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1999 DRAFTING REQUEST

Bill

Received: **10/7/98**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Robert Ziegelbauer (608) 266-0315**

By/Representing: **Rep. Ziegelbauer**

This file may be shown to any legislator: NO

Drafter: **shoveme**

May Contact:

Alt. Drafters:

Subject: **Tax - individual income
 Tax Credits - miscellaneous**

Extra Copies:

Topic:

School property tax credit; allowing claims for 2 years worth of prop taxes

Instructions:

See Attached. Allow doubling up of 2 years' worth of prop. taxes. SEE 1997 A13 818 (LRB -3727/1)

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	shoveme 10/7/98	gilfokm 10/8/98		_____			State
/1			ismith 10/8/98	_____	lrb-docadmin 10/8/98	gretskl 01/12/99 lrb-docadmin 01/12/99	

FE Sent For: **10/14/98, .**

<END>

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1999 DRAFTING REQUEST

Bill

Received: 10/7/98

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Wanted: As time.permits

Identical to LRB:

For: Robert Ziegelbauer (608) 266-0315

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Alt. Drafters:

Subject: Tax - individual income
Tax Credits - miscellaneous

Extra Copies:

Topic:

School property tax credit; allowing claims for 2 years worth of prop taxes

Instructions:

See Attached. Allow doubling up of 2 years' worth of prop. taxes. SEE 1997 AB 818 (LRB -372711)

Drafting History:

Table with columns: Vers., Drafted, Reviewed, Typed, Proofed, Submitted, Jacketed, Reouired. Rows include drafters shoveme and ismith with dates 10/7/98 and 10/8/98.

FE Sent For:

Handwritten note: (10-14-98) 1/1"

<END>

1999 DRAFTING REQUEST

Bill

Received: **10/7/98**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

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May Contact:

Alt. Drafters:

Subject: **Tax - individual income
Tax Credits - miscellaneous**

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Topic:

School property tax credit; allowing claims for 2 years worth of prop taxes

Instructions:

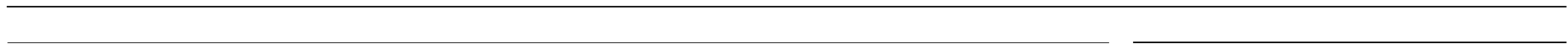
See Attached. Allow doubling up of 2 years' worth of prop. taxes. SEE 1997 AB 818 (LRB -3727/1)

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	shoveme	1-10-7 KMG	IS 10/8	IS/JF 10/8			
<i>11 MES 10/7/98</i>							

FE Sent For:

<END>





BOB ZIEGELBAUER

STATE REPRESENTATIVE . TWENTY FIFTH ASSEMBLY DISTRICT

DATE: October 2, 1998

TO: Marc Shovers, Attorney
Legislative Reference Bureau

FROM: Rep. Bob Ziegelbauer

RE: 1999-2000 Bill Requests

Could you please draft another bill for the 1999-2000 Session regarding the school property tax credit?

Currently, only the property taxes paid during the year can be claimed for that year's school property tax credit. I would like to have legislation drafted to **allow taxpayers the option of "doubling up" on property taxes** for the purpose of itemizing federal deductions without losing the value of the school property tax credit on their annual Wisconsin Income Tax return.

(Enclosed you will find a constituent letter and a DOR letter on this issue.)

If you have any questions, please do not hesitate to call my office (6-0315).

Thank you in advance for your assistance.

BZ/lwk

Enclosures

*Now, to serve you better, call my office direct toll free at 1-888-529-0025
Please note my new E-mail address: Bob.Ziegelbauer@legis.state.wi.us
On July 26, 1997, the area code for northeastern Wisconsin changed from (414) to (920)
DISTRICT PHONE NUMBERS: (920) 684-6783 OR (920) 684-4362*

STATE CAPITOL: P.O. BOX 8953, MADISON, WI 53708 . (608) 266-0315 . FAX: (608) 266-0316
TOLL-FREE LEGISLATIVE HOTLINE: 1-800-362-9472 . E-mail: USWLSA2@MAIL.COM
DISTRICT: P.O. BOX 325, 1213 S. 8TH STREET, MANITOWOC, WI 54221-0325 ~~(414)~~ 684-6783 OR ~~(414)~~ 684-4362

JUN 09 1998

SAVE w/ Blake file
ALSO COPY to 1999 Bill Draft file

May 12, 1998

Mr. John C. Teasdale
Department of Revenue
Office of Appeals
P.O. Box 8907
Madison WI 53708

Dear Mr. Teasdale,

I still wish to object to not being able to use **the** school property tax credit for the tax years in question. I think that by viewing the tax year as strictly the calendar year is being arbitrary and capricious. The intent of the property tax credit is to reimburse the taxpayer for paying his property tax in a timely manner and allowing people some relief of their tax burden. Your interpretation of **this** would penalize taxpayers who make a concerted effort to pay their taxes well in advance of their due date and trying to lessen the Federal tax burden, thereby keeping more money IN WISCONSIN !

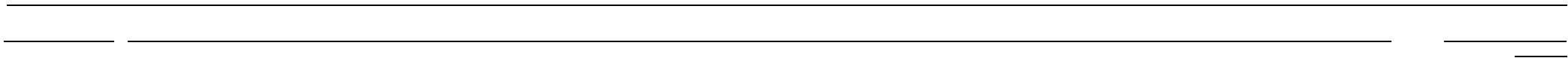
One of the few tax breaks that middle class Wisconsin people have is "bunching" taxes to receive a slight reduction in taxes every other year. My wife and I have been told by several financial planners and also tax preparers **that** bunching of property taxes is not only acceptable but recommended strategy. We know that this is a common and logical procedure that is used by many other tax payers and feel that we are being singled out as cheating the state by being responsible tax payers and sending in our tax payments early. In other words we are being penalized by prepayment.

We would appreciate receiving the money that is being held in trust or have it credited to our next tax year. We would also hope that the legislature examine this and either make it clear that prepayment of taxes may jeopardize the ability to claim the school tax credit or allow the practice of bunching. In either case this point should be made distinct so tax payers, financial advisors and income tax preparers understand the implications of doubling up on property taxes.

Sincerely,

Manitowoc WI 54220

cc Rep. Robert Zieglebauer



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13

(608) 266-0185

FAX (608) 2616222
ADDRESS MAIL TO:
Office of Appeals
Post Office Box 8907
Madison, Wisconsin 53708

April 29, 1998

MANITOWOC WI 54220

Dear [REDACTED]

Your tax file has been directed **to my** attention with respect to your letter of objection to the assessment dated February 9, 1998.

I have enclosed a copy of the statute for the school property tax credit and a copy of the instruction booklet page for the 1996 school property tax credit. Both these documents state only the taxes paid during the year can be claimed for that year's school property tax credit. Federal law is the same as state law in this area in that only the taxes paid during the year can be allowed. If in your tax planning you choose to "double **up**" for federal purposes you need to remember that you will lose the Wisconsin school property tax credit.

Based on the enclosed statute the assessment is correct. If you no longer wish to pursue this matter please call me.

Please submit your response along with a copy of this letter by May 20, 1998.

Sincerely,

John C. Teasdale
Conferee
(608) 266-9210

JCT: lag16560
Enclosure



(9) SCHOOL PROPERTY TAX CREDIT (a) In this subsection:

1. "Claimant" means a natural person who files a claim or on whose behalf a claim is filed under this subsection but does not include an estate, fiduciary or trust.

2. "Principal dwelling" means any dwelling, whether owned or rented, and the land surrounding it that is reasonably necessary for use of the dwelling as a primary dwelling of the claimant and may include a part of a multidwelling or multipurpose building and a part of the land upon which it is built that is used as the claimant's primary dwelling.

3. "Property taxes" means real and personal property taxes, exclusive of special assessments, delinquent interest and charges for service, paid by a claimant on the claimant's principal dwelling during the taxable year for which credit under this subsection is claimed, less any property taxes paid which are properly includable as a trade or business expense under section 162 of the internal revenue code. If the principal dwelling on which the taxes were paid is owned by 2 or more persons or entities as joint tenants or tenants in common or is owned by spouses as marital property, "property taxes" is that part of property taxes paid that reflects the ownership percentage of the claimant. If the principal dwelling is sold during the taxable year the "property taxes" for the seller and buyer shall be the amount of the tax prorated to each in the closing agreement pertaining to the sale or, if not so provided for in the closing agreement, the tax shall be prorated between the seller and buyer in proportion to months of their respective ownership. "Property taxes" includes monthly parking permit fees in respect to a principal dwelling collected under s. 66.058 (3) (c).

4. "Rent constituting property taxes" means 25% of rent if heat is not included, or 20% of rent if heat is included, paid during the taxable year for which credit is claimed under this subsection, at arm's length, for the use of a principal dwelling and contiguous land, excluding any payment for domestic, food, medical or other services which are unrelated to use of the dwelling as housing, less any rent paid that is properly includable as a trade or business expense under the internal revenue code. "Rent" includes space rental paid to a landlord for parking a mobile home. Rent shall be apportioned among the occupants of a principal dwelling according to their respective contribution to the total amount of rent paid. "Rent" does not include rent paid for the use of housing which was exempt from property taxation, except housing for which payments in lieu of taxes were made under s. 66.40 (22).

(b) Subject to the limitations under this subsection, a claimant may claim as a credit against, but not to exceed the amount of, taxes under s. 71.02, 10% of the first \$2,000 of property taxes or rent constituting property taxes, or 10% of the first \$1,000 of property taxes or rent constituting property taxes of a married person filing separately.

(c) For an unmarried person or a married person filing a separate return who is a part-year resident of this state, the credit under this subsection is limited to that fraction of the amount determined under this subsection that Wisconsin adjusted gross income is of federal adjusted gross income. No credit is allowed under this subsection for unmarried persons or married persons filing separate returns who are nonresidents of this state. If one spouse is not domiciled in this state during the entire taxable year, the credit on a joint return is determined by multiplying the school property tax credit that would be available to them if both spouses were domiciled in this state during the entire taxable year by a fraction the numerator of which is their joint Wisconsin adjusted gross income and the denominator of which is their joint federal adjusted gross income. No credit is allowed under this subsection on a joint return if both spouses are nonresidents of this state.

(d) No credit may be allowed under this subsection unless it is claimed within the period specified in s. 71.75 (2).

(e) In any case in which a principal dwelling is rented by a person from another person under circumstances deemed by the department of revenue to be not at arm's length, the department

may determine rent at arm's length, and, for purposes of this subsection, such determination shall be final.

(f) The department of revenue, on its forms and instructions, shall refer to the credit under this subsection as the school property tax credit.

(9e) EARNED INCOME TAX CREDIT. (a) For taxable years beginning before January 1, 1994, any natural person may credit against the tax imposed under s. 71.02 an amount equal to one of the following percentages of the federal basic earned income credit for which the person is eligible for the taxable year under section 32 (b) (1) (A) to (C) of the internal revenue code:

1. If the person has one qualifying child who has the same principal place of abode as the person, 5%.

2. If the person has 2 qualifying children who have the same principal place of abode as the person, 25%.

3. If the person has more than 2 qualifying children who have the same principal place of abode as the person, 75%.

(ac) For taxable years beginning after December 31, 1994, and before January 1, 1996, any natural person may credit against the tax imposed under s. 71.02 an amount equal to one of the following percentages of the federal basic earned income credit for which the person is eligible for the taxable year under section 32 (b) (1) (A) to (C) of the internal revenue code:

1. If the person has one qualifying child who has the same principal place of abode as the person, 4%.

2. If the person has 2 qualifying children who have the same principal place of abode as the person, 16%.

3. If the person has 3 or more qualifying children who have the same principal place of abode as the person, 50%.

(ad) For taxable years beginning after December 31, 1993, and before January 1, 1995, a person who has one qualifying child who has the same principal place of abode as the person may credit against the tax imposed under s. 71.02 an amount equal to the amount calculated by one of the following methods, based on the person's earned income or federal adjusted gross income:

1. If the person's federal adjusted gross income is below the phase-out income threshold under par. (at) and the person's earned income is the maximum credit income under par. (at) or less, the credit shall be the person's earned income multiplied by 1.15%.

2. If the person's federal adjusted gross income is below the phase-out income threshold under par. (at) and the person's earned income is more than the maximum credit income under par. (at) but not more than the phase-out income threshold, the credit shall be the maximum credit income multiplied by 1.15%.

3. If the person's federal adjusted gross income is below the phase-out income threshold under par. (at) and the person's earned income is more than the phase-out income threshold but not more than the maximum income under par. (at), the credit shall be the amount obtained by subtracting from the maximum credit income under par. (at), the amount obtained by multiplying by 0.82% the difference between the person's earned income and the phase-out income threshold.

4. If the person's federal adjusted gross income is at or above the phase-out income threshold under par. (at) but not more than the maximum income under par. (at), the credit shall be the lesser of one of the following:

a. If the person's earned income is the maximum credit income under par. (at) or less, the person's earned income multiplied by 1.15%.

b. If the person's earned income is more than the maximum credit income under par. (at) but not more than the phase-out income threshold under par. (at), the maximum credit income multiplied by 1.15%.

c. If the person's earned income is more than the phase-out income threshold under par. (at) but not more than the maximum income under par. (at), the amount obtained by subtracting from

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Line 10 instructions - continued

Line 9 Wisconsin Itemized Deduction Credit

If the total of certain federal itemized deductions exceeds your Wisconsin standard deduction, you may claim the Wisconsin itemized deduction credit.

Complete Schedule 3 on the reverse side of Form 1 to see if you can claim the credit. Schedule 3 lists the specific deductions to use from federal Schedule A (see exceptions below).

If you did not itemize deductions for federal tax purposes, use the amounts which would be deductible if you had itemized deductions. To determine the amounts to use, complete a federal Schedule A. Write "Wisconsin" at the top of this Schedule A and attach it to your Form 1.

Note

EXCEPTIONS - The following deductions from federal Schedule A cannot be used when completing Schedule 3:

- Medical expenses - the amount of medical care insurance claimed as a subtraction on Schedule 2
- Interest - paid on a second home located outside Wisconsin - paid on a residence which is a boat - paid to purchase or hold U.S. Government securities
- Miscellaneous deductions - the amount deducted as a repayment of income previously taxed if you are claiming a Wisconsin credit for this repayment
- Contributions, miscellaneous interest, and other itemized deductions allocated to you by a tax-option (S) corporation, if you treated the amount as a subtraction on Schedule 2

Line 10 Renter's and Home Owner's School Property Tax Credit

You may claim a credit if you paid rent during 1996 for living quarters used as your primary residence OR you paid property taxes during 1996 on your home.

You are eligible for a credit whether or not you claim homestead credit on line 27.

Special Cases

If You Paid Both Property Taxes and Rent - You may claim both the renter's credit on line 10a and the home owner's credit on line 10b. The total combined credits claimed on lines 10a and 10b may not exceed \$200 (\$100 if married filing a separate return or married filing as head of household).

Married Persons Filing a Joint Return - Determine your credits by using the rent and property taxes paid by both spouses.

Married Persons Filing Separate Returns or Married Persons Filing as Head of Household - Each spouse may claim a credit. Each spouse may use only his or her own property taxes and rent to determine the credit. The maximum combined renter's and home owner's credit allowable on lines 10a and 10b to each spouse is \$100.

Persons Who Jointly Own a Home or Share Rented Living Quarters - When two or more persons (other than husband and wife) jointly own a home or share rented living quarters, each may claim a credit.

However, the property taxes and rent paid must be divided between the owners or occupants. See instructions for lines 10a and 10b.

Line 10a How to Determine the Renter's School Property Tax Credit

Step 1 - Rent Paid in 1996 - Fill in on the appropriate line(s) the total rent that you paid in 1996 for living quarters (1) where the heat was included in the rent, and (2) where the heat was not included in the rent. The living quarters must have been used as your principal home. Do not include any rent which you may claim as a business expense. Do not include rent paid for housing that is exempt from property taxes. (Property owned by a public housing authority is considered tax exempt unless that authority makes payments in place of property taxes to the city or town in which it is located. If you live in public housing, you may wish to check with your manager on this point.)

If the rent you paid included domestic, food, medical, or other services, reduce the amount filled in for rent paid in 1996 by the value of these items. If you shared living quarters with one or more persons (other than your spouse or dependents), fill in only the portion of the total rent which you paid in 1996. For example, if you and two other individuals rented an apartment and paid a total rent of \$3,000 in 1996, and you each paid \$1,000 of the rent, each could claim a credit based on \$1,000 of rent.

Step 2 - Refer to the Renter's School Property Tax Credit Table on page 13 to determine your credit. If heat was included in your rent, use Column 1 of the table. If heat was not included in your rent, use Column 2. Fill in the amount of your credit on line 10a.

Exception - If you paid both rent where heat was included and rent where heat was not included, complete the following worksheet.

- | | | |
|---|----|-------|
| 1. Credit for rent with heat included (from Column 1 of Table) | 1. | _____ |
| 2. Credit for rent where heat not included (from Column 2 of Table) | 2. | _____ |
| 3. Add lines 1 and 2. Fill in on line 10a of Form 1. Do not fill in more than \$200 (\$100 if married filing a separate return or married filing as head of household). | 3. | _____ |

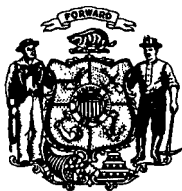
Line 10b How to Determine the Home Owner's School Property Tax Credit

Step 1 - Property Taxes Paid on Home in 1996 - Fill in the total amount of property taxes you paid during 1996 on your home. Do not include the following:

- Charges for special assessments, delinquent interest, or services which may be included on your tax bill (like trash removal, recycling fee, or a water bill).
- Property taxes which you may claim as a business expense (for example, farm taxes or rental property taxes).
- Property taxes paid on nonbusiness property (such as a cottage or vacant land) other than your home.

The property taxes for your home to be filled in are further limited as follows:





State of Wisconsin
1999 - 2000 LEGISLATURE

-0527/1
LRB-05267A
MES King
RMNR

~~PRELIMINARY DRAFT NOT READY FOR INTRODUCTION~~

1 AN ACT ^{gen} relating to: ~~RM~~ ^{authorizing claims under the school property tax rent credit for property taxes paid in the year before the year in which they are due.}

Analysis by the Legislative Reference Bureau

INS, ANL

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

2 RA, SECTION 1. 71.07 (9) (b) ^{1.} of the statutes ^{is renumbered 71.07(9)(b) 1. (intra) and is hereby amended to read:}
3 71.07 (9) (b) 1. ^(intra) Subject ~~to the limitations under this subsection~~

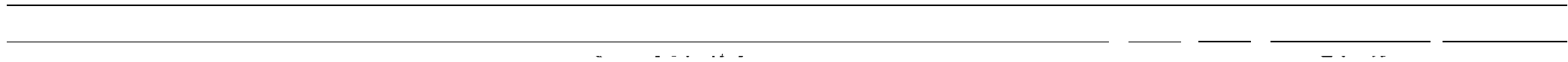
4 and except as provided in subd. 2., a claimant may claim as a credit against, but not
5 to exceed the amount of, taxes under s. 71.02, 10% of the first \$2,000 of property taxes
6 or rent constituting property taxes, or 10% of the first \$1,000 of property taxes or rent

7 constituting property taxes of a married person filing separately, except as follows:

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

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1 b. If a claimant's property taxes is for 2 years, includes a taxable year that
 2 begins after December 31, 1997, and before January 1, 1999, and is paid in one year,
 3 14% of the first \$2,500 of property taxes for the taxable year that begins after
 4 December 31, 1997, and before January 1, 1999, and 10% of the first \$2,000 of property
 5 taxes for the other taxable year or 14% of the first \$1,250 of property taxes for the
 6 taxable year that begins after December 31, 1997, and before January 1, 1999, and
 7 10% of the first \$1,000 of property taxes for the other taxable year of a married person
 8 filing separately.

Sec. H. A.M. 71.07 (a) (b) 2.
71.07(a)(b) 2.

9 Subject to the limitations under this subsection, a claimant may claim as a
 10 credit against, but not to exceed the amount of, taxes under s. 71.02, the amounts
 11 specified in the proposal under 1997 Wisconsin Act 237, section 9256 (2c), except that
 12 if a claimant's property taxes is for 2 taxable years, including the taxable year to
 13 which this subdivision applies, and is paid in one year. the claimant may claim the
 14 amount calculated under subd. 1. b.

Typed

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419.422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27
 ss. 337m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299. History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419.422; 1989 a. 31, 44,
 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27, 41, 237, 299

(END)

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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 A N **ACT to amend** 71.07 (9) (a) 3. and 71.07 (9) (b); and **to create** 71.07 (9) (bm)

2 of the statutes;

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.

Analysis by the Legislative Reference Bureau

For taxable years other than 1998,

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.

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:

For taxable year 1998, 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} however,

INS. INC.

INS. INC.

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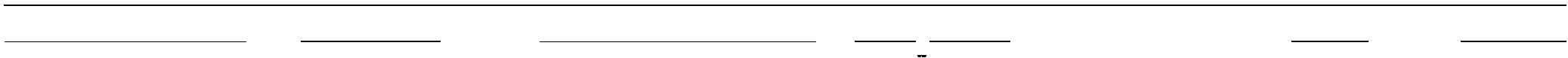
Sec. #; AM; 71.07(9)(a) 3.

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).

Prop. 1/1/00

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

20 **71.07 (9) (b)** Subject to par. (bm) and to the limitations under this subsection,
 21 a claimant may claim as a credit against, but not to exceed the amount of, taxes under
 22 s. 71.02, 10% of the first \$2,000 of property taxes or rent constituting property taxes,
 23 or 10% of the first \$1,000 of property taxes or rent constituting property taxes of a
 24 married person filing separately, except that if a claimant's property taxes is for 2
 25



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) ^{1.} 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) ^{1.} as
18 required under this paragraph, and incorporate the changes into the income tax
19 forms and instructions.

20 **SECTION # 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)

afms.

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**SUBMITTAL
FORM**

**LEGISLATIVE REFERENCE BUREAU
Legal Section Telephone: 266-3561
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and **sign** on the appropriate line(s) below.

Date: 10/8/98

To: Representative Ziegelbauer

Relating to LRB drafting number: LRB-0527

Topic

School property tax credit; allowing claims for 2 years worth of prop taxes

Subject(s)

Tax - individual income, Tax Credits - miscellaneous

1. **JACKET** the draft for introduction _____ I , , per Louanne
in the **Senate** OR the **Assembly** (check only one). Only the requester under whose name the drafting request is entered in the **LRB's** drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached _____

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction A. J. Rainey (For Rep. Ziegelbauer)

If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Marc E. Shovers, Senior Legislative Attorney
Telephone: (608) 266-0129

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State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION (608) 266-3561
REFERENCE SECTION (606) 266-0341
FAX (606) 266-5646

STEPHEN R. MILLER
CHIEF

LRB
[Handwritten signature]

March 30, 1999

MEMORANDUM

To: Representative Ziegelbauer

From: Marc E. Shovers, Sr. Legislative Attorney, (608) 2664129

Subject: Technical Memorandum to 1999 **AB 42** (LRB 99-0527/1)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

addendum

MEMORANDUM

March 16, 1999

TO: Marc Shovers
Legislative Reference Bureau

FROM: Yeang-Eng Braun ^{YEB}
Department of Revenue ₋₀₅₂₇

SUBJECT: Technical Memorandum on AB 42 - Change in the Calculation of the School Property Tax/Rent Credit

The Department would like to make the following comments regarding AB 42:

1. Under this bill, Section 71.07 (9)(b) specifies how the school property tax/rent credit is to be claimed for 1998 and 1999 property taxes. This section establishes that 1998 and 1999 property taxes that are paid in 1999 are eligible for the credit. However, Section 71.07 (9)(a) 3, as amended by this bill, would allow the credit for property taxes paid in two consecutive tax years. For example, property taxes paid in 1998 and property taxes paid in 1999 may be claimed for the credit in tax year 1999. The sponsor may wish to specify if the credit may be claimed for property taxes paid in one taxable year or for property taxes paid in two consecutive years.
2. The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language could be developed and costs allocated in the following manner:

	<u>Chapter 20</u>	<u>Amount</u>	<u>FTE Positions</u>
one-time	s. 20.566 (l)(a)	\$170,800	
annual	s. 20.566 (l)(a)	\$30,400	

If you have questions regarding this technical memorandum, please contact Craig Kammholz at 261-8984; for administrative costs contact Pat Lashore at 266-3347.

YEB:CDK:dls
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