount entered into the shared revenue account for total distributions under this subchapter shall increase over the amount entered for the prior year, excluding the amount transferred from the appropriation under s. 20.835 (2) (b) pursuant to s. 79.16, by the same rate as the actual rate of annual increase in the amount of general fund tax revenue collected by the state in the fiscal year ending during the calendar year of the distribution under this section, but not more than 12% or less than 5%. The amount entered in the shared revenue account in fiscal year 1982-83 under s. 79.17 (7) shall be considered as part of the prior year base amount for the purpose of computing the calendar year 1983 distribution under this paragraph. The total amount paid to municipalities and counties in 1983 under s. 70.996 shall be considered as part of the prior year base amount for the purpose of computing the calendar year 1984 distribution under this paragraph.

SECTION 70. 79.03 (4) (f) of the statutes is created to read:

79.03 (4) (f) In 1979 and 1980 the total amount to be distributed under this subchapter, except amounts distributed under s. 79.06 (2) (b), shall be \$372,000,000 and \$413,000,000, respectively.

SECTION 71. Chapter 418, laws of 1977, section 923 (42) (b) 13 is amended to read:

(Chapter 418, laws of 1977) Section 923 (42) (b) 13. Whenever an audit of any claim filed under this paragraph indicates that an incorrect claim was filed, the department shall make a determination of the correct amount and notify the claimant of the determination and the reasons for the determination. Notice of the determination shall be given to the claimant prior to December 31, 1983. Any person aggrieved by the determination ~~shall~~ may, within 30 days after receipt of the notice of determination, petition the department for redetermination. The department shall make a redetermination on the

petition within 6 months after it is filed and notify the claimant of the redetermination. If no claim for refund under subdivision 13m or a timely petition for redetermination is filed with the department, its determination shall be final and conclusive.

SECTION 72. Chapter 418, laws of 1977, section 923 (42) (b) 13m is created to read:

(Chapter 418, laws of 1977) Section 923 (42) (b) 13m. A claim for refund may be made within 2 years of an assessment to recover all or a portion of the credit under this paragraph assessed by office audit if the assessment was not protested by the filing of a timely petition for redetermination and the taxable year had not been closed by field audit under section 71.10 (10) (d) of the statutes prior to the filing of the claim. No claim may be allowed under this subdivision for any assessment paid with respect to credit self-assessed or determined by the claimant or as the result of any assessment made by the department with respect to which all the conditions specified in this subdivision are not met. This subdivision does not extend the time to file under subdivision 4.

SECTION 73. Chapter 418, laws of 1977, section 923 (42) (b) 20 of the statutes is created to read:

(Chapter 418, laws of 1977) Section 923 (42) (b) 20. No payment made under this paragraph may be considered income for purposes of determining eligibility for general relief under section 49.02 of the statutes.

SECTION 74. **Refund of current surplus.** (1) INCOME TAX WITHHOLDING MORATORIUM. (a) Notwithstanding sections 71.19 and 71.20 of the statutes and the tables prepared and promulgated thereunder, and except as provided in paragraph (b), no employer may withhold amounts of state income tax from the wages of any employe for complete payroll periods specified in paragraph (c), but not to exceed:

1. Fifty-five daily payroll periods.
2. Eight weekly payroll periods.
3. Four biweekly or semimonthly payroll periods.
4. Two monthly payroll periods.

(b) Notwithstanding paragraph (a), an employe may request that her or his employer withhold from the employe's wages under the applicable tables during the period specified in paragraph (c) or withhold additional amounts under section 71.20 (11) of the statutes.

(c) The withholding moratorium required under paragraph (a) applies to complete payroll periods beginning after April 30, 1979, and before June 27, 1979, or, if this act takes effect after May 1, 1979, it applies to complete payroll periods beginning after the first day of the 2nd month commencing after the effective date of this act and before the 27th day of the 3rd month commencing after the effective date of this act.

(2) 1979 SPECIAL INCOME TAX CREDIT. For calendar year 1979 or corresponding fiscal year, the net Wisconsin income tax liability of any natural person, prior to the application of any tax credit other than personal exemptions and credits under sections 71.09 (6p) and 71.53 of the statutes, shall be reduced by 16%, but not to exceed \$900. Married taxpayers shall separately determine this reduction.

SECTION 75. **Cross reference changes.** In the sections of the statutes listed in Column A, the cross references shown in Column B are changed to the cross references shown in Column C:

A	B	C
Statute Sections	Old Cross References	New Cross References
71.09 (7)(a) 8	pars. (g), (gn) and (go)	pars. (g) to (gp)

SECTION 76. **Applicability.** (1) INCOME TAX; STANDARD DEDUCTION FOR NONRESIDENTS AND PART-YEAR RESIDENTS. The treatment of section 71.02 (2) (gq) 4 of the statutes by this act applies to returns filed for taxable year 1979 and thereafter.

(1m) INCOME TAX; CORPORATE CHARITABLE CONTRIBUTIONS. The treatment of section 71.04 (5) (d) 2 and 4 of the statutes by this act applies to corporate tax returns filed for calendar year 1979 and corresponding fiscal years and subsequent calendar and fiscal years.

(2) INCOME TAX; LUMP SUM DISTRIBUTIONS; CAPITAL GAINS. The treatment of section 71.05 (1) (a) 8 of the statutes by this act applies to the reporting of Wisconsin taxable income for taxable year 1979 and thereafter.

(3) INCOME TAXATION OF CERTAIN SMALL BUSINESS CORPORATIONS. The treatment of sections 71.05 (1) (a) 10, (b) 2 and (f), 71.07 (1) and (2m) and 71.10 (1) (d) of the statutes by this act applies to determinations of net income for calendar year 1979 or corresponding fiscal year and thereafter.

(4) INCOME TAX; SALE OF PRINCIPAL RESIDENCE. The treatment of section 71.05 (1) (a) 11 and (b) 8 of the statutes by this act applies to income tax returns for taxable year 1979 and thereafter.

(5) INCOME TAX; UNEMPLOYMENT COMPENSATION. The treatment of section 71.05 (1) (a) 12 of the statutes by this act applies to taxable year 1979 and thereafter.

(6) INCOME TAX; TRUSTS. The treatment of section 71.07 (7) (b) of the statutes by this act applies to taxable year 1979 and thereafter.

(7) INCOME TAX; HOMESTEAD CREDIT. The treatment of section 71.09 (7) (a) 3 and (p) (intro.) of the statutes by this act applies to homestead credit claims filed in 1980 and based on property taxes accrued or rent constituting property taxes accrued in 1979, and claims filed thereafter.

(8) CLAIMS FOR INCOME TAX CREDIT REFUNDS. The treatment of section 71.10 (10) (e) of the statutes and chapter 418, laws of 1977, section 923 (42) (b) 13 and 13m by this act applies to adjustments made on or after the effective date of this act.

(9) PROPERTY TAX AND RENT CREDIT. The treatment of section 71.53 of the statutes by this act applies to taxable year 1979 and thereafter.

(10) INHERITANCE TAX; LIFE INSURANCE EXEMPTION. The treatment of section 72.12 (7) of the statutes by this act applies to all insurance payable upon the death of any person occurring on or after July 1, 1979, or on or after the first day of the first month commencing after the effective date of this act, whichever is later.

(11) INHERITANCE TAX; FEDERAL ESTATE TAX DEDUCTION. The treatment of sections 72.14 (1) (e) and 72.33 (2) (intro.) of the statutes by this act applies to transfers because of deaths occurring on and after July 1, 1979, or on or after the first day of the first month commencing after the effective date of this act, whichever is later.

(12) INSTALMENT PAYMENTS OF INHERITANCE TAXES. The treatment of sections 72.14 (4), 72.21 (3), 72.22 (3) and (4), 72.30 (3) (c) and (e) and (7) and 72.62 of the statutes by this act applies to transfers because of deaths occurring on and after July 1, 1979, or on or after the first day of the first month commencing after the effective date of this act, whichever is later.

(13) INHERITANCE TAX; HOUSEHOLD GOODS AND PROPERTY. The treatment of section 72.15 (4) of the statutes by this act applies to all transfers because of deaths occurring on or after July 1, 1979, or on or after the first day of the first month commencing after the effective date of this act, whichever is later.

(14) INHERITANCE TAX; CLASS "A" EXEMPTIONS. The treatment of section 72.17 (intro.) and (1) of the statutes by this act applies to transfers because of deaths occurring on or after July 1, 1979, or on or after the first day of the first month commencing after the effective date of this act, whichever is later.

(15) GIFT TAX; CLASS "A" EXEMPTIONS. The treatment of section 72.82 (1) (b) of the statutes by this act applies to gifts made on or after January 1, 1979.

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SECTION 77. Effective dates. All sections of this act take effect on the day following publication, unless another date is provided in such sections and except as further provided in this section.

(1) **INCOME TAX; WITHHOLDING MODIFICATIONS.** The treatment of section 71.20 (22) of the statutes by this act takes effect on the first day of the 2nd month commencing after publication.

(2) **SALES TAX; ELECTRICITY AND FUEL.** The treatment of section 77.54 (30) of the statutes by this act takes effect on July 1, 1979, or on the first day of the 2nd month commencing after publication, whichever is later.
