



## 1997 SENATE BILL 162

April 9, 1997 - Introduced by Senators WELCH, SCHULTZ, A. LASEE and ZIEN, cosponsored by Representatives JENSEN, FREESE, HASENOHRL, HANDRICK, OWENS, WARD, ALBERS, F. LASEE, AINSWORTH, MUSSER, HOVEN, HUEBSCH, REYNOLDS, DOBYNS, GREEN, KAUFERT, SCHAFFER, SYKORA, WALKER, OLSEN, GUNDERSON and LORGE. Referred to Committee on Economic Development, Housing and Government Operations.

- 1 **AN ACT to create** 71.07 (5m) and 71.10 (4) (dp) of the statutes; **relating to:**  
2 creating a nonrefundable individual income tax credit for low-income persons.

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### *Analysis by the Legislative Reference Bureau*

This bill creates an individual income tax credit for low-income individuals. The credit is \$400 for a single person whose adjusted gross income in the year to which the claim relates is less than \$11,300. The credit is phased down to zero as a single person's adjusted gross income increases from \$11,300 to any amount less than \$12,300. The credit is also \$400 for a married couple that files a joint return if the sum of the husband's and wife's adjusted gross income in the year to which the claim relates is less than \$15,000. The credit is phased down to zero as the sum of a married couple's adjusted gross income increases from \$15,000 to any amount less than \$16,000. Generally, the credit is \$200 for a married person who files a separate return if his or her adjusted gross income in the year to which the claim relates is less than \$7,500. The credit is phased down to zero as the separately filing married person's adjusted gross income increases from \$7,500 to any amount less than \$8,000.

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.

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

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1           **SECTION 1.** 71.07 (5m) of the statutes is created to read:

2           71.07 **(5m)** LOW-INCOME TAX CREDIT. (a) *Definitions*. In this subsection:

3           1. "Claimant" means an individual who is eligible to claim the credit under this  
4 subsection.

5           2. "Department" means the department of revenue.

6           3. "Household" means a claimant and an individual related to the claimant as  
7 husband or wife.

8           (b) *Filing claims*. Subject to the limitations provided in this subsection, a  
9 claimant may claim as a credit against the tax imposed under s. 71.02, up to the  
10 amount of those taxes, one of the following amounts:

11           1. If the claimant is single and his or her adjusted gross income is less than  
12 \$11,300 in the year to which the claim relates, \$400.

13           2. If the claimant is single and his or her adjusted gross income is at least  
14 \$11,300 but less than \$12,300 in the year to which the claim relates, the amount  
15 obtained by subtracting from \$400 40% of the amount by which the claimant's  
16 adjusted gross income exceeds \$11,300.

17           3. If the claimant is married and filing jointly and the sum of the claimant's  
18 adjusted gross income and his or her spouse's adjusted gross income is less than  
19 \$15,000 in the year to which the claim relates, \$400.

20           4. If the claimant is married and filing jointly and the sum of the claimant's  
21 adjusted gross income and his or her spouse's adjusted gross income is at least  
22 \$15,000 but less than \$16,000 in the year to which the claim relates, the amount  
23 obtained by subtracting from \$400 40% of the amount by which the sum of the  
24 claimant's adjusted gross income and his or her spouse's adjusted gross income  
25 exceeds \$15,000.

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1           5. If the claimant is married and filing separately and his or her adjusted gross  
2 income is less than \$7,500 in the year to which the claim relates, \$200.

3           6. If the claimant is married and filing separately and his or her adjusted gross  
4 income is at least \$7,500 but less than \$8,000 in the year to which the claim relates,  
5 the amount obtained by subtracting from \$200 20% of the amount by which the  
6 claimant's adjusted gross income exceeds \$7,500.

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

9           2. Part-year residents and nonresidents of this state are not eligible for the  
10 credit under this subsection.

11           3. Except as provided in subd. 4., only one credit per household is allowed each  
12 year.

13           4. If a married couple files separately, each spouse may claim the maximum  
14 credit calculated under par. (b) 5. or 6., except that if the married couple is living  
15 apart and is treated as single under section 7703 (b) of the Internal Revenue Code  
16 each spouse may claim the credit under par. (b) 1. or 2.

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

22           **SECTION 2.** 71.10 (4) (dp) of the statutes is created to read:

23           71.10 (4) (dp) Low-income tax credit under s. 71.07 (5m).

24           **SECTION 3. Initial applicability.**

