

1999 ASSEMBLY BILL 42

January 19, 1999 – Introduced by Representatives ZIEGELBAUER, HUBER, PLALE, ALBERS, BLACK, GROTHMAN, JESKEWITZ, LA FAVE, F. LASEE, LASSA, M. LEHMAN, MUSSER, REYNOLDS, RYBA, STASKUNAS and STONE, cosponsored by Senators DECKER, GEORGE, GROBSCHMIDT, A. LASEE and ROESSLER. Referred to Committee on Ways and Means.

1 **AN ACT** *to renumber and amend* 71.07 (9) (b) 1.; *to amend* 71.07 (9) (a) 3. and
2 71.07 (9) (b) 2.; and *to create* 71.07 (9) (b) 1. a. and b. of the statutes; **relating**
3 **to:** authorizing claims under the school property tax rent credit for property
4 taxes paid in the year before the year in which they are due.

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. For taxable years other than 1998, 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. For taxable year 1998, however, the credit, which may be claimed up to the amount of the claimant's tax liability, is 14% of the first \$2,500 of property taxes, or rent constituting property taxes, paid or 14% of the first \$1,250 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.

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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:

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

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

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1 **SECTION 2.** 71.07 (9) (b) 1. of the statutes is renumbered 71.07 (9) (b) 1. (intro.)
2 and amended to read:

3 71.07 (9) (b) 1. (intro.) Subject to the limitations under this subsection and
4 except as provided in subd. 2., a claimant may claim as a credit against, but not to
5 exceed the amount of, taxes under s. 71.02, 10% of the first \$2,000 of property taxes
6 or rent constituting property taxes, or 10% of the first \$1,000 of property taxes or rent
7 constituting property taxes of a married person filing separately, except as follows:

8 **SECTION 3.** 71.07 (9) (b) 1. a. and b. of the statutes are created to read:

9 71.07 (9) (b) 1. a. If a claimant's property taxes is for 2 years, does not include
10 a taxable year that begins after December 31, 1997, and before January 1, 1999, and
11 is paid in one year, 10% of the first \$2,000 of property taxes for each taxable year or
12 10% of the first \$1,000 of property taxes for each year of a married person filing
13 separately.

14 b. If a claimant's property taxes is for 2 years, includes a taxable year that
15 begins after December 31, 1997, and before January 1, 1999, and is paid in one year,
16 14% of the first \$2,500 of property taxes for the taxable year that begins after
17 December 31, 1997, and before January 1, 1999, and 10% of the first \$2,000 of
18 property taxes for the other taxable year or 14% of the first \$1,250 of property taxes
19 for the taxable year that begins after December 31, 1997, and before January 1, 1999,
20 and 10% of the first \$1,000 of property taxes for the other taxable year of a married
21 person filing separately.

22 **SECTION 4.** 71.07 (9) (b) 2. of the statutes is amended to read:

23 71.07 (9) (b) 2. Subject to the limitations under this subsection, a claimant may
24 claim as a credit against, but not to exceed the amount of, taxes under s. 71.02, the
25 amounts specified in the proposal under 1997 Wisconsin Act 237, section 9256 (2c),

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1 except that if a claimant's property taxes is for 2 taxable years, including the taxable
2 year to which this subdivision applies, and is paid in one year, the claimant may
3 claim the amount calculated under subd. 1. b.

4 **SECTION 5. Initial applicability.**

5 (1) This act first applies to taxable years beginning on January 1 of the year
6 in which this subsection takes effect, except that if this subsection takes effect after
7 July 31, this act first applies to taxable years beginning on January 1 of the year
8 following the year in which this subsection takes effect.

9 (END)