



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-1188/P6  
MES:amn&cjs

DOA:.....Quinn, BB0168 - Restore homestead tax credit indexing provisions

**FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION**

**AN ACT to amend** 71.54 (1) (g) (intro.), 71.54 (2) (b) 4. and 71.54 (2m); and **to create** 71.54 (1) (h), 71.54 (2) (b) 5. and 71.54 (2m) (c) of the statutes; **relating to:** the budget.

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*Analysis by the Legislative Reference Bureau*

**TAXATION**

**INCOME TAXATION**

**1. Homestead tax credit changes to indexing provisions and increasing the maximum income**

Under current law, the homestead income tax credit is not allowed to claimants whose household income exceeds \$24,680. Under this bill, that maximum income threshold is increased to \$30,000 for claims filed in 2020 and thereafter.

Under current law, the homestead tax credit formula factors, which are maximum income, maximum property taxes, and income threshold, are not indexed for inflation. This bill amends those provisions and restores the indexing provisions of the former law. Under the bill, the homestead tax credit formula factors would be indexed for inflation for taxable year 2020 and beyond, except that the maximum income will not be indexed for taxable year 2020.

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

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

**SECTION 1.** 71.54 (1) (g) (intro.) of the statutes is amended to read:

71.54 (1) (g) *2012 and thereafter to 2019.* (intro.) The amount of any claim for calendar years beginning before January 1, 2020, filed in 2012 and thereafter and based on property taxes accrued or rent constituting property taxes accrued during the previous year is limited as follows:

**SECTION 2.** 71.54 (1) (h) of the statutes is created to read:

71.54 (1) (h) *2020 and thereafter.* Subject to sub. (2m), the amount of any claim for calendar years beginning after December 31, 2019, filed in 2020 and thereafter, and based on property taxes accrued or rent constituting property taxes accrued during the previous year is limited as follows:

1. If the household income was \$8,060 or less in the year to which the claim relates, the claim is limited to 80 percent of the property taxes accrued or rent constituting property taxes accrued or both in that year on the claimant's homestead.

2. If the household income was more than \$8,060 in the year to which the claim relates, the claim is limited to 80 percent of the amount by which the property taxes accrued or rent constituting property taxes accrued or both in that year on the claimant's homestead exceeds 6.655 percent of the household income exceeding \$8,060.

3. No credit may be allowed if the household income of a claimant exceeds \$30,000.

4. Notwithstanding the time limitations described in par. (g) (intro.), the provisions of par. (g) 4., 5., 6., and 7. apply to claims filed under this paragraph.

**SECTION 3.** 71.54 (2) (b) 4. of the statutes is amended to read:

71.54 (2) (b) 4. In calendar years 2011 ~~or any subsequent calendar year to 2019~~, \$1,460.

**SECTION 4.** 71.54 (2) (b) 5. of the statutes is created to read:

71.54 (2) (b) 5. Subject to sub. (2m), in calendar year 2020 or any subsequent calendar year, \$1,460.

**SECTION 5.** 71.54 (2m) of the statutes is amended to read:

71.54 (2m) INDEXING FOR INFLATION; ~~2010 2020 AND THEREAFTER~~. (a) For calendar years beginning after December 31, 2009, ~~and before January 1, 2011~~ 2019, the dollar amounts of the threshold income under sub. (1) (~~f~~) (h) 1. and 2., the maximum household income under sub. (1) (~~f~~) (h) 3. and the maximum property taxes under sub. (2) (b) ~~3.~~ 5. shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the 12-month average of the U.S. consumer price index for the month of August of the year before the previous year through the month of July of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the 12-month average of the U.S. consumer price index for August ~~2007~~ 2017 through July ~~2008~~ 2018, as determined by the federal department of labor, except that the adjustment may occur only if the percentage is a positive number. Each amount that is revised under this paragraph shall be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased to the next higher multiple of \$10. The department of revenue shall annually adjust the changes in dollar amounts

required under this paragraph and incorporate the changes into the income tax forms and instructions.

(b) The department of revenue shall annually adjust the slope under sub. (1) ~~(f)~~ (h) 2. such that, as a claimant's income increases from the threshold income as calculated under par. (a), to an amount that exceeds the maximum household income as calculated under par. (a), the credit that may be claimed is reduced to \$0 and the department of revenue shall incorporate the changes into the income tax forms and instructions.

**SECTION 6.** 71.54 (2m) (c) of the statutes is created to read:

71.54 **(2m)** (c) Notwithstanding the indexing provisions under par. (a), the dollar amount of maximum household income under sub. (1) (h) 3. may not be indexed for a claim filed for calendar years beginning after December 31, 2019, and before January 1, 2021.

**(END)**