



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-1985/P1

JK:wlj:rs

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 2-21-05

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(SOON, but not too soon.)

1 **AN ACT to repeal** 20.566 (2) (am), 20.835 (3) (b), 79.10 (1) (b), 79.10 (1) (e), 79.10
2 (4), 79.10 (7m) (a), 79.10 (9) (b), 79.10 (9) (c) 2. and 79.14; **to renumber and**
3 **amend** 79.10 (9) (c) 1.; **to amend** 20.566 (2) (r), 20.835 (3) (q), 20.835 (3) (s),
4 41.41 (10) (c) 1., 74.09 (3) (b) 3., 79.10 (1m) (b), 79.10 (2), 79.10 (5), 79.10 (6m)
5 (a), 79.10 (7m) (b) (title), 79.10 (7m) (b) 1., 79.10 (9) (bm), 79.10 (10) (title), 79.10
6 (10) (a), 79.10 (10) (bm) 1., 79.10 (10) (bm) 2., 79.10 (11) (title), 79.10 (11) (b),
7 79.10 (11) (c), 79.11 (3) (b) and 565.02 (7); and **to create** 20.835 (3) (bm) of the
8 statutes; **relating to:** creating a homeowner's property tax credit, eliminating
9 the school levy property tax credit and the lottery and gaming property tax
10 credit, and making an appropriation.

Analysis by the Legislative Reference Bureau

Under current law, a property owner in this state may claim a school levy property tax credit from the state based on the fair market value of the property and the property taxes levied by school districts located in the municipality in which the property is located. The amount of the credit is paid from the general fund.

Under current law, a person who owns property in this state that the person uses as a principal dwelling may claim the lottery and gaming property tax credit as

a credit against the property taxes imposed on his or her principal dwelling. The amount of the credit is based on the fair market value of the person's principal dwelling and is paid from the lottery fund.

This bill ~~eliminates the school levy property tax credit and the lottery and gaming property tax credit and~~ ^{creates} a homeowner's tax credit. Under the bill, a person who owns property in this state that the person uses as a principal dwelling may claim the homeowner's credit as a credit against the property taxes imposed on his or her principal dwelling. The amount of the credit is based on the fair market value of the person's principal dwelling, up to a fair market value of \$60,000. ~~The credit is paid from both the general fund, in an amount equal to the amount paid for the school levy property tax credit, and the lottery fund.~~

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. 20.566 (2) (am) of the statutes is repealed.~~

2 ~~SECTION 2. 20.566 (2) (r) of the statutes is amended to read:~~

3 ~~20.566 (2) (r) *Lottery and gaming Homeowner's tax credit administration.*~~

4 ~~From the lottery fund, the amounts in the schedule for the administration of the~~
5 ~~lottery and gaming homeowner's tax credit.~~

6 ~~SECTION 3. 20.835 (3) (b) of the statutes is repealed.~~

7 ~~SECTION 4. 20.835 (3) (bm) of the statutes is created to read:~~

8 ~~20.835 (3) (bm) *Homeowner's tax credit; general fund.* A sum sufficient to make~~
9 ~~the payments under s. 79.10 (5) and (6m) (c), not to exceed \$469,305,000.~~

10 ~~SECTION 5. 20.835 (3) (q) of the statutes is amended to read:~~

11 ~~20.835 (3) (q) *Lottery and gaming Homeowner's tax credit.* From the lottery~~
12 ~~fund, a sum sufficient to make the payments under s. 79.10 (5) and (6m) (c), not~~
13 ~~including the amount paid under par. (bm).~~

14 ~~SECTION 6. 20.835 (3) (s) of the statutes is amended to read:~~

1 20.835 (3) (s) ~~Lottery and gaming~~ Homeowner's tax credit; late applications.

2 From the lottery fund, a sum sufficient to make payments for the ~~lottery and gaming~~
3 homeowner's tax credit under s. 79.10 (10) (bm) and (bn).

4 **SECTION 7.** 41.41 (10) (c) 1. of the statutes is amended to read:

5 41.41 (10) (c) 1. Except as provided in par. (d), on or before each January 31,
6 the department shall pay to the treasurer of each taxation district specified in par.
7 (b), with respect to all land in the Kickapoo valley reserve and all land acquired by
8 the board on or before January 1 of the preceding year, an amount determined by
9 multiplying the estimated value of the land equated to the average level of
10 assessment in the taxation district by the aggregate gross general property tax rate,
11 exclusive of the rate that applies under s. 70.58 and without respect to the school levy
12 tax credit under s. 79.10, that would apply to the land in that taxation district for that
13 year if it were taxable.

14 **SECTION 8.** 74.09 (3) (b) 3. of the statutes is amended to read:

15 74.09 (3) (b) 3. The tax levied on the property by the school district where the
16 property is located minus the credit under s. 79.10 (4) allocable to the property, for
17 the previous year and the current year, and the percentage change in that net tax
18 between those years.

19 **SECTION 9.** 79.10 (1) (b) of the statutes is repealed.

20 **SECTION 10.** 79.10 (1) (e) of the statutes is repealed.

21 **SECTION 11.** 79.10 (1m) (b) of the statutes is amended to read:

22 79.10 (1m) (b) Counties and municipalities shall submit to the department of
23 revenue all data related to the ~~lottery and gaming~~ homeowner's tax credit and
24 requested by the department of revenue.

25 **SECTION 12.** 79.10 (2) of the statutes is amended to read:

1 79.10 (2) NOTICE TO MUNICIPALITIES. On or before December 1 of the year
2 preceding the distribution under sub. (7m) (a), the department of revenue shall
3 notify the clerk of each town, village, and city of the estimated fair market value, as
4 determined under sub. (11), to be used to calculate the lottery and gaming
5 homeowner's tax credit under sub. (5) and of the amount to be distributed to it under
6 sub. (7m) (a) on the following 4th Monday in July. The anticipated receipt of such
7 distribution shall not be taken into consideration in determining the tax rate of the
8 municipality but shall be applied as tax credits.

9 **SECTION 13.** 79.10 (4) of the statutes is repealed.

10 **SECTION 14.** 79.10 (5) of the statutes is amended to read:

11 79.10 (5) ~~LOTTERY AND GAMING~~ HOMEOWNER'S TAX CREDIT. Each municipality
12 shall receive, from the ~~appropriation~~ appropriations under s. 20.835 (3) (bm) and (q),
13 an amount determined by multiplying the school tax rate by the estimated fair
14 market value, ~~not exceeding the value as~~ determined under sub. (11), but not to
15 exceed \$60,000, of every principal dwelling that is located in the municipality and
16 for which a claim for the credit under sub. (9) (bm) is made by the owner of the
17 principal dwelling.

18 **SECTION 15.** 79.10 (6m) (a) of the statutes is amended to read:

19 79.10 (6m) (a) Except as provided in pars. (b) and (c), if the department of
20 administration or the department of revenue determines by October 1 of the year of
21 any distribution under ~~subs. (4) and sub.~~ (5) that there was an overpayment or
22 underpayment made in that year's distribution by the department of administration
23 to municipalities, as determined under ~~subs. (4) and sub.~~ (5), because of an error by
24 the department of administration, the department of revenue or any municipality,
25 the overpayment or underpayment shall be corrected as provided in this paragraph.

1 Any overpayment shall be corrected by reducing the subsequent year's distribution,
2 as determined under ~~subs. (4) and sub. (5)~~, by an amount equal to the amount of the
3 overpayment. Any underpayment shall be corrected by increasing the subsequent
4 year's distribution, as determined under ~~subs. (4) and sub. (5)~~, by an amount equal
5 to the amount of the underpayment. Corrections shall be made in the distributions
6 to all municipalities affected by the error. Corrections shall be without interest.

7 **SECTION 16.** 79.10 (7m) (a) of the statutes is repealed.

8 **SECTION 17.** 79.10 (7m) (b) (title) of the statutes is amended to read:

9 79.10 (7m) (b) (title) *Lottery and gaming Homeowner's tax credit.*

10 **SECTION 18.** 79.10 (7m) (b) 1. of the statutes is amended to read:

11 79.10 (7m) (b) 1. The amount determined under sub. (5) with respect to claims
12 filed for which the town, village, or city has furnished notice under sub. (1m) by
13 March 1 shall be distributed from the ~~appropriation~~ appropriations under s. 20.835
14 (3) (bm) and (q) by the department of administration on the 4th Monday in March.

15 **SECTION 19.** 79.10 (9) (b) of the statutes is repealed.

16 **SECTION 20.** 79.10 (9) (bm) of the statutes is amended to read:

17 79.10 (9) (bm) *Lottery and gaming Homeowner's tax credit.* Except as provided
18 in ss. 79.175 and 79.18, a ~~lottery and gaming~~ homeowner's tax credit shall be
19 allocated to every principal dwelling for which a credit is claimed under sub. (10) in
20 an amount determined by multiplying the estimated fair market value of the
21 principal dwelling, ~~not exceeding the value as~~ determined under sub. (11), but not
22 to exceed \$60,000, by the school tax rate.

23 **SECTION 21.** 79.10 (9) (c) 1. of the statutes is renumbered 79.10 (9) (c) and
24 amended to read:

1 ~~79.10 (9) (c) The lottery and gaming homeowner's tax credit under par. (bm)~~
2 ~~shall reduce the property taxes otherwise payable on property that is eligible for that~~
3 ~~credit and if the property owner completes the information required under sub. (10)~~
4 ~~(a) or (b).~~

5 **SECTION 22.** ~~79.10 (9) (c) 2. of the statutes is repealed.~~

6 **SECTION 23.** ~~79.10 (10) (title) of the statutes is amended to read:~~

7 ~~79.10 (10) (title) CLAIMING THE LOTTERY AND GAMING HOMEOWNER'S TAX CREDIT.~~

8 **SECTION 24.** ~~79.10 (10) (a) of the statutes is amended to read:~~

9 ~~79.10 (10) (a) Beginning with property taxes levied in 1999 2004, the owner of~~
10 ~~a principal dwelling may claim the credit under sub. (9) (bm) by applying for the~~
11 ~~credit on a form prescribed by the department of revenue. A claimant shall attest~~
12 ~~that, as of the certification date, the claimant is an owner of property and that such~~
13 ~~property is used by the owner in the manner specified under sub. (1) (dm). The~~
14 ~~certification date is January 1 of the year in which the property taxes are levied. The~~
15 ~~claimant shall file the application for the lottery and gaming homeowner's tax credit~~
16 ~~with the treasurer of the county in which the property is located or, if the property~~
17 ~~is located in a city that collects taxes under s. 74.87, with the treasurer of the city in~~
18 ~~which the property is located. Subject to review by the department of revenue, a~~
19 ~~treasurer who receives a completed application shall direct that the property~~
20 ~~described in the application be identified on the next tax roll as property for which~~
21 ~~the owner is entitled to receive a lottery and gaming homeowner's tax credit. A claim~~
22 ~~that is made under this paragraph is valid for as long as the property is eligible for~~
23 ~~the credit under sub. (9) (bm).~~

24 **SECTION 25.** ~~79.10 (10) (bm) 1. of the statutes is amended to read:~~

1 79.10 (10) (bm) 1. A person who is eligible for a credit under sub. (9) (bm) but
2 whose property tax bill does not reflect the credit may claim the credit by applying
3 to the treasurer of the taxation district in which the property is located for the credit
4 under par. (a) by January 31 following the issuance of the person's property tax bill.
5 The treasurer shall compute the amount of the credit; subtract the amount of the
6 credit from the person's property tax bill; notify the person of the reduced amount of
7 the property taxes due; issue a refund to the person if the person has paid the
8 property taxes in full; and enter the person's property on the next tax roll as property
9 that qualifies for a ~~lottery and gaming~~ homeowner's tax credit. Claims made under
10 this subdivision are valid for as long as the property is eligible for the credit under
11 sub. (9) (bm).

12 **SECTION 26.** 79.10 (10) (bm) 2. of the statutes is amended to read:

13 79.10 (10) (bm) 2. A person who may apply for a credit under subd. 1. but who
14 does not timely apply for the credit under subd. 1. may apply to the department of
15 revenue no later than October 1 following the issuance of the person's property tax
16 bill. Subject to review by the department, the department shall compute the amount
17 of the credit; issue a check to the person in the amount of the credit; and notify the
18 treasurer of the county in which the person's property is located or the treasurer of
19 the taxation district in which the person's property is located, if the taxation district
20 collects taxes under s. 74.87. The treasurer shall enter the person's property on the
21 next tax roll as property that qualifies for a ~~lottery and gaming~~ homeowner's tax
22 credit. Claims made under this subdivision are valid for as long as the property is
23 eligible for the credit under sub. (9) (bm).

24 **SECTION 27.** 79.10 (11) (title) of the statutes is amended to read:

1 79.10 (11) (title) ~~LOTTERY AND GAMING~~ HOMEOWNER'S TAX CREDIT ESTIMATED FAIR
2 MARKET VALUE.

3 **SECTION 28.** 79.10 (11) (b) of the statutes is amended to read:

4 79.10 (11) (b) Before October 16, the department of administration shall
5 determine the total funds available for distribution under the ~~lottery and gaming~~
6 homeowner's tax credit in the following year and shall inform the joint committee on
7 finance of that total. Total funds available for distribution shall be \$469,305,000
8 from s. 20.835 (3) (bm) plus all moneys projected to be transferred to the lottery fund
9 under ss. 20.455 (2) (g) and 20.505 (8) (am), (g), and (jm) and all existing and projected
10 lottery proceeds and interest for the fiscal year of the distribution, less the amount
11 estimated to be expended under ss. 20.455 (2) (r), 20.566 (2) (r), and 20.835 (2) (q) and
12 less the required reserve under s. 20.003 (5). The joint committee on finance may
13 revise the total amount to be distributed if it does so at a meeting that takes place
14 before November 1. If the joint committee on finance does not schedule a meeting
15 to take place before November 1, the total determined by the department of
16 administration shall be the total amount estimated to be distributed under the
17 ~~lottery and gaming~~ homeowner's tax credit in the following year.

18 **SECTION 29.** 79.10 (11) (c) of the statutes is amended to read:

19 79.10 (11) (c) Before November 1, the department of administration shall
20 inform the department of revenue of the total amount available for distribution
21 under the ~~lottery and gaming~~ homeowner's tax credit in the following year. Before
22 December 1, the department of revenue shall calculate, to the nearest \$100, the
23 estimated fair market value necessary to distribute the total amount available for
24 distribution under the ~~lottery and gaming~~ homeowner's tax credit in the following
25 year.

1 **SECTION 30.** 79.11 (3) (b) of the statutes is amended to read:

2 79.11 (3) (b) Notwithstanding ss. 74.11 (2) (b) and 74.12 (2) (b), the lottery and
3 gaming homeowner's tax credit shall be deducted in its entirety from the first
4 installment. This paragraph does not apply to the payment of taxes in installments
5 under s. 74.87.

6 **SECTION 31.** 79.14 of the statutes is repealed.

7 **SECTION 32.** 565.02 (7) of the statutes is amended to read:

8 565.02 (7) Not later than March 1 of each year, the department shall submit
9 to the joint committee on finance a report that includes an estimate for that fiscal
10 year and for the subsequent fiscal year of the gross revenues from the sale of lottery
11 tickets and lottery shares, the total amount paid as prizes and the prize payout ratio
12 for each type of lottery game offered, and an evaluation of the effect of prize payout
13 ratios of lottery games on lottery sales, lottery operating costs and on maximizing the
14 revenue available for the lottery and gaming property homeowner's tax credit. If,
15 within 14 working days after the date on which the committee receives the report,
16 the cochairpersons of the committee notify the department that the committee has
17 scheduled a meeting for the purpose of reviewing the department's proposed prize
18 payouts, the department may proceed with its plans for the prize payouts for the
19 subsequent fiscal year only upon approval of the plans by the committee. If the
20 cochairpersons of the committee do not notify the department within 14 working
21 days after the date on which the committee receives the report that the committee
22 has scheduled a meeting for the purpose of reviewing the department's proposed
23 prize payouts, the department's plans for the prize payouts for the subsequent fiscal
24 year are considered approved by the committee.

25 **SECTION 33. Nonstatutory provisions.**

INSERT 9-24 ↓

1 (1) HOMEOWNER'S TAX CREDIT. An application for the lottery and gaming credit
2 under section 79.10 (10), 2003 stats., shall be considered to be an application for the
3 homeowner's tax credit under section 79.10 (10) of the statutes, as affected by this
4 act, and any valid claim for the lottery and gaming credit under section 79.10 (10),
5 2003 stats., shall be considered to be a valid claim for the homeowner's tax credit
6 under section 79.10 (10) of the statutes, as affected by this act.

7 (2) REPORT. Notwithstanding section 13.52 (5) and (6) of the statutes, the joint
8 survey committee on tax exemptions shall prepare a report that, to provide funding
9 for the homeowner's tax credit under section 79.10 ~~(10)~~ ^(5m) of the statutes, as affected
10 by this act, recommends changes to the corporate income and franchise taxes
11 imposed by this state, not including any increase in corporate income or franchise tax
12 rates, and repealing certain sales and use tax exemptions that primarily affect
13 corporations. The committee shall submit the report to the legislature no later than
14 60 days after the effective date of this subsection.

15 **SECTION 34. Initial applicability.**

16 (1) HOMEOWNER'S TAX CREDIT. ~~The treatment of sections 20.566 (2) (am) and (r),~~
17 ~~20.835 (3) (b), (bm), (q), and (s), 41.41 (10) (c) 1., 74.09 (3) (b) 3., 79.10 (1) (b) and (e),~~
18 ~~(1m) (b), (2), (4), (5), (6m) (a), (7m) (a) and (b) (title) and 1., (9) (b), (bm), and (c) 1. and~~
19 ~~2., (10) (title) and (a), (bm) 1. and 2., and (11) (title), (b), and (c), 79.11 (3) (b), 79.14,~~
20 ~~and 565.02 (7) of the statutes first applies to property taxes levied in 2005.~~

21 (END)

this act

Insert 9 - 24

1 SECTION ~~1~~ 20.835 (3) (bm) of the statutes is created to read:

2 20.835 (3) (bm) *Homeowner's tax credit*. A sum sufficient to make the payments
3 under s. 79.10 (5m) and (6m) (c), not to exceed \$469,305,000.

4 SECTION ~~2~~ 74.09 (3) (b) 6. of the statutes is amended to read:

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

History: 1987 a. 378; 1989 a. 31; 1991 a. 39, 60; 1993 a. 399; 1995 a. 27, 454; 1997 a. 27; 2003 a. 33, 95.

8 SECTION ~~3~~ 79.10 (1) (dm) of the statutes is amended to read:

9 79.10 (1) (dm) "Principal dwelling" means any dwelling that is used by the
10 owner of the dwelling as a primary residence on January 1 of the year preceding the
11 allocation of ~~a credit~~ credits under sub. (9) (bm) and (bn) and includes improvements
12 that are classified, under ch. 70, as taxable real property or personal property.

History: 1971 c. 125 ss. 412, 521; Stats. 1971 s. 79.10; 1973 c. 90; 1975 c. 39, 199; 1977 c. 29, 418; 1979 c. 110 s. 60 (11); 1981 c. 20 ss. 1174 to 1182n, 2202 (45) (b); 1981 c. 93, 314, 317; 1983 a. 2 ss. 6 to 10, 12; 1983 a. 3, 27; 1983 a. 189 s. 329 (17m); 1983 a. 395; 1985 a. 4, 29, 39, 120; 1987 a. 27, 378; 1991 a. 39, 225, 269, 323; 1993 a. 16; 1995 a. 27; 1997 a. 27, 164; 1999 a. 5, 9, 83, 84, 185; 2001 a. 16; 2003 a. 33.

13 SECTION ~~4~~ 79.10 (1m) of the statutes is amended to read:

14 79.10 (1m) (a) Each municipality shall notify the department of revenue of the
15 total amount of credits allocated under sub. (9) (bm) and (bn).

16 (b) Counties and municipalities shall submit to the department of revenue all
17 data related to the lottery and gaming credit and homeowner's tax credit that is
18 requested by the department of revenue.

History: 1971 c. 125 ss. 412, 521; Stats. 1971 s. 79.10; 1973 c. 90; 1975 c. 39, 199; 1977 c. 29, 418; 1979 c. 110 s. 60 (11); 1981 c. 20 ss. 1174 to 1182n, 2202 (45) (b); 1981 c. 93, 314, 317; 1983 a. 2 ss. 6 to 10, 12; 1983 a. 3, 27; 1983 a. 189 s. 329 (17m); 1983 a. 395; 1985 a. 4, 29, 39, 120; 1987 a. 27, 378; 1991 a. 39, 225, 269, 323; 1993 a. 16; 1995 a. 27; 1997 a. 27, 164; 1999 a. 5, 9, 83, 84, 185; 2001 a. 16; 2003 a. 33.

19 SECTION ~~5~~ 79.10 (2) of the statutes is amended to read:

20 79.10 (2) NOTICE TO MUNICIPALITIES. On or before December 1 of the year
21 preceding the distribution under sub. (7m) (a), the department of revenue shall

1 notify the clerk of each town, village and city of the estimated fair market value, as
 2 determined under sub. (11), to be used to calculate the lottery and gaming credit
 3 under sub. (5) and the homeowner's tax credit under sub. (5m) and of the amount to
 4 be distributed to it under sub. (7m) (a) on the following 4th Monday in July. The
 5 anticipated receipt of such distribution shall not be taken into consideration in
 6 determining the tax rate of the municipality but shall be applied as tax credits.

History: 1971 c. 125 ss. 412, 521; Stats. 1971 s. 79.10; 1973 c. 90; 1975 c. 39, 199; 1977 c. 29, 418; 1979 c. 110 s. 60 (11); 1981 c. 20 ss. 1174 to 1182n, 2202 (45) (b); 1981 c. 93, 314, 317; 1983 a. 2 ss. 6 to 10, 12; 1983 a. 3, 27; 1983 a. 189 s. 329 (17m); 1983 a. 395; 1985 a. 4, 29, 39, 120; 1987 a. 27, 378; 1991 a. 39, 225, 269, 323; 1993 a. 16; 1995 a. 27; 1997 a. 27, 164; 1999 a. 5, 9, 83, 84, 185; 2001 a. 16; 2003 a. 33.

7 ~~SECTION 6.~~ 79.10 (5m) of the statutes is created to read:

8 79.10 (5m) HOMEOWNER'S TAX CREDIT. Each municipality shall receive, from the
 9 appropriation under s. 20.835 (3) (bm), an amount determined by multiplying the
 10 school tax rate by the estimated fair market value, determined under sub. (11), but
 11 not to exceed \$60,000, of every principal dwelling that is located in the municipality
 12 and for which a claim for the credit under sub. (9) (bn) is made by the owner of the
 13 principal dwelling.

14 ~~SECTION 7.~~ 79.10 (6m) (a) of the statutes is amended to read:

15 79.10 (6m) (a) Except as provided in pars. (b) and (c), if the department of
 16 administration or the department of revenue determines by October 1 of the year of
 17 any distribution under subs. (4) and, (5), and (5m) that there was an overpayment
 18 or underpayment made in that year's distribution by the department of
 19 administration to municipalities, as determined under subs. (4) and, (5), and (5m),
 20 because of an error by the department of administration, the department of revenue,
 21 or any municipality, the overpayment or underpayment shall be corrected as
 22 provided in this paragraph. Any overpayment shall be corrected by reducing the
 23 subsequent year's distribution, as determined under subs. (4) and, (5), and (5m), by
 24 an amount equal to the amount of the overpayment. Any underpayment shall be

1 corrected by increasing the subsequent year's distribution, as determined under
 2 subs. ~~(4) and (5), and (5m)~~, by an amount equal to the amount of the underpayment.
 3 Corrections shall be made in the distributions to all municipalities affected by the
 4 error. Corrections shall be without interest.

History: 1971 c. 125 ss. 412, 521; Stats. 1971 s. 79.10; 1973 c. 90; 1975 c. 39, 199; 1977 c. 29, 418; 1979 c. 110 s. 60 (11); 1981 c. 20 ss. 1174 to 1182n, 2202 (45) (b); 1981 c. 93, 314, 317; 1983 a. 2 ss. 6 to 10, 12; 1983 a. 3, 27; 1983 a. 189 s. 329 (17m); 1983 a. 395; 1985 a. 4, 29, 39, 120; 1987 a. 27, 378; 1991 a. 39, 225, 269, 323; 1993 a. 16; 1995 a. 27; 1997 a. 27, 164; 1999 a. 5, 9, 83, 84, 185; 2001 a. 16; 2003 a. 33.

5 ~~SECTION 8.~~ 79.10 (7m) (c) of the statutes is created to read:

6 79.10 (7m) (c) *Homeowner's tax credit.* 1. The amount determined under sub.
 7 (5m) with respect to claims filed for which the town, village or city has furnished
 8 notice under sub. (1m) by March 1 shall be distributed from the appropriation under
 9 s. 20.835 (3) (bm) by the department of administration on the 4th Monday in March.

10 2. The town, village or city treasurer shall settle for the amounts distributed
 11 on the 4th Monday in March under this paragraph with each taxing jurisdiction
 12 within the taxation district or provide the amounts distributed to the appropriate
 13 county treasurer for settlement not later than April 15. Failure to settle timely under
 14 this subdivision subjects the town, village or city treasurer to the penalties under s.
 15 74.31. On or before August 20, the county treasurer shall settle with each taxing
 16 jurisdiction, including towns, villages and cities except 1st class cities, in the county.

17 ~~SECTION 9.~~ 79.10 (9) (bn) of the statutes is created to read:

18 79.10 (9) (bn) *Homeowner's tax credit.* Except as provided in ss. 79.175 and
 19 79.18, a homeowner's tax credit shall be allocated to every principal dwelling for
 20 which a credit is claimed under sub. (10) in an amount determined by multiplying
 21 the estimated fair market value of the principal dwelling, as determined under sub.
 22 (11), but not to exceed \$60,000, by the school tax rate.

23 ~~SECTION 10.~~ 79.10 (9) (c) 1. of the statutes is amended to read:

the
and homeowner's tax credit under par. (b)
(bn)

1 79.10 (9) (c) 1. The lottery and gaming credit under par. (bm) shall reduce the
2 property taxes otherwise payable on property that is eligible for that credit and if the
3 property owner completes the information required under sub. (10) (a) or (b).

History: 1971 c. 125 ss. 412, 521; Stats. 1971 s. 79.10; 1973 c. 90; 1975 c. 39, 199; 1977 c. 29, 418; 1979 c. 110 s. 60 (11); 1981 c. 20 ss. 1174 to 1182n, 2202 (45) (b); 1981 c. 93, 314, 317; 1983 a. 2 ss. 6 to 10, 12; 1983 a. 3, 27; 1983 a. 189 s. 329 (17m); 1983 a. 395; 1985 a. 4, 29, 39, 120; 1987 a. 27, 378; 1991 a. 39, 225, 269, 323; 1993 a. 16; 1995 a. 27; 1997 a. 27, 164; 1999 a. 5, 9, 83, 84, 185; 2001 a. 16; 2003 a. 33.

4 **SECTION 11.** 79.10 (10) (title) of the statutes is amended to read:

5 79.10 (10) (title) CLAIMING THE LOTTERY AND GAMING CREDIT AND THE
6 HOMEOWNER'S TAX CREDIT.

History: 1971 c. 125 ss. 412, 521; Stats. 1971 s. 79.10; 1973 c. 90; 1975 c. 39, 199; 1977 c. 29, 418; 1979 c. 110 s. 60 (11); 1981 c. 20 ss. 1174 to 1182n, 2202 (45) (b); 1981 c. 93, 314, 317; 1983 a. 2 ss. 6 to 10, 12; 1983 a. 3, 27; 1983 a. 189 s. 329 (17m); 1983 a. 395; 1985 a. 4, 29, 39, 120; 1987 a. 27, 378; 1991 a. 39, 225, 269, 323; 1993 a. 16; 1995 a. 27; 1997 a. 27, 164; 1999 a. 5, 9, 83, 84, 185; 2001 a. 16; 2003 a. 33.

7 **SECTION 12.** 79.10 (10) (a) of the statutes is amended to read:

8 79.10 (10) (a) ~~Beginning with property taxes levied in 1999, the~~ The owner of
9 a principal dwelling may claim the ~~credit~~ credits under sub. (9) (bm) and (bn) by
10 applying for the ~~credit~~ credits on a form prescribed by the department of revenue.
11 A claimant shall attest that, as of the certification date, the claimant is an owner of
12 property and that such property is used by the owner in the manner specified under
13 sub. (1) (dm). The certification date is January 1 of the year in which the property
14 taxes are levied. The claimant shall file the application for ~~the lottery and gaming~~ plain
15 ~~credit~~ credits with the treasurer of the county in which the property is located or, if
16 the property is located in a city that collects taxes under s. 74.87, with the treasurer
17 of the city in which the property is located. Subject to review by the department of
18 revenue, a treasurer who receives a completed application shall direct that the
19 property described in the application be identified on the next tax roll as property for
20 which the owner is entitled to receive ~~a lottery and gaming credit~~ credits. A claim
21 that is made under this paragraph is valid for as long as the property is eligible for
22 the ~~credit~~ credits under sub. (9) (bm) and (bn).

History: 1971 c. 125 ss. 412, 521; Stats. 1971 s. 79.10; 1973 c. 90; 1975 c. 39, 199; 1977 c. 29, 418; 1979 c. 110 s. 60 (11); 1981 c. 20 ss. 1174 to 1182n, 2202 (45) (b); 1981 c. 93, 314, 317; 1983 a. 2 ss. 6 to 10, 12; 1983 a. 3, 27; 1983 a. 189 s. 329 (17m); 1983 a. 395; 1985 a. 4, 29, 39, 120; 1987 a. 27, 378; 1991 a. 39, 225, 269, 323; 1993 a. 16; 1995 a. 27; 1997 a. 27, 164; 1999 a. 5, 9, 83, 84, 185; 2001 a. 16; 2003 a. 33.

1 **SECTION 13.** 79.10 (10) (b) of the statutes is amended to read:

2 79.10 (10) (b) A person who becomes eligible for a ~~credit~~ credits under sub. (9)
3 (bm) and (bn) may claim the ~~credit~~ credits by filing an application, on a form
4 prescribed by the department of revenue, with the treasurer of the county in which
5 the property is located or, if the property is located in a city that collects taxes under
6 s. 74.87, with the treasurer of the city in which the property is located. Claims made
7 under this paragraph are valid for as long as the property is eligible for the ~~credit~~
8 credits under sub. (9) (bm) and (bn).

History: 1971 c. 125 ss. 412, 521; Stats. 1971 s. 79.10; 1973 c. 90; 1975 c. 39, 199; 1977 c. 29, 418; 1979 c. 110 s. 60 (11); 1981 c. 20 ss. 1174 to 1182n, 2202 (45) (b); 1981 c. 93, 314, 317; 1983 a. 2 ss. 6 to 10, 12; 1983 a. 3, 27; 1983 a. 189 s. 329 (17m); 1983 a. 395; 1985 a. 4, 29, 39, 120; 1987 a. 27, 378; 1991 a. 39, 225, 269, 323; 1993 a. 16; 1995 a. 27; 1997 a. 27, 164; 1999 a. 5, 9, 83, 84, 185; 2001 a. 16; 2003 a. 33.

9 **SECTION 14.** 79.10 (10) (bm) of the statutes is amended to read:

10 79.10 (10) (bm) 1. A person who is eligible for a ~~credit~~ credits under sub. (9)
11 (bm) and (bn) but whose property tax bill does not reflect the ~~credit~~ credits may claim
12 the ~~credit~~ credits by applying to the treasurer of the taxation district in which the
13 property is located for the ~~credit~~ credits under par. (a) by January 31 following the
14 issuance of the person's property tax bill. The treasurer shall compute the amount
15 of the ~~credit~~ credits; subtract the amount of the ~~credit~~ credits from the person's
16 property tax bill; notify the person of the reduced amount of the property taxes due;
17 issue a refund to the person if the person has paid the property taxes in full; and enter
18 the person's property on the next tax roll as property that qualifies for a lottery and
19 gaming credit and a homeowner's tax credit. Claims made under this subdivision
20 are valid for as long as the property is eligible for the ~~credit~~ credits under sub. (9) (bm)
21 and (bn).

22 2. A person who may apply for a ~~credit~~ credits under subd. 1. but who does not
23 timely apply for the ~~credit~~ credits under subd. 1. may apply to the department of
24 revenue no later than October 1 following the issuance of the person's property tax

1 bill. Subject to review by the department, the department shall compute the amount
 2 of the ~~credit~~ credits; issue a check to the person in the amount of the ~~credit~~ credits;
 3 and notify the treasurer of the county in which the person's property is located or the
 4 treasurer of the taxation district in which the person's property is located, if the
 5 taxation district collects taxes under s. 74.87. The treasurer shall enter the person's
 6 property on the next tax roll as property that qualifies for a lottery and gaming credit
 7 and homeowner's tax credit. Claims made under this subdivision are valid for as long
 8 as the property is eligible for the ~~credit~~ credits under sub. (9) (bm) and (bn).

History: 1971 c. 125 ss. 412, 521; Stats. 1971 s. 79.10; 1973 c. 90; 1975 c. 39, 199; 1977 c. 29, 418; 1979 c. 110 s. 60 (11); 1981 c. 20 ss. 1174 to 1182n, 2202 (45) (b); 1981 c. 93, 314, 317; 1983 a. 2 ss. 6 to 10, 12; 1983 a. 3, 27; 1983 a. 189 s. 329 (17m); 1983 a. 395; 1985 a. 4, 29, 39, 120; 1987 a. 27, 378; 1991 a. 39, 225, 269, 323; 1993 a. 16; 1995 a. 27; 1997 a. 27, 164; 1999 a. 5, 9, 83, 84, 185; 2001 a. 16; 2003 a. 33

9 **SECTION 15. 79.10 (10) (bn)** of the statutes is amended to read:

10 79.10 (10) (bn) 1. If a person who owns and uses property as specified under
 11 sub. (1) (dm), as of the certification date under par. (a), transfers the property after
 12 the certification date, the transferee may apply to the treasurer of the county in
 13 which the property is located or, if the property is located in a city that collects taxes
 14 under s. 74.87, to the treasurer of the city in which the property is located for the
 15 ~~credit~~ credits under sub. (9) (bm) and (bn) on a form prescribed by the department
 16 of revenue. The transferee shall attest that, to the transferee's knowledge, the
 17 transferor used the property in the manner specified under sub. (1) (dm) as of the
 18 certification date under par. (a). A claim that is made under this subdivision is valid
 19 for as long as the property is eligible for the ~~credit~~ credits under sub. (9) (bm) and (bn).

20 2. A person who is eligible for a ~~credit~~ credits under subd. 1. but whose property
 21 tax bill does not reflect the ~~credit~~ credits may claim the ~~credit~~ credits by applying to
 22 the treasurer of the taxation district in which the property is located for the ~~credit~~ credits
 23 credits by January 31 following the issuance of the person's property tax bill. Claims
 24 made after January 31, but no later than October 1 following the issuance of the

1 person's property tax bill, shall be made to the department of revenue. Paragraph
2 (bm), as it applies to processing claims made under that paragraph, applies to
3 processing claims made under this subdivision.

History: 1971 c. 125 ss. 412, 521; Stats. 1971 s. 79.10; 1973 c. 90; 1975 c. 39, 199; 1977 c. 29, 418; 1979 c. 110 s. 60 (11); 1981 c. 20 ss. 1174 to 1182n, 2202 (45) (b); 1981 c. 93, 314, 317; 1983 a. 2 ss. 6 to 10, 12; 1983 a. 3, 27; 1983 a. 189 s. 329 (17m); 1983 a. 395; 1985 a. 4, 29, 39, 120; 1987 a. 27, 378; 1991 a. 39, 225, 269, 323; 1993 a. 16; 1995 a. 27; 1997 a. 27, 164; 1999 a. 5, 9, 83, 84, 185; 2001 a. 16; 2003 a. 33.

4 **SECTION 16.** 79.10 (10) (c) of the statutes is amended to read:

5 79.10 (10) (c) If a person who is certified under par. (a) to claim the ~~credit~~ credits
6 under sub. (9) (bm) and (bn) becomes ineligible for the ~~credit~~ credits under sub. (9)
7 (bm) and (bn), that person shall, within 30 days of becoming ineligible, notify the
8 treasurer of the county in which the property is located or, if the property is located
9 in a city that collects taxes under s. 74.87, the treasurer of the city in which the
10 property is located.

History: 1971 c. 125 ss. 412, 521; Stats. 1971 s. 79.10; 1973 c. 90; 1975 c. 39, 199; 1977 c. 29, 418; 1979 c. 110 s. 60 (11); 1981 c. 20 ss. 1174 to 1182n, 2202 (45) (b); 1981 c. 93, 314, 317; 1983 a. 2 ss. 6 to 10, 12; 1983 a. 3, 27; 1983 a. 189 s. 329 (17m); 1983 a. 395; 1985 a. 4, 29, 39, 120; 1987 a. 27, 378; 1991 a. 39, 225, 269, 323; 1993 a. 16; 1995 a. 27; 1997 a. 27, 164; 1999 a. 5, 9, 83, 84, 185; 2001 a. 16; 2003 a. 33.

11 **SECTION 17.** 79.10 (10) (e) 2. of the statutes is amended to read:

12 79.10 (10) (e) 2. The certification procedure includes a procedure that is similar
13 in effect to the procedure described in ~~par.~~ pars. (bm) and (bn).

History: 1971 c. 125 ss. 412, 521; Stats. 1971 s. 79.10; 1973 c. 90; 1975 c. 39, 199; 1977 c. 29, 418; 1979 c. 110 s. 60 (11); 1981 c. 20 ss. 1174 to 1182n, 2202 (45) (b); 1981 c. 93, 314, 317; 1983 a. 2 ss. 6 to 10, 12; 1983 a. 3, 27; 1983 a. 189 s. 329 (17m); 1983 a. 395; 1985 a. 4, 29, 39, 120; 1987 a. 27, 378; 1991 a. 39, 225, 269, 323; 1993 a. 16; 1995 a. 27; 1997 a. 27, 164; 1999 a. 5, 9, 83, 84, 185; 2001 a. 16; 2003 a. 33.

14 **SECTION 18.** 79.10 (10) (f) of the statutes is amended to read:

15 79.10 (10) (f) Each county and city that administers the ~~credit~~ credits under
16 sub. (9) (bm) and (bn) shall implement a procedure to periodically verify the
17 eligibility of properties for which a credit is claimed. In 2004, and every 5th year
18 thereafter, each county and city that administers the ~~credit~~ credits under sub. (9)
19 (bm) and (bn) shall file a report with the department of revenue, in the manner and
20 at the time prescribed by the department of revenue, that describes the procedures

1 that the county or city uses to verify the credits claimed under this subsection and
2 evaluates the efficacy of such procedures.

History: 1971 c. 125 ss. 412, 521; Stats. 1971 s. 79.10; 1973 c. 90; 1975 c. 39, 199; 1977 c. 29, 418; 1979 c. 110 s. 60 (11); 1981 c. 20 ss. 1174 to 1182n, 2202 (45) (b); 1981 c. 93, 314, 317; 1983 a. 2 ss. 6 to 10, 12; 1983 a. 3, 27; 1983 a. 189 s. 329 (17m); 1983 a. 395; 1985 a. 4, 29, 39, 120; 1987 a. 27, 378; 1991 a. 39, 225, 269, 323; 1993 a. 16; 1995 a. 27; 1997 a. 27, 164; 1999 a. 5, 9, 83, 84, 185; 2001 a. 16; 2003 a. 33.

3 **SECTION 19. 79.15** of the statutes is created to read:

4 **79.15 Homeowner's tax credit.** The appropriation under s. 20.835 (3) (bm)
5 is \$469,305,000 in 2005 and in each year thereafter.

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1985/P1dn
JK:wlj:rs

February 14, 2005

Representative Black:

Please review this draft carefully to ensure that it is consistent with your intent.

Also, please be aware that the homeowner's tax credit, as created in the bill, could be challenged as a violation of the uniformity clause of article VIII, section 1, of the Wisconsin Constitution. The uniformity clause requires that the taxation of real property be uniform.

The Wisconsin Supreme Court has held that reducing the taxes on some property but not exempting the property is a partial exemption that violates the uniformity clause. See *State ex rel. La Follette v. Torphy*, 85 Wis. 2d 94, 105-108 (1978) and *Gottlieb v. Milwaukee*, 33 Wis. 2d 408, 427-428 (1859). A court could find that the homeowner's tax credit created in the bill creates a partial exemption because it disproportionately reduces the tax liability of homeowners. In other words, because the credit is based on the first \$60,000 of property value, a homeowner whose property is valued at \$60,000, for example, will receive a credit that represents a greater percentage of his or her total tax liability than a homeowner whose property value exceeds \$60,000. See also, 52 Opinion of the Attorney General 143 (1963) which opines that exempting the first \$3,750 of the assessed value of homesteads creates a partial exemption.

Please also note that, although revenue from the lottery fund is not subject to the uniformity clause, revenue from the general fund is. Therefore, using general fund revenue to pay for ~~a portion of~~ a tax credit that is provided only to homeowners may also violate the uniformity clause.

Although I am not certain how a court would rule on a constitutional challenge to the bill, should it become law, you should be aware of possible challenges to the bill. Please contact me if you have any questions.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1985/P2dn

JK:wlj:rs

February 28, 2005

Representative Black:

Please review this draft carefully to ensure that it is consistent with your intent.

Also, please be aware that the homeowner's tax credit, as created in the bill, could be challenged as a violation of the uniformity clause of article VIII, section 1, of the Wisconsin Constitution. The uniformity clause requires that the taxation of real property be uniform.

The Wisconsin Supreme Court has held that reducing the taxes on some property but not exempting the property is a partial exemption that violates the uniformity clause. See *State ex rel. La Follette v. Torphy*, 85 Wis. 2d 94, 105-108 (1978) and *Gottlieb v. Milwaukee*, 33 Wis. 2d 408, 427-428 (1859). A court could find that the homeowner's tax credit created in the bill creates a partial exemption because it disproportionately reduces the tax liability of homeowners. In other words, because the credit is based on the first \$60,000 of property value, a homeowner whose property is valued at \$60,000, for example, will receive a credit that represents a greater percentage of his or her total tax liability than a homeowner whose property value exceeds \$60,000. See also, 52 Opinion of the Attorney General 143 (1963) which opines that exempting the first \$3,750 of the assessed value of homesteads creates a partial exemption.

Please also note that, although revenue from the lottery fund is not subject to the uniformity clause, revenue from the general fund is. Therefore, using general fund revenue to pay for a tax credit that is provided only to homeowners may also violate the uniformity clause.

Although I am not certain how a court would rule on a constitutional challenge to the bill, should it become law, you should be aware of possible challenges to the bill. Please contact me if you have any questions.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us

Kreye, Joseph

From: Basford, Sarah
Sent: Wednesday, March 02, 2005 10:10 AM
To: Kreye, Joseph
Subject: FW: Draft review: LRB 05-1985/P2 Topic: Homeowners property tax

I explained that this needs to be re-drafted to a /1 to be jacketed.

-----Original Message-----

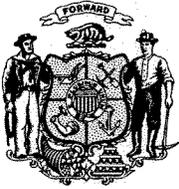
From: Zimmerman, Terri
Sent: Wednesday, March 02, 2005 10:07 AM
To: Basford, Sarah
Subject: RE: Draft review: LRB 05-1985/P2 Topic: Homeowners property tax credit

Please have LRB1985/P2 jacketed. Thank you

-----Original Message-----

From: Basford, Sarah
Sent: Monday, February 28, 2005 12:02 PM
To: Rep.Black
Subject: Draft review: LRB 05-1985/P2 Topic: Homeowners property tax credit

Following is the PDF version of draft LRB 05-1985/P2 and drafter's note.



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-1985/P2
JK:wlj:rs

RMR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 3-2-05
Today

Regen

1 AN ACT *to amend* 74.09 (3) (b) 6., 79.10 (1) (dm), 79.10 (1m), 79.10 (2), 79.10 (6m)
2 (a), 79.10 (9) (c) 1., 79.10 (10) (title), 79.10 (10) (a), 79.10 (10) (b), 79.10 (10) (bm),
3 79.10 (10) (bn), 79.10 (10) (c), 79.10 (10) (e) 2. and 79.10 (10) (f); and *to create*
4 20.835 (3) (bm), 79.10 (5m), 79.10 (7m) (c), 79.10 (9) (bn) and 79.15 of the
5 statutes; **relating to:** creating a homeowner's property tax credit and making
6 an appropriation.

Analysis by the Legislative Reference Bureau

This bill creates a homeowner's tax credit. Under the bill, a person who owns property in this state that the person uses as a principal dwelling may claim the homeowner's credit as a credit against the property taxes imposed on his or her principal dwelling. The amount of the credit is based on the fair market value of the person's principal dwelling, up to a fair market value of \$60,000.

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:

7 SECTION 1. 20.835 (3) (bm) of the statutes is created to read:

1 20.835 (3) (bm) *Homeowner's tax credit*. A sum sufficient to make the payments
2 under s. 79.10 (5m) and (6m) (c), not to exceed \$469,305,000.

3 **SECTION 2.** 74.09 (3) (b) 6. of the statutes is amended to read:

4 74.09 (3) (b) 6. The amount of the ~~credit~~ credits under s. 79.10 (5) and (5m)
5 allocable to the property for the previous year and the current year, and the
6 percentage change between those years.

7 **SECTION 3.** 79.10 (1) (dm) of the statutes is amended to read:

8 79.10 (1) (dm) "Principal dwelling" means any dwelling that is used by the
9 owner of the dwelling as a primary residence on January 1 of the year preceding the
10 allocation of a ~~credit~~ credits under sub. (9) (bm) and (bn) and includes improvements
11 that are classified, under ch. 70, as taxable real property or personal property.

12 **SECTION 4.** 79.10 (1m) of the statutes is amended to read:

13 79.10 (1m) (a) Each municipality shall notify the department of revenue of the
14 total amount of credits allocated under sub. (9) (bm) and (bn).

15 (b) Counties and municipalities shall submit to the department of revenue all
16 data related to the lottery and gaming credit and homeowner's tax credit that is
17 requested by the department of revenue.

18 **SECTION 5.** 79.10 (2) of the statutes is amended to read:

19 79.10 (2) NOTICE TO MUNICIPALITIES. On or before December 1 of the year
20 preceding the distribution under sub. (7m) (a), the department of revenue shall
21 notify the clerk of each town, village and city of the estimated fair market value, as
22 determined under sub. (11), to be used to calculate the lottery and gaming credit
23 under sub. (5) and the homeowner's tax credit under sub. (5m) and of the amount to
24 be distributed to it under sub. (7m) (a) on the following 4th Monday in July. The

1 anticipated receipt of such distribution shall not be taken into consideration in
2 determining the tax rate of the municipality but shall be applied as tax credits.

3 **SECTION 6.** 79.10 (5m) of the statutes is created to read:

4 79.10 (5m) HOMEOWNER'S TAX CREDIT. Each municipality shall receive, from the
5 appropriation under s. 20.835 (3) (bm), an amount determined by multiplying the
6 school tax rate by the estimated fair market value, determined under sub. (11), but
7 not to exceed \$60,000, of every principal dwelling that is located in the municipality
8 and for which a claim for the credit under sub. (9) (bn) is made by the owner of the
9 principal dwelling.

10 **SECTION 7.** 79.10 (6m) (a) of the statutes is amended to read:

11 79.10 (6m) (a) Except as provided in pars. (b) and (c), if the department of
12 administration or the department of revenue determines by October 1 of the year of
13 any distribution under subs. (4) ~~and~~, (5), and (5m) that there was an overpayment
14 or underpayment made in that year's distribution by the department of
15 administration to municipalities, as determined under subs. (4) ~~and~~, (5), and (5m),
16 because of an error by the department of administration, the department of revenue,
17 or any municipality, the overpayment or underpayment shall be corrected as
18 provided in this paragraph. Any overpayment shall be corrected by reducing the
19 subsequent year's distribution, as determined under subs. (4) ~~and~~, (5), and (5m), by
20 an amount equal to the amount of the overpayment. Any underpayment shall be
21 corrected by increasing the subsequent year's distribution, as determined under
22 subs. (4) ~~and~~, (5), and (5m), by an amount equal to the amount of the underpayment.
23 Corrections shall be made in the distributions to all municipalities affected by the
24 error. Corrections shall be without interest.

25 **SECTION 8.** 79.10 (7m) (c) of the statutes is created to read:

1 79.10 (7m) (c) *Homeowner's tax credit.* 1. The amount determined under sub.
2 (5m) with respect to claims filed for which the town, village, or city has furnished
3 notice under sub. (1m) by March 1 shall be distributed from the appropriation under
4 s. 20.835 (3) (bm) by the department of administration on the 4th Monday in March.

5 2. The town, village, or city treasurer shall settle for the amounts distributed
6 on the 4th Monday in March under this paragraph with each taxing jurisdiction
7 within the taxation district or provide the amounts distributed to the appropriate
8 county treasurer for settlement not later than April 15. Failure to settle timely under
9 this subdivision subjects the town, village, or city treasurer to the penalties under
10 s. 74.31. On or before August 20, the county treasurer shall settle with each taxing
11 jurisdiction, including towns, villages, and cities except 1st class cities, in the county.

12 **SECTION 9.** 79.10 (9) (bn) of the statutes is created to read:

13 79.10 (9) (bn) *Homeowner's tax credit.* Except as provided in ss. 79.175 and
14 79.18, a homeowner's tax credit shall be allocated to every principal dwelling for
15 which a credit is claimed under sub. (10) in an amount determined by multiplying
16 the estimated fair market value of the principal dwelling, as determined under sub.
17 (11), but not to exceed \$60,000, by the school tax rate.

18 **SECTION 10.** 79.10 (9) (c) 1. of the statutes is amended to read:

19 79.10 (9) (c) 1. The lottery and gaming credit under par. (bm) and the
20 homeowner's tax credit under par. (bn) shall reduce the property taxes otherwise
21 payable on property that is eligible for that credit and if the property owner
22 completes the information required under sub. (10) (a) or (b).

23 **SECTION 11.** 79.10 (10) (title) of the statutes is amended to read:

24 79.10 (10) (title) CLAIMING THE LOTTERY AND GAMING CREDIT AND THE
25 HOMEOWNER'S TAX CREDIT.

1 **SECTION 12.** 79.10 (10) (a) of the statutes is amended to read:

2 79.10 (10) (a) ~~Beginning with property taxes levied in 1999, the~~ The owner of
3 a principal dwelling may claim the ~~credit~~ credits under sub. (9) (bm) and (bn) by
4 applying for the ~~credit~~ credits on a form prescribed by the department of revenue.
5 A claimant shall attest that, as of the certification date, the claimant is an owner of
6 property and that such property is used by the owner in the manner specified under
7 sub. (1) (dm). The certification date is January 1 of the year in which the property
8 taxes are levied. The claimant shall file the application for the ~~lottery and gaming~~
9 ~~credit~~ credits with the treasurer of the county in which the property is located or, if
10 the property is located in a city that collects taxes under s. 74.87, with the treasurer
11 of the city in which the property is located. Subject to review by the department of
12 revenue, a treasurer who receives a completed application shall direct that the
13 property described in the application be identified on the next tax roll as property for
14 which the owner is entitled to receive a ~~lottery and gaming credit~~ credits. A claim
15 that is made under this paragraph is valid for as long as the property is eligible for
16 the ~~credit~~ credits under sub. (9) (bm) and (bn).

17 **SECTION 13.** 79.10 (10) (b) of the statutes is amended to read:

18 79.10 (10) (b) A person who becomes eligible for a ~~credit~~ credits under sub. (9)
19 (bm) and (bn) may claim the ~~credit~~ credits by filing an application, on a form
20 prescribed by the department of revenue, with the treasurer of the county in which
21 the property is located or, if the property is located in a city that collects taxes under
22 s. 74.87, with the treasurer of the city in which the property is located. Claims made
23 under this paragraph are valid for as long as the property is eligible for the ~~credit~~
24 credits under sub. (9) (bm) and (bn).

25 **SECTION 14.** 79.10 (10) (bm) of the statutes is amended to read:

1 79.10 (10) (bm) 1. A person who is eligible for a ~~credit~~ credits under sub. (9) (bm)
2 and (bn) but whose property tax bill does not reflect the ~~credit~~ credits may claim the
3 ~~credit~~ credits by applying to the treasurer of the taxation district in which the
4 property is located for the ~~credit~~ credits under par. (a) by January 31 following the
5 issuance of the person's property tax bill. The treasurer shall compute the amount
6 of the ~~credit~~ credits; subtract the amount of the ~~credit~~ credits from the person's
7 property tax bill; notify the person of the reduced amount of the property taxes due;
8 issue a refund to the person if the person has paid the property taxes in full; and enter
9 the person's property on the next tax roll as property that qualifies for a lottery and
10 gaming credit and a homeowner's tax credit. Claims made under this subdivision
11 are valid for as long as the property is eligible for the ~~credit~~ credits under sub. (9) (bm)
12 and (bn).

13 2. A person who may apply for a ~~credit~~ credits under subd. 1. but who does not
14 timely apply for the ~~credit~~ credits under subd. 1. may apply to the department of
15 revenue no later than October 1 following the issuance of the person's property tax
16 bill. Subject to review by the department, the department shall compute the amount
17 of the ~~credit~~ credits; issue a check to the person in the amount of the ~~credit~~ credits;
18 and notify the treasurer of the county in which the person's property is located or the
19 treasurer of the taxation district in which the person's property is located, if the
20 taxation district collects taxes under s. 74.87. The treasurer shall enter the person's
21 property on the next tax roll as property that qualifies for a lottery and gaming credit
22 and a homeowner's tax credit. Claims made under this subdivision are valid for as
23 long as the property is eligible for the ~~credit~~ credits under sub. (9) (bm) and (bn).

24 **SECTION 15.** 79.10 (10) (bn) of the statutes is amended to read:

1 79.10 (10) (bn) 1. If a person who owns and uses property as specified under
2 sub. (1) (dm), as of the certification date under par. (a), transfers the property after
3 the certification date, the transferee may apply to the treasurer of the county in
4 which the property is located or, if the property is located in a city that collects taxes
5 under s. 74.87, to the treasurer of the city in which the property is located for the
6 ~~credit~~ credits under sub. (9) (bm) and (bn) on a form prescribed by the department
7 of revenue. The transferee shall attest that, to the transferee's knowledge, the
8 transferor used the property in the manner specified under sub. (1) (dm) as of the
9 certification date under par. (a). A claim that is made under this subdivision is valid
10 for as long as the property is eligible for the ~~credit~~ credits under sub. (9) (bm) and (bn).

11 2. A person who is eligible for a ~~credit~~ credits under subd. 1. but whose property
12 tax bill does not reflect the ~~credit~~ credits may claim the ~~credit~~ credits by applying to
13 the treasurer of the taxation district in which the property is located for the ~~credit~~
14 credits by January 31 following the issuance of the person's property tax bill. Claims
15 made after January 31, but no later than October 1 following the issuance of the
16 person's property tax bill, shall be made to the department of revenue. Paragraph
17 (bm), as it applies to processing claims made under that paragraph, applies to
18 processing claims made under this subdivision.

19 **SECTION 16.** 79.10 (10) (c) of the statutes is amended to read:

20 79.10 (10) (c) If a person who is certified under par. (a) to claim the ~~credit~~ credits
21 under sub. (9) (bm) and (bn) becomes ineligible for the ~~credit~~ credits under sub. (9)
22 (bm) and (bn), that person shall, within 30 days of becoming ineligible, notify the
23 treasurer of the county in which the property is located or, if the property is located
24 in a city that collects taxes under s. 74.87, the treasurer of the city in which the
25 property is located.

1 **SECTION 17.** 79.10 (10) (e) 2. of the statutes is amended to read:

2 79.10 (10) (e) 2. The certification procedure includes a procedure that is similar
3 in effect to the procedure described in ~~par.~~ pars. (bm) and (bn).

4 **SECTION 18.** 79.10 (10) (f) of the statutes is amended to read:

5 79.10 (10) (f) Each county and city that administers the ~~credit~~ credits under
6 sub. (9) (bm) and (bn) shall implement a procedure to periodically verify the
7 eligibility of properties for which a credit is claimed. In 2004, and every 5th year
8 thereafter, each county and city that administers the ~~credit~~ credits under sub. (9)
9 (bm) and (bn) shall file a report with the department of revenue, in the manner and
10 at the time prescribed by the department of revenue, that describes the procedures
11 that the county or city uses to verify the credits claimed under this subsection and
12 evaluates the efficacy of such procedures.

13 **SECTION 19.** 79.15 of the statutes is created to read:

14 **79.15 Homeowner's tax credit.** The appropriation under s. 20.835 (3) (bm)
15 is \$469,305,000 in 2005 and in each year thereafter.

16 **SECTION 20. Nonstatutory provisions.**

17 (1) **HOMEOWNER'S TAX CREDIT.** An application for the lottery and gaming credit
18 under section 79.10 (10), 2003 stats., shall be considered to be an application for the
19 homeowner's tax credit under section 79.10 (10) of the statutes, as affected by this
20 act, and any valid claim for the lottery and gaming credit under section 79.10 (10),
21 2003 stats., shall be considered to be a valid claim for the homeowner's tax credit
22 under section 79.10 (10) of the statutes, as affected by this act.

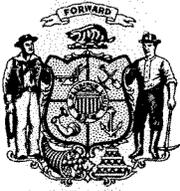
23 (2) **REPORT.** Notwithstanding section 13.52 (5) and (6) of the statutes, the joint
24 survey committee on tax exemptions shall prepare a report that, to provide funding
25 for the homeowner's tax credit under section 79.10 (5) of the statutes, as affected by

1 this act, recommends changes to the corporate income and franchise taxes imposed
2 by this state, not including any increase in corporate income or franchise tax rates,
3 and repealing certain sales and use tax exemptions that primarily affect
4 corporations. The committee shall submit the report to the legislature no later than
5 60 days after the effective date of this subsection.

6 **SECTION 21. Initial applicability.**

7 (1) HOMEOWNER'S TAX CREDIT. This act first applies to property taxes levied in
8 2005.

9 (END)



2

RM not R

2005 BILL

in 5-18-05

due Fri. 5-20

re gen

increasing the amount of the school property income tax credit

1 AN ACT to amend 74.09 (3) (b) 6., 79.10 (1) (dm), 79.10 (1m), 79.10 (2), 79.10 (6m)

2 (a), 79.10 (9) (c) 1., 79.10 (10) (title), 79.10 (10) (a), 79.10 (10) (b), 79.10 (10) (bm),

3 79.10 (10) (bn), 79.10 (10) (c), 79.10 (10) (e) 2. and 79.10 (10) (f); and to create

4 20.835 (3) (bm), 79.10 (5m), 79.10 (7m) (c), 79.10 (9) (bn) and 79.15 of the

5 statutes; relating to: creating a homeowner's property tax credit and making

6 an appropriation.

Analysis by the Legislative Reference Bureau

This bill creates a homeowner's tax credit. Under the bill, a person who owns property in this state that the person uses as a principal dwelling may claim the homeowner's credit as a credit against the property taxes imposed on his or her principal dwelling. The amount of the credit is based on the fair market value of the person's principal dwelling, up to a fair market value of \$60,000.

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

INSERT A

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

7 SECTION 1. 20.835 (3) (bm) of the statutes is created to read:

BILL

INSERT
2-3

1 20.835 (3) (bm) *Homeowner's tax credit*. A sum sufficient to make the payments
2 under s. 79.10 (5m) and (6m) (c), not to exceed \$469,305,000.

3 **SECTION 2.** 74.09 (3) (b) 6. of the statutes is amended to read:

4 74.09 (3) (b) 6. The amount of the ~~credit~~ credits under s. 79.10 (5) and (5m)
5 allocable to the property for the previous year and the current year, and the
6 percentage change between those years.

7 **SECTION 3.** 79.10 (1) (dm) of the statutes is amended to read:

8 79.10 (1) (dm) "Principal dwelling" means any dwelling that is used by the
9 owner of the dwelling as a primary residence on January 1 of the year preceding the
10 allocation of a ~~credit~~ credits under sub. (9) (bm) and (bn) and includes improvements
11 that are classified, under ch. 70, as taxable real property or personal property.

12 **SECTION 4.** 79.10 (1m) of the statutes is amended to read:

13 79.10 (1m) (a) Each municipality shall notify the department of revenue of the
14 total amount of credits allocated under sub. (9) (bm) and (bn).

15 (b) Counties and municipalities shall submit to the department of revenue all
16 data related to the lottery and gaming credit and homeowner's tax credit that is
17 requested by the department of revenue.

18 **SECTION 5.** 79.10 (2) of the statutes is amended to read:

19 79.10 (2) NOTICE TO MUNICIPALITIES. On or before December 1 of the year
20 preceding the distribution under sub. (7m) (a), the department of revenue shall
21 notify the clerk of each town, village and city of the estimated fair market value, as
22 determined under sub. (11), to be used to calculate the lottery and gaming credit
23 under sub. (5) and the homeowner's tax credit under sub. (5m) and of the amount to
24 be distributed to it under sub. (7m) (a) on the following 4th Monday in July. The

BILL

1 anticipated receipt of such distribution shall not be taken into consideration in
2 determining the tax rate of the municipality but shall be applied as tax credits.

3 **SECTION 6.** 79.10 (5m) of the statutes is created to read:

4 79.10 (5m) HOMEOWNER'S TAX CREDIT. Each municipality shall receive, from the
5 appropriation under s. 20.835 (3) (bm), an amount determined by multiplying the
6 school tax rate by the estimated fair market value, determined under sub. (11), but
7 not to exceed \$60,000, of every principal dwelling that is located in the municipality
8 and for which a claim for the credit under sub. (9) (bn) is made by the owner of the
9 principal dwelling.

10 **SECTION 7.** 79.10 (6m) (a) of the statutes is amended to read:

11 79.10 (6m) (a) Except as provided in pars. (b) and (c), if the department of
12 administration or the department of revenue determines by October 1 of the year of
13 any distribution under subs. (4) ~~and, (5), and (5m)~~ that there was an overpayment
14 or underpayment made in that year's distribution by the department of
15 administration to municipalities, as determined under subs. (4) ~~and, (5), and (5m)~~,
16 because of an error by the department of administration, the department of revenue,
17 or any municipality, the overpayment or underpayment shall be corrected as
18 provided in this paragraph. Any overpayment shall be corrected by reducing the
19 subsequent year's distribution, as determined under subs. (4) ~~and, (5), and (5m)~~, by
20 an amount equal to the amount of the overpayment. Any underpayment shall be
21 corrected by increasing the subsequent year's distribution, as determined under
22 subs. (4) ~~and, (5), and (5m)~~, by an amount equal to the amount of the underpayment.
23 Corrections shall be made in the distributions to all municipalities affected by the
24 error. Corrections shall be without interest.

25 **SECTION 8.** 79.10 (7m) (c) of the statutes is created to read:

BILL**SECTION 8**

1 79.10 (7m) (c) *Homeowner's tax credit.* 1. The amount determined under sub.
2 (5m) with respect to claims filed for which the town, village, or city has furnished
3 notice under sub. (1m) by March 1 shall be distributed from the appropriation under
4 s. 20.835 (3) (bm) by the department of administration on the 4th Monday in March.

5 2. The town, village, or city treasurer shall settle for the amounts distributed
6 on the 4th Monday in March under this paragraph with each taxing jurisdiction
7 within the taxation district or provide the amounts distributed to the appropriate
8 county treasurer for settlement not later than April 15. Failure to settle timely under
9 this subdivision subjects the town, village, or city treasurer to the penalties under
10 s. 74.31. On or before August 20, the county treasurer shall settle with each taxing
11 jurisdiction, including towns, villages, and cities except 1st class cities, in the county.

12 **SECTION 9.** 79.10 (9) (bn) of the statutes is created to read:

13 79.10 (9) (bn) *Homeowner's tax credit.* Except as provided in ss. 79.175 and
14 79.18, a homeowner's tax credit shall be allocated to every principal dwelling for
15 which a credit is claimed under sub. (10) in an amount determined by multiplying
16 the estimated fair market value of the principal dwelling, as determined under sub.
17 (11), but not to exceed \$60,000, by the school tax rate.

18 **SECTION 10.** 79.10 (9) (c) 1. of the statutes is amended to read:

19 79.10 (9) (c) 1. The lottery and gaming credit under par. (bm) and the
20 homeowner's tax credit under par. (bn) shall reduce the property taxes otherwise
21 payable on property that is eligible for that credit and if the property owner
22 completes the information required under sub. (10) (a) or (b).

23 **SECTION 11.** 79.10 (10) (title) of the statutes is amended to read:

24 79.10 (10) (title) CLAIMING THE LOTTERY AND GAMING CREDIT AND THE
25 HOMEOWNER'S TAX CREDIT.

BILL

1 **SECTION 12.** 79.10 (10) (a) of the statutes is amended to read:

2 79.10 (10) (a) ~~Beginning with property taxes levied in 1999, the~~ The owner of
3 a principal dwelling may claim the ~~credit~~ credits under sub. (9) (bm) and (bn) by
4 applying for the ~~credit~~ credits on a form prescribed by the department of revenue.
5 A claimant shall attest that, as of the certification date, the claimant is an owner of
6 property and that such property is used by the owner in the manner specified under
7 sub. (1) (dm). The certification date is January 1 of the year in which the property
8 taxes are levied. The claimant shall file the application for the ~~lottery and gaming~~
9 ~~credit~~ credits with the treasurer of the county in which the property is located or, if
10 the property is located in a city that collects taxes under s. 74.87, with the treasurer
11 of the city in which the property is located. Subject to review by the department of
12 revenue, a treasurer who receives a completed application shall direct that the
13 property described in the application be identified on the next tax roll as property for
14 which the owner is entitled to receive a ~~lottery and gaming credit~~ credits. A claim
15 that is made under this paragraph is valid for as long as the property is eligible for
16 the ~~credit~~ credits under sub. (9) (bm) and (bn).

17 **SECTION 13.** 79.10 (10) (b) of the statutes is amended to read:

18 79.10 (10) (b) A person who becomes eligible for a ~~credit~~ credits under sub. (9)
19 (bm) and (bn) may claim the ~~credit~~ credits by filing an application, on a form
20 prescribed by the department of revenue, with the treasurer of the county in which
21 the property is located or, if the property is located in a city that collects taxes under
22 s. 74.87, with the treasurer of the city in which the property is located. Claims made
23 under this paragraph are valid for as long as the property is eligible for the ~~credit~~
24 credits under sub. (9) (bm) and (bn).

25 **SECTION 14.** 79.10 (10) (bm) of the statutes is amended to read:

BILL**SECTION 14**

1 79.10 (10) (bm) 1. A person who is eligible for a ~~credit~~ credits under sub. (9) (bm)
2 and (bn) but whose property tax bill does not reflect the ~~credit~~ credits may claim the
3 ~~credit~~ credits by applying to the treasurer of the taxation district in which the
4 property is located for the ~~credit~~ credits under par. (a) by January 31 following the
5 issuance of the person's property tax bill. The treasurer shall compute the amount
6 of the ~~credit~~ credits; subtract the amount of the ~~credit~~ credits from the person's
7 property tax bill; notify the person of the reduced amount of the property taxes due;
8 issue a refund to the person if the person has paid the property taxes in full; and enter
9 the person's property on the next tax roll as property that qualifies for a lottery and
10 gaming credit and a homeowner's tax credit. Claims made under this subdivision
11 are valid for as long as the property is eligible for the ~~credit~~ credits under sub. (9) (bm)
12 and (bn).

13 2. A person who may apply for a ~~credit~~ credits under subd. 1. but who does not
14 timely apply for the ~~credit~~ credits under subd. 1. may apply to the department of
15 revenue no later than October 1 following the issuance of the person's property tax
16 bill. Subject to review by the department, the department shall compute the amount
17 of the ~~credit~~ credits; issue a check to the person in the amount of the ~~credit~~ credits;
18 and notify the treasurer of the county in which the person's property is located or the
19 treasurer of the taxation district in which the person's property is located, if the
20 taxation district collects taxes under s. 74.87. The treasurer shall enter the person's
21 property on the next tax roll as property that qualifies for a lottery and gaming credit
22 and a homeowner's tax credit. Claims made under this subdivision are valid for as
23 long as the property is eligible for the ~~credit~~ credits under sub. (9) (bm) and (bn).

24 **SECTION 15.** 79.10 (10) (bn) of the statutes is amended to read:

BILL

1 79.10 (10) (bn) 1. If a person who owns and uses property as specified under
2 sub. (1) (dm), as of the certification date under par. (a), transfers the property after
3 the certification date, the transferee may apply to the treasurer of the county in
4 which the property is located or, if the property is located in a city that collects taxes
5 under s. 74.87, to the treasurer of the city in which the property is located for the
6 ~~credit~~ credits under sub. (9) (bm) and (bn) on a form prescribed by the department
7 of revenue. The transferee shall attest that, to the transferee's knowledge, the
8 transferor used the property in the manner specified under sub. (1) (dm) as of the
9 certification date under par. (a). A claim that is made under this subdivision is valid
10 for as long as the property is eligible for the ~~credit~~ credits under sub. (9) (bm) and (bn).

11 2. A person who is eligible for a ~~credit~~ credits under subd. 1. but whose property
12 tax bill does not reflect the ~~credit~~ credits may claim the ~~credit~~ credits by applying to
13 the treasurer of the taxation district in which the property is located for the ~~credit~~
14 credits by January 31 following the issuance of the person's property tax bill. Claims
15 made after January 31, but no later than October 1 following the issuance of the
16 person's property tax bill, shall be made to the department of revenue. Paragraph
17 (bm), as it applies to processing claims made under that paragraph, applies to
18 processing claims made under this subdivision.

19 **SECTION 16.** 79.10 (10) (c) of the statutes is amended to read:

20 79.10 (10) (c) If a person who is certified under par. (a) to claim the ~~credit~~ credits
21 under sub. (9) (bm) and (bn) becomes ineligible for the ~~credit~~ credits under sub. (9)
22 (bm) and (bn), that person shall, within 30 days of becoming ineligible, notify the
23 treasurer of the county in which the property is located or, if the property is located
24 in a city that collects taxes under s. 74.87, the treasurer of the city in which the
25 property is located.

BILL

1 **SECTION 17.** 79.10 (10) (e) 2. of the statutes is amended to read:

2 79.10 (10) (e) 2. The certification procedure includes a procedure that is similar
3 in effect to the procedure described in ~~par.~~ pars. (bm) and (bn).

4 **SECTION 18.** 79.10 (10) (f) of the statutes is amended to read:

5 79.10 (10) (f) Each county and city that administers the ~~credit~~ credits under
6 sub. (9) (bm) and (bn) shall implement a procedure to periodically verify the
7 eligibility of properties for which a credit is claimed. In 2004, and every 5th year
8 thereafter, each county and city that administers the ~~credit~~ credits under sub. (9)
9 (bm) and (bn) shall file a report with the department of revenue, in the manner and
10 at the time prescribed by the department of revenue, that describes the procedures
11 that the county or city uses to verify the credits claimed under this subsection and
12 evaluates the efficacy of such procedures.

13 **SECTION 19.** 79.15 of the statutes is created to read:

14 **79.15 Homeowner's tax credit.** The appropriation under s. 20.835 (3) (bm)
15 is \$469,305,000 in 2005 and in each year thereafter.

16 **SECTION 20. Nonstatutory provisions.**

17 (1) **HOMEOWNER'S TAX CREDIT.** An application for the lottery and gaming credit
18 under section 79.10 (10), 2003 stats., shall be considered to be an application for the
19 homeowner's tax credit under section 79.10 (10) of the statutes, as affected by this
20 act, and any valid claim for the lottery and gaming credit under section 79.10 (10),
21 2003 stats., shall be considered to be a valid claim for the homeowner's tax credit
22 under section 79.10 (10) of the statutes, as affected by this act.

23 (2) **REPORT.** Notwithstanding section 13.52 (5) and (6) of the statutes, the joint
24 survey committee on tax exemptions shall prepare a report that, to provide funding
25 for the homeowner's tax credit under section 79.10 (5) of the statutes, as affected by

BILL

1 this act, recommends changes to the corporate income and franchise taxes imposed
2 by this state, not including any increase in corporate income or franchise tax rates,
3 and repealing certain sales and use tax exemptions that primarily affect
4 corporations. The committee shall submit the report to the legislature no later than
5 60 days after the effective date of this subsection.

SECTION 21. Initial applicability.

7 (1) HOMEOWNER'S TAX CREDIT. ~~This act~~ first applies to property taxes levied in
8 2005.

(END)

*The treatment of sections 20835(3)(bm),
and
7409(3)(l) 60, 7910(1)(dm), (1m),
(2), (5m), (6m)(a), (7m)(c), (9)
(bn) and (c) 6, and (10)(title), (a),
(b), (bm), (bn), (c), (e) 20, and
(f) of the statutes*

Insert 9-8

ASSEMBLY BILL 44

1 credit, imposing the sales tax on the lease of luxury boxes at sports facilities,
2 claiming the property tax exemption for computers, and making an
3 appropriation.

Analysis by the Legislative Reference Bureau

Property tax credits

Under current law, a property owner in this state may claim a school levy property tax credit from the state based on the fair market value of the property and the property taxes levied by school districts located in the municipality in which the property is located. The amount of the credit is paid from the general fund.

Under current law, a person who owns property in this state that the person uses as a principal dwelling may claim the lottery and gaming property tax credit as a credit against the property taxes imposed on his or her principal dwelling. The amount of the credit is based on the fair market value of the person's principal dwelling and is paid from the lottery fund.

This bill eliminates the school levy property tax credit and the lottery and gaming property tax credit and creates a homeowner's tax credit. Under the bill, a person who owns property in this state that the person uses as a principal dwelling may claim the homeowner's credit as a credit against the property taxes imposed on his or her principal dwelling. The amount of the credit is based on the fair market value of the person's principal dwelling, up to a fair market value of \$60,000. The credit is paid from both the general fund, in an amount equal to the amount paid for the school levy property tax credit, and the lottery fund.

School property tax income tax credit

Under current law, a person may claim an income tax credit based on the amount of property taxes or rent paid on the person's principal dwelling. The amount of the credit is equal to 12 percent of the first \$2,500 of property taxes or rent paid on the person's principal dwelling, or, for married persons filing separately, 12 percent of the first \$1,250 of property taxes or rent paid on the person's principal dwelling. Under the bill, with regard to rent paid on a person's principal dwelling, the amount of the credit is equal to 16 percent of the first \$2,500 of rent paid on the person's principal dwelling, or, for married persons filing separately, 16 percent of the first \$1,250 of rent paid on the person's principal dwelling.

Related entities

For purposes of calculating a taxpayer's state income tax or franchise tax liability, this bill requires a taxpayer to add the following amounts to the taxpayer's federal taxable income: any amount that the taxpayer deducted or excluded under the Internal Revenue Code for management and service fees, interest expenses and costs, intangible expenses and costs, and any other expenses and costs directly or indirectly paid, accrued, or incurred to, or in connection directly or indirectly with one or more direct or indirect transactions with, one or more related entities.

Insert
A

ASSEMBLY BILL 44

1 **SECTION 10.** 71.01 (9b) of the statutes is created to read:

2 71.01 (9b) "Related entity" means any person related to a taxpayer as provided
3 under section 267, 318, or 1563 of the Internal Revenue Code during all or a portion
4 of the taxpayer's taxable year.

5 **SECTION 11.** 71.05 (6) (a) 21. of the statutes is created to read:

6 71.05 (6) (a) 21. Any amount deducted or excluded under the Internal Revenue
7 Code for management and service fees, interest expenses and costs, intangible
8 expenses and costs, and any other expenses and costs directly or indirectly paid,
9 accrued, or incurred to, or in connection directly or indirectly with one or more direct
10 or indirect transactions with, one or more related entities.

IN 200
2-3

11 **SECTION 12.** 71.07 (9) (b) 5. of the statutes is amended to read:

12 71.07 (9) (b) 5. For taxable years beginning after December 31, 1999, subject
13 to the limitations under this subsection a claimant may claim as a credit against, but
14 not to exceed the amount of, taxes under s. 71.02, ~~12%~~ 12 percent of the first \$2,500
15 of property taxes or 16 percent of the first \$2,500 of rent constituting property taxes,
16 or ~~12%~~ except that a married person filing separately may claim 12 percent of the first
17 \$1,250 of property taxes or 16 percent of the first \$1,250 of rent constituting property
18 taxes of a married person filing separately.

19 **SECTION 13.** 71.22 (3m) of the statutes is created to read:

20 71.22 (3m) "Intangible expenses and costs" includes expenses, losses, and costs
21 for, related to, or directly or indirectly in connection with the direct or indirect
22 acquisition of, use of, maintenance or management of, ownership of, sale of, exchange
23 of, or any other direct or indirect disposition of intangible property to the extent that
24 such expenses, losses, and costs are allowed as deductions or costs to determine
25 federal taxable income under the Internal Revenue Code. For purposes of this

ASSEMBLY BILL 44

SECTION 48

1 prize payouts, the department's plans for the prize payouts for the subsequent fiscal
2 year are considered approved by the committee.

3 **SECTION 49. Nonstatutory provisions.**

4 (1) HOMEOWNER'S TAX CREDIT. An application for the lottery and gaming credit
5 under section 79.10 (10) of the statutes, 2003 stats., shall be considered to be an
6 application for the homeowner's tax credit under section 79.10 (10) of the statutes,
7 as affected by this act, and any valid claim for the lottery and gaming credit under
8 section 79.10 (10) of the statutes, 2003 stats., shall be considered to be a valid claim
9 for the homeowner's tax credit under section 79.10 (10) of the statutes, as affected
10 by this act.

11 **SECTION 50. Initial applicability.**

12 (1) HOMEOWNER'S TAX CREDIT. The treatment of sections 20.566 (2) (am) and (r),
13 20.835 (3) (b), (bm), (q), and (s), 41.41 (10) (c) 1., 74.09 (3) (b) 3., 79.10 (1) (b) and (e),
14 (1m) (b), (2), (4), (5), (6m) (a), (7m) (a) and (b) (title) and 1., (9) (b), (bm), and (c) 1. and
15 2., (10) (title) and (a), (bm) 1. and 2., and (11) (title), (b), and (c), 79.11 (3) (b), 79.14,
16 and 565.02 (7) of the statutes first applies to property taxes levied in 2005.

17 (2) COMPUTERS. The treatment of section 70.11 (39) of the statutes first applies
18 to the property tax assessments as of January 1, 2005.

19 *N & B* →

19 (3) SCHOOL PROPERTY INCOME TAX CREDIT. The treatment of section 71.07 (9) (b)
20 5. of the statutes first applies to taxable years beginning on January 1, ~~2005~~ 2006

21 (4) RELATED ENTITIES. The treatment of sections 71.01 (5p) and (9b), 71.05 (6)
22 (a) 21., 71.22 (3m) and (9b), 71.34 (1) (j), 71.42 (1p) and (4m), 71.45 (2) (a) 16., 71.738
23 (3m), and 71.80 (23) of the statutes, the renumbering and amendment of section
24 71.26 (2) (a), and the creation of section 71.26 (2) (a) 6. of the statutes first apply to
25 taxable years beginning on January 1, 2005.

*(INSERT)
9-8*

5-1805

Block 5 Price — Major Taxes

1985/1 credit to renters as well as to property owners
see
(AB44 — includes renters)

sum sufficient approx — eliminate the least \$469m.

Barman, Mike

From: Barman, Mike
Sent: Wednesday, May 25, 2005 8:46 AM
To: Rep.Black; Zimmerman, Terri
Subject: LRB 05-1985/2 (attached) (Requested by Terri)



05-1985/2

Mike Barman

Mike Barman - Senior Program Asst. (PH. 608-266-3561)
(E-Mail: mike.barman@legis.state.wi.us) (FAX: 608-264-6948)

State of Wisconsin
Legislative Reference Bureau - Legal Section - Front Office
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