



2007 ASSEMBLY BILL 87

February 22, 2007 - Introduced by Representatives NELSON, POCAN, STASKUNAS, SEIDEL, BERCEAU, SHERIDAN, HINTZ, KLEEFISCH, SINICKI, HILGENBERG, MOLEPSKE and KRAMER, cosponsored by Senators COGGS, SCHULTZ, SULLIVAN, GROTHMAN, LASSA and LEIBHAM. Referred to Committee on Ways and Means.

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

Analysis by the Legislative Reference Bureau

Under current law, the definition of "income" under the homestead tax credit is the sum of Wisconsin adjusted gross income (AGI) and a number of items that are not otherwise includable in Wisconsin AGI, such as certain public assistance payments, nontaxable interest received on state and municipal bonds, and certain retirement benefits. The definition of "income" also specifically excludes certain items, such as gifts from individuals and certain cash reimbursements received under the federal Social Security Act.

This bill changes the definition of "income" under the homestead tax credit by specifically excluding from the calculation of income any payment or distribution that is received from a Roth individual retirement account that is established under federal law.

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

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

3 **SECTION 1.** 71.52 (6) of the statutes is amended to read:

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1 71.52 (6) "Income" means the sum of Wisconsin adjusted gross income and the
2 following amounts, to the extent not included in Wisconsin adjusted gross income:
3 maintenance payments (except foster care maintenance and supplementary
4 payments excludable under section 131 of the ~~internal revenue code~~ Internal
5 Revenue Code), support money, cash public assistance (not including credit granted
6 under this subchapter and amounts under s. 46.27), cash benefits paid by counties
7 under s. 59.53 (21), the gross amount of any pension or annuity (including railroad
8 retirement benefits, all payments received under the federal social security act and
9 veterans disability pensions), nontaxable interest received from the federal
10 government or any of its instrumentalities, nontaxable interest received on state or
11 municipal bonds, worker's compensation, unemployment insurance, the gross
12 amount of "loss of time" insurance, compensation and other cash benefits received
13 from the United States for past or present service in the armed forces, scholarship
14 and fellowship gifts or income, capital gains, gain on the sale of a personal residence
15 excluded under section 121 of the ~~internal revenue code~~ Internal Revenue Code,
16 dividends, income of a nonresident or part-year resident who is married to a
17 full-year resident, housing allowances provided to members of the clergy, the
18 amount by which a resident manager's rent is reduced, nontaxable income of an
19 American Indian, nontaxable income from sources outside this state and nontaxable
20 deferred compensation. Intangible drilling costs, depletion allowances and
21 depreciation, including first-year depreciation allowances under section 179 of the
22 ~~internal revenue code~~ Internal Revenue Code, amortization, contributions to
23 individual retirement accounts under section 219 of the ~~internal revenue code~~
24 Internal Revenue Code, contributions to Keogh plans, net operating loss
25 carry-forwards and capital loss carry-forwards deducted in determining Wisconsin

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1 adjusted gross income shall be added to “income”. “Income” does not include gifts
2 from natural persons, cash reimbursement payments made under title XX of the
3 federal social security act, payments or distributions received from an individual
4 retirement account established under 26 USC 408A, surplus food or other relief in
5 kind supplied by a governmental agency, the gain on the sale of a personal residence
6 deferred under section 1034 of the ~~internal revenue code~~ Internal Revenue Code or
7 nonrecognized gain from involuntary conversions under section 1033 of the ~~internal~~
8 ~~revenue code~~ Internal Revenue Code. Amounts not included in adjusted gross
9 income but added to “income” under this subsection in a previous year and repaid
10 may be subtracted from income for the year during which they are repaid.
11 Scholarship and fellowship gifts or income that are included in Wisconsin adjusted
12 gross income and that were added to household income for purposes of determining
13 the credit under this subchapter in a previous year may be subtracted from income
14 for the current year in determining the credit under this subchapter. A marital
15 property agreement or unilateral statement under ch. 766 has no effect in computing
16 “income” for a person whose homestead is not the same as the homestead of that
17 person’s spouse.

SECTION 2. Initial applicability.

18
19 (1) This act first applies to claims filed for taxable years beginning on January
20 1 of the year in which this subsection takes effect, except that if this subsection takes
21 effect after July 31 this act first applies to claims filed for taxable years beginning
22 on January 1 of the year following the year in which this subsection takes effect.

23 (END)