



2001 ASSEMBLY BILL 559

October 10, 2001 - Introduced by VETERANS AND MILITARY AFFAIRS. Referred to Committee on Veterans and Military Affairs. Referred to Joint survey committee on Tax Exemptions.

1 **AN ACT to create** 71.05 (6) (b) 34., 71.05 (6) (b) 35. and 71.85 (3) (b) of the statutes;
2 **relating to:** creating an individual income tax exemption for pay received from
3 the federal government by members of the armed forces participating in
4 Operation Enduring Freedom and abating interest or penalties due on income
5 tax returns for members of the armed forces who are participating in that
6 operation.

Analysis by the Legislative Reference Bureau

This bill creates an individual income tax exemption for pay received from the federal government by members of the armed forces participating in Operation Enduring Freedom. The exemption applies to active duty personnel who are assigned for at least 90 days to the Operation Enduring Freedom theater of operations and to members of a reserve component of the armed forces who are activated for Operation Enduring Freedom. The exemption applies to any amount of military pay received by the person from the federal government if he or she is below the grade of commissioned officer, and up to \$500 per month of military pay received by the person if he or she is a commissioned officer.

In addition, under the bill, if a person who is eligible for the income tax exemption created in this bill is subject to any penalties or interest related to income taxes, those penalties or interest may not continue to accrue while the taxpayer is in the Operation Enduring Freedom theater of operations and for 180 days after the taxpayer leaves the theater of operations.

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This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 71.05 (6) (b) 34. of the statutes is created to read:

2 71.05 (6) (b) 34. Any amount of basic, special, and incentive pay income or
3 compensation, as those terms are used in 37 USC chapters 3 and 5, received from the
4 federal government by a person who is a member of the U.S. armed forces, as defined
5 in 26 USC 7701 (a) (15), and is below the grade of commissioned officer, for services
6 performed for Operation Enduring Freedom. In this subdivision, “services
7 performed for Operation Enduring Freedom” means service in a unit of the U.S.
8 armed forces if all of the following apply:

9 a. The person is assigned to duty for at least 90 days in that theater of
10 operations or the person is activated for Operation Enduring Freedom.

11 b. The service occurs during the period that there is in effect a designation by
12 the president of the United States that the service is part of Operation Enduring
13 Freedom.

14 **SECTION 2.** 71.05 (6) (b) 35. of the statutes is created to read:

15 71.05 (6) (b) 35. Up to \$500 per month of basic, special, and incentive pay
16 income or compensation, as those terms are used in 37 USC chapters 3 and 5,
17 received from the federal government by a person who is a member of the U.S. armed
18 forces, as defined in 26 USC 7701 (a) (15), and is a commissioned officer, for services
19 performed for Operation Enduring Freedom. In this subdivision, “services

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1 performed for Operation Enduring Freedom” means service in a unit of the U.S.
2 armed forces if all of the following apply:

3 a. The person is assigned to duty for at least 90 days in that theater of
4 operations or the person is activated for Operation Enduring Freedom.

5 b. The service occurs during the period that there is in effect a designation by
6 the president of the United States that the service is part of Operation Enduring
7 Freedom.

8 **SECTION 3.** 71.85 (3) (b) of the statutes is created to read:

9 71.85 (3) (b) Section 71.05 (6) (b) 34. or 35. may continue to accrue while the
10 taxpayer is in the Operation Enduring Freedom theater of operations and for 180
11 days after the taxpayer leaves the Operation Enduring Freedom theater of
12 operations.

13 **SECTION 4. Initial applicability.**

14 (1) This act first applies to taxable years beginning on January 1, 2001.

15 (END)