



## 1997 ASSEMBLY BILL 818

February 24, 1998 - Introduced by Representatives HARSDORF, ZIEGELBAUER, MUSSER, BRANDEMUEHL, GROTHMAN, MEYER, ALBERS and OLSEN, cosponsored by Senator FARROW, by request of Mr. Walter Blodgett. Referred to Committee on Ways and Means.

1     **AN ACT to amend** 71.07 (9) (a) 3. and 71.07 (9) (b); and **to create** 71.07 (9) (bm)  
2             of the statutes; **relating to:** authorizing claims under the school property tax  
3             rent credit for property taxes paid in the year before the year in which they are  
4             due and indexing for inflation the maximum amount that may be claimed under  
5             the credit.

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### *Analysis by the Legislative Reference Bureau*

Under current law, the school property tax rent credit may be claimed by an individual for property taxes paid on the claimant's principal dwelling, or rent constituting property taxes paid on the claimant's principal dwelling, during the taxable year for which the credit is claimed. The credit, which may be claimed up to the amount of the claimant's tax liability, is 10% of the first \$2,000 of property taxes, or rent constituting property taxes, paid or 10% of the first \$1,000 of property taxes, or rent constituting property taxes, paid by a married person filing separately.

Under this bill, the credit may also be claimed for property taxes paid during the year before the taxable year in which such taxes are due, if those payments in the previous year were not used in calculating a credit in a previous year. Also under the bill, for taxable years beginning after December 31, 1999, the amount of property taxes of which the first 10% may be claimed as a credit is indexed for inflation.

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:*

6             **SECTION 1.** 71.07 (9) (a) 3. of the statutes is amended to read:

1           71.07 (9) (a) 3. “Property taxes” means real and personal property taxes,  
2 exclusive of special assessments, delinquent interest and charges for service, paid by  
3 a claimant on the claimant’s principal dwelling during the taxable year for which  
4 credit under this subsection is claimed and the real and personal property taxes,  
5 exclusive of special assessments, delinquent interest and charges for service paid by  
6 a claimant on the claimant’s principal dwelling during the year before the taxable  
7 year in which such taxes are due if those payments in the previous year were not used  
8 in calculating the credit under this subsection, less any property taxes paid which  
9 are properly includable as a trade or business expense under section 162 of the  
10 internal revenue code. If the principal dwelling on which the taxes were paid is  
11 owned by 2 or more persons or entities as joint tenants or tenants in common or is  
12 owned by spouses as marital property, “property taxes” is that part of property taxes  
13 paid that reflects the ownership percentage of the claimant. If the principal dwelling  
14 is sold during the taxable year the “property taxes” for the seller and buyer shall be  
15 the amount of the tax prorated to each in the closing agreement pertaining to the sale  
16 or, if not so provided for in the closing agreement, the tax shall be prorated between  
17 the seller and buyer in proportion to months of their respective ownership. “Property  
18 taxes” includes monthly parking permit fees in respect to a principal dwelling  
19 collected under s. 66.058 (3) (c).

20           **SECTION 2.** 71.07 (9) (b) of the statutes is amended to read:

21           71.07 (9) (b) Subject to par. (bm) and to the limitations under this subsection,  
22 a claimant may claim as a credit against, but not to exceed the amount of, taxes under  
23 s. 71.02, 10% of the first \$2,000 of property taxes or rent constituting property taxes,  
24 or 10% of the first \$1,000 of property taxes or rent constituting property taxes of a  
25 married person filing separately, except that if a claimant’s property taxes is for 2

1 taxable years and is paid in one year, 10% of the first \$2,000 of property taxes for each  
2 taxable year or 10% of the first \$1,000 of property taxes for each year of a married  
3 person filing separately.

4 **SECTION 3.** 71.07 (9) (bm) of the statutes is created to read:

5 71.07 (9) (bm) For taxable years beginning after December 31, 1999, the dollar  
6 amounts of property taxes or rent constituting property taxes described in par. (b)  
7 shall be increased each year in such a way that the maximum credit that may be  
8 claimed under par. (b) increases each year by a percentage equal to the percentage  
9 change between the U.S. consumer price index for all urban consumers, U.S. city  
10 average, for the month of August of the previous year and the U.S. consumer price  
11 index for all urban consumers, U.S. city average, for the month of August of the year  
12 before the previous year, as determined by the federal department of labor. Each  
13 amount that is revised under this paragraph shall be rounded to the nearest multiple  
14 of \$1 if the revised amount is not a multiple of \$1 or, if the revised amount is a  
15 multiple of 50 cents, such an amount shall be increased to the next higher multiple  
16 of \$1. The department of revenue shall annually adjust the changes in dollar  
17 amounts and the maximum credit amounts that may be claimed under par. (b), as  
18 required under this paragraph, and incorporate the changes into the income tax  
19 forms and instructions.

20 **SECTION 4. Initial applicability.**

21 (1) This act first applies to taxable years beginning on January 1 of the year  
22 in which this subsection takes effect, except that if this subsection takes effect after  
23 July 31, this act first applies to taxable years beginning on January 1 of the year  
24 following the year in which this subsection takes effect.

25 (END)