



State of Wisconsin
2003 - 2004 LEGISLATURE

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2003 SENATE BILL 278

October 13, 2003 - Introduced by Senators PLALE, WIRCH, BRESKE, ERPENBACH, LASSA, MOORE, ROBSON, CHVALA, RISSER, DECKER, HANSEN and CARPENTER, cosponsored by Representatives SCHOOFF, SINICKI, BALOW, HAHN, STASKUNAS, BOYLE, HEBL and PLOUFF. Referred to Joint Committee on Finance.

1 **AN ACT** *to repeal* 20.835 (3) (c) and 79.155; *to amend* 20.866 (2) (xe), 71.08 (1)
2 (intro.), 71.10 (4) (i), 71.52 (6), 71.52 (6), 71.58 (7) (a), 71.58 (7) (a), 74.09 (3) (b)
3 6., 234.623 (5) and 234.625 (1); *to repeal and recreate* 74.09 (3) (b) 6.; and *to*
4 **create** 16.406, 20.835 (2) (e), 20.835 (3) (c), 71.07 (8m), 71.54 (2m) and 79.155
5 of the statutes; **relating to:** property tax credits based on municipal tax levies;
6 loans issued by the Wisconsin Housing and Economic Development Authority;
7 refinancing certain public debt; for taxable year 2004 only, creating an
8 individual income tax credit for senior citizens, modifying the definition of
9 income under the homestead tax credit and increasing the homestead tax
10 credit; studying the feasibility of covering local government and school district
11 employees under the state employee health care coverage program; studying
12 the state's state and local tax structure; granting rule-making authority; and
13 making appropriations.

Analysis by the Legislative Reference Bureau

This bill does all of the following:

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1. This bill creates, for property tax assessments payable in 2005, a property tax credit for all taxpayers whose property is located in a municipality that increases its municipal purpose levy for 2004 by an amount that is 2 percent or less of the amount of the municipality's municipal purpose levy for 2003. If the municipality's municipal purpose levy for 2004 is the same amount as the municipality's municipal purpose levy for 2003, the municipality will receive an amount to distribute as tax credits that is equal to the taxes levied by the municipality for municipal purposes in 2004, multiplied by 25 percent. If the municipality increased its municipal purpose levy for 2004 by an amount that is greater than 0 percent, but not more than 2 percent, of the amount of the municipality's municipal purpose levy for 2003, the municipality will receive an amount to distribute as tax credits that is equal to the taxes levied by the municipality for municipal purposes in 2004, multiplied by 12.5 percent. The estimated amount to be distributed to municipalities in fiscal year 2004–05 is \$350,000,000.

2. This bill creates a refundable individual income tax credit, for taxable year 2003 only, for senior citizens who are at least 65 years old. A claimant under the credit must reside in and own his or her principal dwelling, which must be located in this state. Similar to the homestead credit, if both spouses of a married couple are eligible to claim the credit, they must decide between them who the claimant is.

If the claimant's household income is \$45,000 or less, the claimant may claim a credit of \$120. The credit amount is phased down to zero as the claimant's income increases from more than \$45,000 to less than \$85,000, and no credit may be claimed if the claimant's income is \$85,000 or more. The credit amount that may be claimed under the bill is also prorated if the claimant, or the claimant's spouse, is a part-year resident of the state or if the claimant's spouse is a nonresident of the state, based on a ratio of the claimant's Wisconsin adjusted gross income (AGI) to federal AGI. If the amount of the credit for which the claimant is eligible exceeds the claimant's tax liability, the excess amount of the credit is refunded to the claimant by check.

3. Under current law, for claims filed in 2001 and thereafter, the homestead tax credit threshold income is \$8,000, the maximum property taxes, or rent constituting property taxes, that a claimant may use in calculating his or her credit are \$1,450, and the maximum income is \$24,500. Under the current law formula, as a claimant's income exceeds \$8,000, the credit is phased out until the credit equals zero when income exceeds \$24,500. Also under the formula, if the household income is \$8,000 or less, the credit is 80% of the property taxes accrued or rent constituting property taxes accrued. Using the formula, the credit that may be claimed ranges from \$10 to \$1,160.

Under this bill, for claims filed in 2005, based on property taxes accrued or rent constituting property taxes accrued in 2004, a claimant may claim a credit of 120% of the amount that he or she is otherwise eligible to claim using the current law formula.

Also under current law, "income" is defined under the homestead tax credit as the sum of Wisconsin adjusted gross income (AGI) and a number of other items, to the extent that the other items are not included in Wisconsin AGI, such as certain public assistance payments, nontaxable interest received on state and municipal

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bonds, unemployment insurance, and all payments received under the federal Social Security Act, other than cash reimbursement payments made under title XX of that act.

Under the bill, for taxable year 2004, the definition of "income" for homestead credit purposes is modified such that only payments received under the Social Security Act in excess of \$2,500 are included in the definition of "income" if social security payments represent at least 50 percent of a claimant's Wisconsin AGI. If social security payments do not represent at least 50 percent of a claimant's Wisconsin AGI, the entire amount of such payments is included in the definition of income. Also for taxable year 2004, all amounts of unemployment compensation are excluded from the definition of income under the homestead credit.

4. Currently, before June 30, 2003, for public debt that is used to finance tax-supported or self-amortizing facilities, the state may contract additional public debt in an amount not to exceed \$75,000,000 to refund the indebtedness. The bill increases that amount to \$425,000,000 and provides that the refinancing of the debt must occur before June 30, 2005.

The bill also provides that this public debt may only be contracted if the secretary of administration makes a specific request to the Building Commission and that the secretary may make this request only if the Department of Administration determines that the estimated net general fund balance for the fiscal year is less than the estimated net general fund balance for that fiscal year as shown in the most recent schedule summary.

5. This bill increases the general school aid appropriation by \$100,000,000 in fiscal year 2003-04 and \$100,000,000 in fiscal year 2004-05.

6. Under current law, a homeowner 65 years of age or older with total household income of no more than \$20,000 may annually apply to the Wisconsin Housing and Economic Development Authority for a loan to pay all or a portion of the individual's current property taxes and special assessments, and any interest or penalties on delinquent property taxes. The maximum annual loan amount is \$2,500. This bill increases the income limit under this program to \$33,500 and increases the maximum annual loan amount to \$3,200.

7. The bill creates a special committee to be called the Commission on Municipal Employer Health Care Coverage Costs (MEHCC), which consists of the governor or his or her designee; the secretary of revenue or his or her designee; the secretary of administration or his or her designee; one member of the assembly, appointed by the speaker of the assembly; one member of the senate, appointed by the president of the senate; one member who represents labor organizations, appointed by the governor; and one member who represents the public interest, appointed by the governor. Under the bill, MEHCC must study the feasibility of allowing all local government and school district employers to provide their employees with health insurance coverage under the health care coverage plan for state employees that is administered by the Group Insurance Board and must report its findings and recommendations no later than December 31, 2004.

8. The bill creates a special committee to be called the Commission on State and Local Tax Structure, which consists of members appointed by the governor. The

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commission must study this state's state and local tax structure and determine the tax burden, by income category, on Wisconsin residents and must report its findings and recommendations no later than January 1, 2005.

For further information see the *state and local* 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.** 16.406 of the statutes is created to read:

2 **16.406 Request to issue certain general obligation debt.** Annually, on or
3 before September 1, but not after 2005, the department shall prepare an estimate of
4 the net balances of the general fund for the fiscal year corresponding with the year
5 in which the department makes an estimate under this section. Copies of the
6 estimates shall be provided to the cochairpersons of the joint committee on finance
7 and to the legislative fiscal bureau. If the estimated net general fund balance for the
8 fiscal year, as certified by the department, is less than the estimated net general fund
9 balance for that fiscal year as shown in the most recent schedule under s. 20.005 (1),
10 the secretary of administration may request that the building commission refund the
11 whole or any part of any unpaid indebtedness used to finance tax-supported or
12 self-amortizing facilities from moneys appropriated under s. 20.866 (2) (xe).

13 **SECTION 2.** 20.835 (2) (e) of the statutes is created to read:

14 20.835 (2) (e) *Senior citizen tax credit.* A sum sufficient to pay the claims
15 approved under s. 71.07 (8m).

16 **SECTION 3.** 20.835 (3) (c) of the statutes is created to read:

17 20.835 (3) (c) *Municipal purpose levy credit.* A sum sufficient to make
18 payments under s. 79.155.

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1 **SECTION 4.** 20.835 (3) (c) of the statutes, as created by 2003 Wisconsin Act ...
2 (this act), is repealed.

3 **SECTION 5.** 20.866 (2) (xe) of the statutes is amended to read:

4 20.866 (2) (xe) *Building commission; refunding tax-supported and*
5 *self-amortizing general obligation debt incurred before June 30, 2003 2005.* From
6 the capital improvement fund, a sum sufficient to refund the whole or any part of any
7 unpaid indebtedness used to finance tax-supported or self-amortizing facilities.
8 The state may contract public debt in an amount not to exceed \$75,000,000
9 \$425,000,000 for this purpose. Such indebtedness shall be construed to include any
10 premium and interest payable with respect thereto. Debt incurred by this paragraph
11 shall be incurred before June 30, 2003 2005, but only pursuant to a request by the
12 secretary of administration under s. 16.406, and shall be repaid under the
13 appropriations providing for the retirement of public debt incurred for
14 tax-supported and self-amortizing facilities in proportional amounts to the
15 purposes for which the debt was refinanced.

16 **SECTION 6.** 71.07 (8m) of the statutes is created to read:

17 71.07 (8m) SENIOR CITIZEN TAX CREDIT. (a) *Definitions.* In this subsection:

18 1. "Claimant" means an individual who files a claim under this subsection, is
19 at least 65 years old in the year to which the claim relates, and who resides in and
20 owns his or her principal dwelling, which must be located in this state. If 2
21 individuals of a household are able to meet the qualifications for a claimant, they
22 may determine between them as to who the claimant is. If they are unable to agree,
23 the matter shall be referred to the secretary of revenue and the secretary's decision
24 is final.

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1 2. “Household” means a claimant and an individual related to the claimant as
2 husband or wife.

3 3. “Household income” has the meaning given in s. 71.52 (5).

4 4. “Income” has the meaning given in s. 71.52 (6).

5 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
6 claimant may claim as a credit against the tax imposed under s. 71.02 an amount
7 that is calculated under this paragraph, and if the allowable amount of the claim
8 exceeds the income taxes otherwise due on the claimant’s income, the amount of the
9 claim not used as an offset against those taxes shall be certified by the department
10 of revenue to the department of administration for payment to the claimant by check,
11 share draft, or other draft from the appropriation under s. 20.835 (2) (e):

12 1. If the claimant’s household income is \$45,000 or less in the year to which the
13 claim relates, the claimant may claim a credit of \$120.

14 2. If the claimant’s household income is greater than \$45,000 but less than
15 \$85,000 in the year to which the claim relates, the claimant may claim a credit
16 calculated as follows:

17 a. Calculate the value of a fraction, the denominator of which is \$40,000 and
18 the numerator of which is the difference between the claimant’s household income
19 and \$45,000.

20 b. Subtract from 1.0 the amount that is calculated under this subd. 2. a.

21 c. Multiply \$120 by the amount that is calculated under this subd. 2. b.

22 (c) *Limitations.* 1. No credit may be allowed under this subsection unless it
23 is claimed within the time period under s. 71.75 (2).

24 2. For a claimant who is a part-year resident of this state and who is a single
25 person or a married person filing a separate return, multiply the credit for which the

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1 claimant is eligible under par. (b) by a fraction the numerator of which is the
2 individual's Wisconsin adjusted gross income and the denominator of which is the
3 individual's federal adjusted gross income. If a claimant is married and files a joint
4 return, and if the claimant or the claimant's spouse, or both, are part-year residents
5 of this state, or if the claimant's spouse is a nonresident of this state, multiply the
6 credit for which the claimant is eligible under par. (b) by a fraction the numerator of
7 which is the couple's joint Wisconsin adjusted gross income and the denominator of
8 which is the couple's joint federal adjusted gross income.

9 3. Nonresidents of this state are not eligible for the credit under this subsection.

10 4. No credit may be claimed under this subsection if the claimant's household
11 income is \$85,000 or more.

12 5. No credit may be claimed under this subsection for a taxable year that begins
13 after December 31, 2003.

14 6. Only one claim may be filed each taxable year per household.

15 (d) *Administration.* The department may enforce the credit under this
16 subsection and may take any action, conduct any proceeding, and proceed as it is
17 authorized in respect to taxes under this chapter. The income tax provisions in this
18 chapter relating to assessments, refunds, appeals, collection, interest, and penalties
19 apply to the credit under this subsection.

20 **SECTION 7.** 71.08 (1) (intro.) of the statutes is amended to read:

21 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
22 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
23 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (6),
24 (6s), (8m), and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and
25 (3) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and

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1 subchs. VIII and IX and payments to other states under s. 71.07 (7), is less than the
2 tax under this section, there is imposed on that natural person, married couple filing
3 jointly, trust or estate, instead of the tax under s. 71.02, an alternative minimum tax
4 computed as follows:

5 **SECTION 8.** 71.10 (4) (i) of the statutes is amended to read:

6 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
7 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
8 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
9 71.07 (2fd), senior citizen tax credit under s. 71.07 (8m), earned income tax credit
10 under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under
11 subch. X.

12 **SECTION 9.** 71.52 (6) of the statutes is amended to read:

13 71.52 (6) "Income" means the sum of Wisconsin adjusted gross income and the
14 following amounts, to the extent not included in Wisconsin adjusted gross income:
15 maintenance payments (except foster care maintenance and supplementary
16 payments excludable under section 131 of the ~~internal revenue code~~ Internal
17 Revenue Code), support money, cash public assistance (not including credit granted
18 under this subchapter and amounts under s. 46.27), cash benefits paid by counties
19 under s. 59.53 (21), except as otherwise provided in this subsection the gross amount
20 of any pension or annuity (including railroad retirement benefits; all payments
21 received under the federal ~~social security act~~ Social Security Act, except that if such
22 payments represent at least 50% of a claimant's Wisconsin adjusted gross income,
23 any payments received under the Social Security Act in excess of \$2,500; and
24 veterans disability pensions), nontaxable interest received from the federal
25 government or any of its instrumentalities, nontaxable interest received on state or

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1 municipal bonds, worker's compensation, ~~unemployment insurance~~, the gross
2 amount of "loss of time" insurance, compensation and other cash benefits received
3 from the United States for past or present service in the armed forces, scholarship
4 and fellowship gifts or income, capital gains, gain on the sale of a personal residence
5 excluded under section 121 of the ~~internal revenue code~~ Internal Revenue Code,
6 dividends, income of a nonresident or part-year resident who is married to a
7 full-year resident, housing allowances provided to members of the clergy, the
8 amount by which a resident manager's rent is reduced, nontaxable income of an
9 American Indian, nontaxable income from sources outside this state and nontaxable
10 deferred compensation. Intangible drilling costs, depletion allowances and
11 depreciation, including first-year depreciation allowances under section 179 of the
12 ~~internal revenue code~~ Internal Revenue Code, amortization, contributions to
13 individual retirement accounts under section 219 of the ~~internal revenue code~~
14 Internal Revenue Code, contributions to Keogh plans, net operating loss
15 carry-forwards and capital loss carry-forwards deducted in determining Wisconsin
16 adjusted gross income shall be added to "income". "Income" does not include gifts
17 from natural persons, cash reimbursement payments made under title XX of the
18 ~~federal social security act~~ Social Security Act, surplus food or other relief in kind
19 supplied by a governmental agency, the gain on the sale of a personal residence
20 deferred under section 1034 of the ~~internal revenue code~~ Internal Revenue Code or
21 nonrecognized gain from involuntary conversions under section 1033 of the ~~internal~~
22 ~~revenue code~~ Internal Revenue Code. Amounts not included in adjusted gross
23 income but added to "income" under this subsection in a previous year and repaid
24 may be subtracted from income for the year during which they are repaid.
25 Scholarship and fellowship gifts or income that are included in Wisconsin adjusted

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1 gross income and that were added to household income for purposes of determining
2 the credit under this subchapter in a previous year may be subtracted from income
3 for the current year in determining the credit under this subchapter. A marital
4 property agreement or unilateral statement under ch. 766 has no effect in computing
5 “income” for a person whose homestead is not the same as the homestead of that
6 person’s spouse.

7 **SECTION 10.** 71.52 (6) of the statutes, as affected by 2003 Wisconsin Act ... (this
8 act), is amended to read:

9 71.52 (6) “Income” means the sum of Wisconsin adjusted gross income and the
10 following amounts, to the extent not included in Wisconsin adjusted gross income:
11 maintenance payments (except foster care maintenance and supplementary
12 payments excludable under section 131 of the Internal Revenue Code), support
13 money, cash public assistance (not including credit granted under this subchapter
14 and amounts under s. 46.27), cash benefits paid by counties under s. 59.53 (21),
15 ~~except as otherwise provided in this subsection the gross amount of any pension or~~
16 ~~annuity (including railroad retirement benefits; all payments received under the~~
17 ~~federal Social Security Act, except that if such payments represent at least 50% of~~
18 ~~a claimant’s Wisconsin adjusted gross income, any payments received under the~~
19 ~~Social Security Act in excess of \$2,500; and veterans disability pensions), nontaxable~~
20 interest received from the federal government or any of its instrumentalities,
21 nontaxable interest received on state or municipal bonds, worker’s compensation,
22 unemployment insurance, the gross amount of “loss of time” insurance,
23 compensation and other cash benefits received from the United States for past or
24 present service in the armed forces, scholarship and fellowship gifts or income,
25 capital gains, gain on the sale of a personal residence excluded under section 121 of

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1 the Internal Revenue Code, dividends, income of a nonresident or part-year resident
2 who is married to a full-year resident, housing allowances provided to members of
3 the clergy, the amount by which a resident manager's rent is reduced, nontaxable
4 income of an American Indian, nontaxable income from sources outside this state
5 and nontaxable deferred compensation. Intangible drilling costs, depletion
6 allowances and depreciation, including first-year depreciation allowances under
7 section 179 of the Internal Revenue Code, amortization, contributions to individual
8 retirement accounts under section 219 of the Internal Revenue Code, contributions
9 to Keogh plans, net operating loss carry-forwards and capital loss carry-forwards
10 deducted in determining Wisconsin adjusted gross income shall be added to
11 "income". "Income" does not include gifts from natural persons, cash reimbursement
12 payments made under title XX of the federal Social Security Act, surplus food or
13 other relief in kind supplied by a governmental agency, the gain on the sale of a
14 personal residence deferred under section 1034 of the Internal Revenue Code or
15 nonrecognized gain from involuntary conversions under section 1033 of the Internal
16 Revenue Code. Amounts not included in adjusted gross income but added to
17 "income" under this subsection in a previous year and repaid may be subtracted from
18 income for the year during which they are repaid. Scholarship and fellowship gifts
19 or income that are included in Wisconsin adjusted gross income and that were added
20 to household income for purposes of determining the credit under this subchapter in
21 a previous year may be subtracted from income for the current year in determining
22 the credit under this subchapter. A marital property agreement or unilateral
23 statement under ch. 766 has no effect in computing "income" for a person whose
24 homestead is not the same as the homestead of that person's spouse.

25 **SECTION 11.** 71.54 (2m) of the statutes is created to read:

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1 71.54 **(2m)** MULTIPLIER FOR 2004. For claims filed in 2005, based on property
2 taxes accrued or rent constituting property taxes accrued during 2004, a claimant
3 may claim a credit under this section in an amount equal to the credit amount that
4 the claimant is eligible for under sub. (1) (f), multiplied by 120 percent.

5 **SECTION 12.** 71.58 (7) (a) of the statutes is amended to read:

6 71.58 **(7)** (a) For an individual, means income as defined under s. 71.52 (6),
7 2001 stats., plus nonfarm business losses, plus amounts under s. 46.27, less net
8 operating loss carry-forwards, less first-year depreciation allowances under section
9 179 of the internal revenue code and less the first \$25,000 of depreciation expenses
10 in respect to the farm claimed by all of the individuals in a household.

11 **SECTION 13.** 71.58 (7) (a) of the statutes, as affected by 2003 Wisconsin Act
12 (this act), is amended to read:

13 71.58 **(7)** (a) For an individual, means income as defined under s. 71.52 (6),
14 ~~2001 stats.~~, plus nonfarm business losses, plus amounts under s. 46.27, less net
15 operating loss carry-forwards, less first-year depreciation allowances under section
16 179 of the internal revenue code and less the first \$25,000 of depreciation expenses
17 in respect to the farm claimed by all of the individuals in a household.

18 **SECTION 14.** 74.09 (3) (b) 6. of the statutes is amended to read:

19 74.09 **(3)** (b) 6. The amount of the credit under s. 79.10 (5) allocable to the
20 property for the previous year and the current year, and the percentage change
21 between those years, and the amount of the credit under s. 79.155 (3) allocable to the
22 property for the current year.

23 **SECTION 15.** 74.09 (3) (b) 6. of the statutes, as affected by 2003 Wisconsin Act
24 (this act), is repealed and recreated to read:

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1 74.09 (3) (b) 6. The amount of the credit under s. 79.10 (5) allocable to the
2 property for the previous year and the current year, and the percentage change
3 between those years.

4 **SECTION 16.** 79.155 of the statutes is created to read:

5 **79.155 Municipal purpose levy credit. (1) DEFINITIONS.** In this section:

6 (a) "Municipal purpose levy" means the amount of total town, village, or city
7 taxes, excluding total tax increments.

8 (b) "Total tax increments" means total tax increments as defined by rule, and
9 as adjusted, by the department of revenue, based on the total tax increments
10 reported on the statement of taxes filed by the taxation district with the department.

11 (c) "Total town, village, or city taxes" means total town, village, or city taxes as
12 defined by rule, and as adjusted, by the department of revenue, based on the total
13 town, village, or city taxes reported on the statement of taxes filed by the taxation
14 district with the department.

15 **(2) DISTRIBUTION TO MUNICIPALITIES.** On or before March 28, 2005, each
16 municipality that increases its municipal purpose levy for 2004 by an amount that
17 is 2 percent or less of the amount of the municipality's municipal purpose levy for
18 2003 shall receive, from the appropriation under s. 20.835 (3) (c), an amount
19 determined as follows:

20 (a) If the municipality's municipal purpose levy for 2004 is the same amount
21 as the municipality's municipal purpose levy for 2003, an amount equal to the
22 amount of the taxes levied by the municipality for municipal purposes in 2004,
23 multiplied by 25 percent.

24 (b) If the municipality increased its municipal purpose levy for 2004 by an
25 amount that is greater than 0 percent, but not more than 2 percent, of the amount

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1 of the municipality's municipal purpose levy for 2003, an amount equal to the
2 amount of the taxes levied by the municipality for municipal purposes in 2004,
3 multiplied by 12.5 percent.

4 **(3) CREDIT AGAINST TAX LIABILITY.** (a) For the property tax assessments as of
5 January 1, 2004, every property taxpayer in a municipality that is eligible for a
6 distribution under sub. (2) shall receive a tax credit in an amount determined by
7 applying the percentage of the amount of the value of the property assessed to the
8 taxpayer to the amount of the distribution to be made to the municipality under sub.
9 (2), except that no taxpayer may receive a credit that is greater than the total amount
10 of property taxes to be paid on each parcel for which tax is levied for that year by that
11 taxpayer. The credit under this paragraph shall reduce the property taxes otherwise
12 payable by the taxpayer.

13 (b) On or before March 1, 2005, each taxation district shall notify the
14 department of revenue of the total amount of credits allocated under par. (a).

15 **(4) CORRECTIONS.** (a) If the department of administration or the department
16 of revenue determines by June 30, 2005, that there was an overpayment in the
17 distribution to a municipality under sub. (2), the overpayment shall be corrected by
18 reducing the amount of the municipality's subsequent payment under s. 79.035.

19 (b) If the department of administration or the department of revenue
20 determines by June 30, 2005, that there was an underpayment in the distribution
21 to a municipality under sub. (2), the underpayment shall be corrected by increasing
22 the amount of the municipality's subsequent payment under s. 79.035.

23 **(5) APPROPRIATION.** The amount that is estimated to be expended from the
24 appropriation under s. 20.835 (3) (c) is \$350,000,000 in the 2004-05 fiscal year.

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1 **SECTION 17.** 79.155 of the statutes, as created by 2003 Wisconsin Act (this
2 act), is repealed.

3 **SECTION 18.** 234.623 (5) of the statutes is amended to read:

4 234.623 (5) The participant earned no more than ~~\$20,000~~ \$33,500 in income,
5 as defined under s. 71.52 (5), in the year prior to the year in which the property taxes
6 or special assessments for which the loan is made are due.

7 **SECTION 19.** 234.625 (1) of the statutes is amended to read:

8 234.625 (1) The authority shall enter into agreements with participants and
9 their co-owners to loan funds to pay property taxes and special assessments on their
10 qualifying dwelling units. The maximum loan under ss. 234.621 to 234.626 in any
11 one year is limited to the lesser of ~~\$2,500~~ \$3,200 or the amount obtained by adding
12 the property taxes levied on the qualifying dwelling unit for the year for which the
13 loan is sought, the special assessments levied on the dwelling unit, and the interest
14 and penalties for delinquency attributable to the property taxes or special
15 assessments. Loans shall bear interest at a rate equal to the prime lending rate at
16 the time the rate is set, as reported by the federal reserve board in federal reserve
17 statistical release H. 15, plus 1%. The executive director shall set the rate no later
18 than October 15 of each year, and that rate shall apply to loans made in the following
19 year.

20 **SECTION 20. Nonstatutory provisions.**

21 (1) COMMISSION ON MUNICIPAL EMPLOYER HEALTH CARE COVERAGE COSTS.

22 (a) In this subsection, "municipal employer" has the meaning given in section
23 111.70 (1) (j) of the statutes.

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1 (b) There is created a special committee to be called the commission on
2 municipal employer health care coverage costs. The commission shall consist of the
3 following members:

4 1. The governor or his or her designee.

5 2. The secretary of revenue or his or her designee.

6 3. The secretary of administration or his or her designee.

7 4. One member of the assembly, appointed by the speaker of the assembly.

8 5. One member of the senate, appointed by the president of the senate.

9 6. One member who represents labor organizations, as defined in section 111.70
10 (1) (h) of the statutes, appointed by the governor.

11 7. One member who represents the public interest, appointed by the governor.

12 (c) The governor shall call the first meeting of the commission and the
13 commission, at that meeting, shall select a chairperson.

14 (d) The department of administration shall do all of the following:

15 1. Provide all necessary administrative support services to the commission.

16 2. Reimburse members of the commission for their actual and necessary
17 expenses incurred in carrying out their functions from the appropriation under
18 section 20.505 (4) (ba) of the statutes, within the budget of the committee authorized
19 under section 16.40 (14) of the statutes.

20 (e) The commission shall study the feasibility of allowing municipal employers
21 to provide their employees with health insurance coverage under section 40.51 (6)
22 of the statutes.

23 (f) No later than December 31, 2004, the commission shall report its findings
24 and recommendations to the governor, and to the legislature in the manner provided

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1 in section 13.172 (2) of the statutes. Upon submittal of its report, the commission
2 ceases to exist.

3 (2) DATE OF SCHOOL AID CALCULATION. Notwithstanding section 121.15 (4) (b) of
4 the statutes, the department of public instruction shall calculate the total amount
5 of school aid that each school district will receive in the 2003-04 school year by
6 November 1, 2003.

7 (3) DATE OF LEVY AMOUNT. Notwithstanding section 120.12 (3) and (4) of the
8 statutes, each school board of a common or union high school district shall determine
9 the amount necessary to be levied under section 120.12 (3) and (4) of the statutes for
10 the 2003-04 school year by November 30, 2003.

11 (4) COMMISSION ON STATE AND LOCAL TAX STRUCTURE.

12 (a) There is created a special committee to be called the commission on state
13 and local tax structure, which shall consist of members appointed by the governor.

14 (b) The governor shall appoint or determine the method of appointment of the
15 officers of the commission and shall call the first meeting of the commission.

16 (c) The department of administration shall do all of the following:

17 1. Provide all necessary administrative support services to the commission.

18 2. Reimburse members of the commission for their actual and necessary
19 expenses incurred in carrying out their functions from the appropriation under
20 section 20.505 (4) (ba) of the statutes, within the budget of the committee authorized
21 under section 16.40 (14) of the statutes.

22 (d) The commission shall study Wisconsin's state and local tax structure and
23 determine the tax burden, by income category, on Wisconsin taxpayers.

24 (e) No later than January 1, 2005, the commission shall report its findings and
25 recommendations to the legislature in the manner provided under section 13.172 (2)

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1 of the statutes and to the governor. Upon submitting its report, the commission
2 ceases to exist.

3 **SECTION 21. Appropriation changes.**

4 (1) GENERAL EQUALIZATION AIDS. In the schedule under section 20.005 (3) of the
5 statutes for the appropriation to the department of public instruction under section
6 20.255 (2) (ac) of the statutes, as affected by the acts of 2003, the dollar amount is
7 increased by \$100,000,000 for fiscal year 2003-04 and the dollar amount is increased
8 by \$100,000,000 for fiscal year 2004-05 to increase funding for the purpose for which
9 the appropriation is made.

10 **SECTION 22. Initial applicability.**

11 (1) PROPERTY TAX DEFERRAL LOANS. The treatment of sections 234.623 (5) and
12 234.625 (1) of the statutes first applies to applications under section 234.623 (1) of
13 the statutes that are pending on the effective date of this subsection.

14 (2) The amendment of sections 71.52 (6) (by SECTION 9) and 71.58 (7) (a) (by
15 SECTION 12) of the statutes first applies to taxable years beginning on January 1,
16 2004, and the amendment of sections 71.52 (6) (by SECTION 10) and 71.58 (7) (a) (by
17 SECTION 13) of the statutes first applies to taxable years beginning on January 1,
18 2005.

19 (3) The treatment of section 71.07 (8m) of the statutes first applies to taxable
20 years beginning on January 1, 2003.

21 **SECTION 23. Effective dates.** This act takes effect on the day after publication,
22 except as follows:

23 (1) The repeal of sections 20.835 (3) (c) and 79.155 of the statutes and the repeal
24 and recreation of section 74.09 (3) (b) 6. of the statutes take effect on July 1, 2005.

