

# STATEMENT OF SCOPE

## Department of Revenue

Rule No.: Chapter Tax 3

Relating to: Interest and dividend income received from exempt and taxable securities

Rule Type: Permanent

### 1. Detailed description of the objective of the proposed rule:

The objective of the rule is to revise s. Tax 3.095 to update obsolete references to the Internal Revenue Code, add additional obligations, of which interest is exempt and non-exempt from state income tax, and revise headings to clarify a section.

#### a. Obsolete references to the Internal Revenue Code:

- Amend s. 3.095 (4) (b) 8. to update reference to 12 USC 2023
- Amend s. 3.095 (4) (b) 11. to update reference to 12 USC 2077
- Amend s. 3.095 (4) (b) 12. to update reference to 12 USC 2098
- Amend s. 3.095 (4) (b) 16. to update reference to 12 USC 2278b-10(b)
- Amend s. 3.095 (4) (b) 24. to update reference to 12 USC 2077
- Amend s. 3.095 (4) (b) 38. to update reference to 20 USC 1087-2
- Amend s. 3.095 (5) (b) 1. to update reference to 22 USC 285h
- Amend s. 3.095 (5) (b) 12. to update reference to 12 USC 1721
- Amend s. 3.095 (5) (b) 13. to update reference to 12 USC 1701g-5a
- Amend s. 3.095 (5) (b) 15. to update reference to 22 USC 283h
- Amend s. 3.095 (5) (b) 17. to update reference to 22 USC 286k-1
- Amend s. 3.095 (5) (b) 22. to update reference to 48 USC 1408a
- Amend s. 3.095 (5) (b) 23. to update reference to 22 USC 286k-1

#### b. Additional obligations

- Exempt obligations:
  - General Insurance Fund debentures issued under the Rental Housing Insurance, 12 USC 1713(i)
  - General Insurance Fund debentures issued under the National Defense Housing Insurance, 12 USC 1750c(d)
  - General Insurance Fund debentures issued under the Neighborhood Conservation Housing Insurance, 12 USC 1715k(h)(7)
  - Northern Mariana Islands, 48 USC 1801 and 607 of the Covenant to Establish a Commonwealth of the Northern Mariana Islands
  - Participation Certificates in the Federal Assets Financing Trust due in 1987 and 1988, 12 USC 1717(c)
  - National Credit Union Administration Central Liquidity Facility, 12 USC 1795k(b)
- Taxable obligation:
  - National Consumer Cooperative Bank, 12 USC 3017(c)

**c. Revise headings**

- Change s. 3.095 (4) (a) Title to State, municipal, and other government securities exempt from Wisconsin income tax.
- Change s. 3.095 (4) (b) Title to Federal securities exempt from Wisconsin income tax.

**2. Description of existing policies relevant to the rule, new policies proposed to be included in the rule, and an analysis of policy alternatives:**

Existing policies are as set forth in the rules. Changes and additional language is needed to reflect the statutory provisions described above. If the rules are not changed, they will be incorrect in that they will not reflect current law or current department policy.

**3. Detailed explanation of statutory authority for the rule (including the statutory citation and language):**

Under s. 71.80 (1) (c), Stats., the department may make such regulations as it shall deem necessary in order to carry out chapter 71 of the Wisconsin Statutes, relating to income and franchise taxes.

Section 227.11 (2) (a), Stats., provides “[e]ach agency may promulgate rules interpreting the provisions of any statute enforced or administered by the agency, if the agency considers it necessary to effectuate the purpose of the statute...”

**4. Estimate of amount of time that state employees will spend developing the rule and of other resources necessary to develop the rule:**

The department estimates it will take approximately 100 hours to develop the rule.

**5. List with description of all entities that may be affected by the proposed rule:**

Tax professionals, individuals, fiduciaries, and others who rely on clear, current, and concise rules.

**6. Summary and preliminary comparison with any existing or proposed federal regulation that is intended to address the activities to be regulated by the proposed rule:**

There is no existing or proposed federal regulation that is intended to address the activities to be regulated by the rule.

**7. Anticipated economic impact of implementing the rule (note if the rule is likely to have a significant economic impact on small businesses):**

No economic impact is anticipated.

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