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LRB-0318/1 MES:amn

## **2019 SENATE BILL 69**

March 1, 2019 - Introduced by Senators Jacque, Bernier, Carpenter, Feyen, Johnson, Nass, L. Taylor and Wanggaard, cosponsored by Representatives James, Edming, Brandtjen, Brooks, Felzkowski, Horlacher, Kulp, Kurtz, Murphy, Mursau, Plumer, Quinn, Ramthun, Schraa, Sinicki, C. Taylor, Thiesfeldt, Tranel, Tusler and Wichgers. Referred to Committee on Agriculture, Revenue and Financial Institutions.

AN ACT *to create* 71.05 (6) (b) 54. and 71.07 (6m) (c) 5. of the statutes; **relating** 

**to:** creating an individual income tax exemption for military income received by certain members of the U.S. armed forces and sunsetting the armed forces member tax credit.

## Analysis by the Legislative Reference Bureau

For taxable years beginning after December 31, 2018, this bill exempts from taxation all military income received from the federal government each year by an individual who is on active duty in the U.S. armed forces. Current law exempts from income taxation all military income received from the federal government by a member of a reserve component of the U.S. armed forces who is called into active federal service or special state service, for the period of time during which the member is on active duty.

Under current law, the armed forces member tax credit allows an active duty member of the U.S. armed forces to claim a nonrefundable individual income tax credit of up to \$300 in military income received each year from the federal government for services performed while the claimant is stationed outside of the United States. Because the credit is nonrefundable, no amount will be paid to the claimant by check if the credit he or she is due exceeds his or her tax liability. Under this bill, no new claims may be made for the credit for taxable years that begin after December 31, 2018.

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Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the 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:

**SECTION 1.** 71.05 (6) (b) 54. of the statutes is created to read:

71.05 **(6)** (b) 54. For taxable years that begin after December 31, 2018, any amount of basic, special, or incentive pay income, as those terms are used in 37 USC chapters 3 and 5, received from the federal government by an individual who is on active duty in the U.S. armed forces, as defined in 26 USC 7701 (a) (15), to the extent that such income is not subtracted under subd. 34.

**Section 2.** 71.07 (6m) (c) 5. of the statutes is created to read:

71.07 (6m) (c) 5. No new claims may be filed under this subsection for taxable years that begin after December 31, 2018.

10 (END)