



1997 ASSEMBLY BILL 252

April 3, 1997 - Introduced by Representatives SCHAFFER, SKINDRUD, KELSO, SYKORA, HAHN, KREIBICH, JENSEN, FREESE, GREEN, LADWIG, ZUKOWSKI, PORTER, JESKEWITZ, HUEBSCH, MUSSER, WARD, OTTE, M. LEHMAN, DUFF, HANDRICK, F. LASEE, DOBYNS, KAUFERT, HARS DORF, ALBERS, LAZICH, AINSWORTH, POWERS, URBAN, JOHNSRUD, HUTCHISON, WALKER, NASS, OLSEN, GOETSCH, HOVEN, BLACK, MEYER, RYBA, HASENOHRL and PLOUFF, cosponsored by Senators WELCH, FITZGERALD, ZIEN, HUELSMAN and A. LASEE. Referred to Committee on Income Tax Review.

1 **AN ACT to create** 71.07 (6m) and 71.10 (4) (dp) of the statutes; **relating to:**
2 creating a nonrefundable individual income tax credit for certain married
3 persons.

Analysis by the Legislative Reference Bureau

This bill creates an income tax credit for married couples who file joint tax returns. In general, the credit is equal to the difference between the couple's gross income tax liability and what their gross income tax liability would be if they had filed separate returns as single, unmarried individuals. The credit is phased in over 4 years, however, such that for taxable year 1997, the credit is 40% of that difference; for taxable year 1998, the credit is 60% of that difference; for taxable year 1999, the credit is 80% of that difference; and, for taxable year 2000 and succeeding taxable years, the credit is 100% of that difference.

The credit is nonrefundable. If the amount of the credit exceeds a taxpayer's tax liability, no refund will be issued.

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

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

4 **SECTION 1.** 71.07 (6m) of the statutes is created to read:

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1 71.07 **(6m)** MARRIAGE PENALTY TAX CREDIT. (a) *Definitions*. In this subsection:

2 1. "Claimant" means a married couple who files a joint income tax return.

3 2. "Gross tax liability" means the amount of an individual's or married couple's
4 income tax liability as calculated under s. 71.06.

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, up to the
7 amount of those taxes, an amount calculated under par. (c) if that amount is a
8 positive number.

9 (c) *Calculation*. A claimant shall calculate the amount of the credit which may
10 be claimed under this subsection as follows:

11 1. Determine the gross tax liability for the claimant.

12 2. Determine the gross tax liability for the claimant as if the married couple
13 were 2 single individuals filing individual income tax returns as unmarried persons.

14 3. Subtract the amount determined under subd. 2. from the amount
15 determined under subd. 1.

16 4. For taxable years beginning after December 31, 1996, and before January
17 1, 1998, multiply the amount under subd. 3. by 40%.

18 5. For taxable years beginning after December 31, 1997, and before January
19 1, 1999, multiply the amount under subd. 3. by 60%.

20 6. For taxable years beginning after December 31, 1998, and before January
21 1, 2000, multiply the amount under subd. 3. by 80%.

22 7. For taxable years beginning after December 31, 1999, multiply the amount
23 under subd. 3. by 100%.

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

