

1999 ASSEMBLY BILL 40

January 19, 1999 - Introduced by Representatives ZIEGELBAUER, PLALE, AINSWORTH, BLACK, GROTHMAN, KAUFERT, LA FAVE, F. LASEE, LASSA, J. LEHMAN, MEYER, MUSSER, PLOUFF, REYNOLDS, RYBA and STASKUNAS, cosponsored by Senators WIRCH and PLACHE. Referred to Committee on Ways and Means.

1 **AN ACT** *to amend* 71.07 (6) (am) 2. (intro.); and *to create* 71.07 (5m) (bm), 71.07
2 (6) (as), 71.07 (8) (bm) and 71.07 (9) (bm) of the statutes; **relating to:** indexing
3 for inflation the working families tax credit, the dependent tax credit, the senior
4 citizen tax credit, the married couples tax credit and the school property tax
5 credit.

Analysis by the Legislative Reference Bureau

Under the current law individual income tax system, the sliding scale standard deduction and the tax brackets are indexed for inflation, for taxable years beginning after December 31, 1998. Current law also contains a number of tax credits that are based on statutorily set dollar amounts.

This bill indexes for inflation the following individual income tax credits: the working families tax credit, the dependent tax credit, the senior citizen tax credit, the married couples tax credit and the school property tax credit. The indexing provisions created in the bill first apply to taxable years beginning after December 31, 1998.

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:

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

2 71.07 **(5m)** (bm) *Indexing for inflation.* For taxable years beginning after
3 December 31, 1998, the dollar amounts relating to the denominator of a fraction
4 under par. (b), and all of the dollar amounts of Wisconsin adjusted gross income
5 under par. (b), shall be increased each year by a percentage equal to the percentage
6 change between the U.S. consumer price index for all urban consumers, U.S. city
7 average, for the month of August of the previous year and the U.S. consumer price
8 index for all urban consumers, U.S. city average, for the month of August of the year
9 before the previous year, as determined by the federal department of labor. Each
10 amount that is revised under this paragraph shall be rounded to the nearest multiple
11 of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount is a
12 multiple of \$5, such an amount shall be increased to the next higher multiple of \$10.
13 The department of revenue shall annually adjust the changes in dollar amounts
14 required under this paragraph and incorporate the changes into the income tax
15 forms and instructions.

16 **SECTION 2.** 71.07 (6) (am) 2. (intro.) of the statutes is amended to read:

17 71.07 **(6)** (am) 2. (intro.) Married persons filing a joint return, except those who
18 reduce their gross income under section 911 or 931 of the Internal Revenue Code,
19 may claim as a credit against the tax imposed under s. 71.02, up to the amount of
20 those taxes, an amount equal to one of the following and subject to par. (as):

21 **SECTION 3.** 71.07 (6) (as) of the statutes is created to read:

22 71.07 **(6)** (as) For taxable years beginning after December 31, 1998, the dollar
23 amounts under par. (am) 2., shall be increased each year by a percentage equal to the
24 percentage change between the U.S. consumer price index for all urban consumers,
25 U.S. city average, for the month of August of the previous year and the U.S. consumer

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1 price index for all urban consumers, U.S. city average, for the month of August of the
2 year before the previous year, as determined by the federal department of labor.
3 Each amount that is revised under this paragraph shall be rounded to the nearest
4 multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount
5 is a multiple of \$5, such an amount shall be increased to the next higher multiple of
6 \$10. The department of revenue shall annually adjust the changes in dollar amounts
7 required under this paragraph and incorporate the changes into the income tax
8 forms and instructions.

9 **SECTION 4.** 71.07 (8) (bm) of the statutes is created to read:

10 71.07 **(8)** (bm) For taxable years beginning after December 31, 1998, the dollar
11 amounts under pars. (a) and (b), including the dollar amounts of Wisconsin adjusted
12 gross income under par. (a), shall be increased each year by a percentage equal to the
13 percentage change between the U.S. consumer price index for all urban consumers,
14 U.S. city average, for the month of August of the previous year and the U.S. consumer
15 price index for all urban consumers, U.S. city average, for the month of August of the
16 year before the previous year, as determined by the federal department of labor.
17 Each amount that is revised under this paragraph shall be rounded to the nearest
18 multiple of \$1 if the revised amount is not a multiple of \$1 or, if the revised amount
19 is a multiple of 50 cents, such an amount shall be increased to the next higher
20 multiple of \$1. The department of revenue shall annually adjust the changes in
21 dollar amounts required under this paragraph and incorporate the changes into the
22 income tax forms and instructions.

23 **SECTION 5.** 71.07 (9) (bm) of the statutes is created to read:

24 71.07 **(9)** (bm) For taxable years beginning after December 31, 1998, the dollar
25 amounts under par. (b) 1. shall be increased each year by a percentage equal to the

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1 percentage change between the U.S. consumer price index for all urban consumers,
2 U.S. city average, for the month of August of the previous year and the U.S. consumer
3 price index for all urban consumers, U.S. city average, for the month of August of the
4 year before the previous year, as determined by the federal department of labor.
5 Each amount that is revised under this paragraph shall be rounded to the nearest
6 multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount
7 is a multiple of \$5, such an amount shall be increased to the next higher multiple of
8 \$10. The department of revenue shall annually adjust the changes in dollar amounts
9 required under this paragraph and incorporate the changes into the income tax
10 forms and instructions.

11 (END)