

2001 DRAFTING REQUEST

Assembly Substitute Amendment (ASA-AB577)

Received: 01/04/2002

Received By: shoveme

Wanted: As time permits

Identical to LRB:

For: Michael Lehman (608) 267-2367

By/Representing: Andrew

This file may be shown to any legislator: NO

Drafter: shoveme

May Contact:

Addl. Drafters:

Subject: Tax - individual income
Tax Credits - miscellaneous

Extra Copies:

Submit via email: NO

Pre Topic:

No specific pre topic given

Topic:

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

Instructions:

See Attached. Same as 1999 AB 42, 99-0527/1

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 01/10/2002	gilfokm 01/10/2002 gilfokm 01/11/2002	haugeca 01/11/2002	_____			
/1			jfrantze 01/14/2002	_____	lrb_docadmin 01/14/2002	lrb_docadmin 01/14/2002	
/2	shoveme 01/15/2002	gilfokm 01/15/2002	kfollet 01/15/2002	_____	lrb_docadmin 01/15/2002	lrb_docadmin 01/15/2002	

01/15/2002 04:11:03 PM

Page 2

FE Sent For:

<END>

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/?	shoveme 01/10/2002	gilfokm 01/10/2002 gilfokm 01/11/2002	haueca 01/11/2002	_____			
/1 <i>12 MES</i>	<i>1/15 King</i>	<i>12-1/15-02</i> jfrantze	01/14/2002	_____	lrb_docadmin 01/14/2002	lrb_docadmin 01/14/2002	
FE Sent For:		<i>1/15</i>	<i>1/15</i>	<i>1/15</i>			<i><END></i>

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1?	shoveme	11-1/10-02 KMG	Bill 1/14	<table border="1"> <tr><td>1</td><td>1</td></tr> <tr><td>4</td><td>4</td></tr> </table>	1	1	4	4			
1	1										
4	4										
<i>11 NES 1/10/02</i>											

FE Sent For:

<END>



STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU - LEGAL SECTION
(608-266-3561)

AB 577 Andrew-Melchman

do a sub.

99-0527

use 1999 AB 42 as a sub to

AB 577 - 2877



~~AB~~ need for 4/16/02 exec



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-2877/1
MES:kmg:km

Note to
file

2001 BILL

AB 577

FNS
ANL

1 AN ACT to renumber and amend 71.07 (9) (b) 1.; to amend 71.07 (9) (a) 3., 71.07
 2 (9) (b) 2. and 71.07 (9) (b) 5.; and to create 71.07 (9) (am) and 71.07 (9) (b) 1.
 3 a. and b. of the statutes; relating to: authorizing claims under the school
 4 property tax rent credit for property taxes paid in the year before the year in
 5 which they are due and authorizing such claims, for property taxes paid, for the
 6 year to which the taxes relate.

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 beginning after December 31, 1999, the credit, which may be claimed up to the amount of the claimant's tax liability, is 12% of the first \$2,500 of property taxes, or rent constituting property taxes, paid or 12% of the first \$1,250 of property taxes, or rent constituting property taxes, paid by a married person filing separately. Generally, no credit may be claimed for taxable year 1999.

For taxable years beginning before January 1, 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

ASA
to

FMNR

2001 ~~1999~~ ASSEMBLY BILL ~~42~~ 577

D-note

Wanted
MON. A.M.
1/14

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.

repen

- 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

beginning before

INS
AML

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.

ASSEMBLY BILL 42

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:

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

71.07 (9) (a) 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 and the 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 year before the taxable year in which such taxes are due if those payments in the previous year were not used in calculating the credit under this subsection, 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 ^{the} months of their respective ownership. "Property taxes" includes monthly parking permit fees in respect to a principal dwelling collected under s. 66.01 (3) (c).

PW/F

435

ASSEMBLY BILL 42

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. ^{s. 4.2 and 5.2} 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:

PWF

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 ^{are} ~~is~~ for 2 years, ~~do~~ not include
10 a taxable year that begins after December 31, 1997, and before January 1, 1999, and
11 ~~is~~ ^{are} paid in one year, ^{the credit that may be claimed, as described in subd. 1. (intro.),} 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.

is

14 b. If a claimant's property taxes ^{are} ~~is~~ for 2 years, includes ^{are} a taxable year that
15 begins after December 31, 1997, and before January 1, 1999, and ~~is~~ ^{are} 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),

PWF



ASSEMBLY BILL 42

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

SECTION 5. Initial applicability.

4
 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, ^{of} this act first applies to taxable years beginning on January 1 of the year
 8 following the year in which this subsection takes effect.

(END)

INS
4-4

BILL

FNS 4-4

1 ~~December 31, 1997, and before January 1, 1999, and 10% of the first \$2,000 of~~
 2 ~~property taxes for the other taxable year or 14% of the first \$1,250 of property taxes~~
 3 ~~for the taxable year that begins after December 31, 1997, and before January 1, 1999,~~
 4 ~~and 10% of the first \$1,000 of property taxes for the other taxable year of a married~~
 5 ~~person filing separately.~~

SECTION 5. 71.07 (9) (b) 2. of the statutes is amended to read:

7 71.07 (9) (b) 2. Subject to the limitations under this subsection, a claimant may
 8 claim as a credit against, but not to exceed the amount of, taxes under s. 71.02, the
 9 amounts specified in the proposal under 1997 Wisconsin Act 237, section 9256 (2c),
 10 except that, if a claimant's property taxes are for 2 taxable years, including the
 11 taxable year to which this subdivision applies, and are paid in one year, the claimant
 12 may claim the amount calculated under subd. 1. b.

SECTION 6. 71.07 (9) (b) 5. of the statutes is amended to read:

14 71.07 (9) (b) 5. For taxable years beginning after December 31, 1999, subject
 15 to the limitations under this subsection a claimant may claim as a credit against, but
 16 not to exceed the amount of, taxes under s. 71.02, 12% of the first \$2,500 of property
 17 taxes or rent constituting property taxes, or 12% of the first \$1,250 of property taxes
 18 or rent constituting property taxes of a married person filing separately, except that,
 19 if a claimant's property taxes are for 2 years and are paid in one year, the claimant
 20 may claim 12% of the first \$2,500 of property taxes for each taxable year or 12% of
 21 the first \$1,250 of property taxes for each year of a married person filing separately.

SECTION 7. Initial applicability.

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

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBs0275/rdn 1

MES...:K:...

Kmg

Representative Lehman:

Per your instructions, this substitute amendment to 2001 AB-577 is based on 1999 AB-42. It also amends s. 71.07 (9) (b) 5. to account for changes made to the school property tax rent credit since 1999 AB-42 was introduced. AB-577 contains an identical provision.

The department of revenue raised a technical question regarding AB-42's amendment of s. 71.07 (9) (a) 3. I think they raised a valid point last session and, when I drafted AB-577 this session, I incorporated the point raised by the department. I would imagine that DOR will raise the same technical point to this substitute amendment that it raised to last session's AB-42. If I address their concern, however, the result will be a sub that is identical to AB-577.

2001

2001 *1999*

substitute amendment

Marc E. Shovers
Senior Legislative Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBs0275/1dn
MES:kmg:jf

January 14, 2002

Representative Lehman:

Per your instructions, this substitute amendment to 2001 AB-577 is based on 1999 AB-42. It also amends s. 71.07 (9) (b) 5. to account for changes made to the school property tax rent credit since 1999 AB-42 was introduced. 2001 AB-577 contains an identical provision.

The department of revenue raised a technical question regarding 1999 AB-42's amendment of s. 71.07 (9) (a) 3. I think they raised a valid point last session and, when I drafted 2001 AB-577 this session, I incorporated the point raised by the department. I would imagine that DOR will raise the same technical point to this substitute amendment that it raised to last session's AB-42. If I address their concern, however, the result will be a substitute amendment that is identical to AB-577.

Marc E. Shovers
Senior Legislative Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.state.wi.us

Basford, Sarah

From: Basford, Sarah
Sent: Monday, January 14, 2002 2:06 PM
To: Nowlan, Andrew
Subject: LRB s0275 (attached)



01s0275/1

Sarah Basford
Program Assistant
State of Wisconsin
Legislative Reference Bureau
PH: (608) 266-3561/FAX: (608) 264-6948
sarah.basford@legis.state.wi.us

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 (1)(a)	\$170,800	
annual	s. 20.566 (1)(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
t:\fsn99-00\ck\lab42.tec



State of Wisconsin
2001 - 2002 LEGISLATURE

LRBs0275/2
MES:kmg

PMR

ASSEMBLY SUBSTITUTE AMENDMENT,
TO 2001 ASSEMBLY BILL 577

D-note

today

repm

1 AN ACT to renumber and amend 71.07 (9) (b) 1.; to amend 71.07 (9) (a) 3., 71.07
2 (9) (b) 2. and 71.07 (9) (b) 5.; and to create 71.07 (9) (b) 1. a. and b. of the
3 statutes; relating to: authorizing claims under the school property tax rent
4 credit for property taxes paid in the year before the year in which they are due.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows: Sec. #; CR; 71.07 (9) (a) 3 (intro.)

fix comp

71.07 (9) (a) 3 (intro.) "Property taxes" means one of the following:
SECTION 1. 71.07 (9) (a) 3. of the statutes is amended to read: (9) (a) 3. a. and b.

6 71.07 (9) (a) 3. a. ⁽¹⁾ "Property taxes" means ^(A) real and personal property taxes,
7 exclusive of special assessments, delinquent interest, and charges for service, paid
8 by a claimant on the claimant's principal dwelling during the taxable year for which
9 credit under this subsection is claimed ~~and the real and personal property taxes,~~
10 ~~exclusive of special assessments, delinquent interest, and charges for service paid by~~
11 ~~a claimant on the claimant's principal dwelling during the year before the taxable~~
12 ~~year in which such taxes are due if those payments in the previous year were not used~~

~~and the 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 year before the taxable
year in which such taxes are due if those payments in the previous year were not used~~

1 ~~(in calculating the credit under this subsection,~~ less any property taxes paid which
 2 are properly includable as a trade or business expense under section 162 of the
 3 internal revenue code. If the principal dwelling on which the taxes were paid is
 4 owned by 2 or more persons or entities as joint tenants or tenants in common or is
 5 owned by spouses as marital property, "property taxes" is that part of property taxes
 6 paid that reflects the ownership percentage of the claimant. If the principal dwelling
 7 is sold during the taxable year, the "property taxes" for the seller and buyer shall be
 8 the amount of the tax prorated to each in the closing agreement pertaining to the sale
 9 or, if not so provided for in the closing agreement, the tax shall be prorated between
 10 the seller and buyer in proportion to the months of their respective ownership.
 11 ~~"Property taxes"~~ ^{In this subd. 3. a.) "property} taxes" includes monthly parking permit fees in respect to a principal
 12 dwelling collected under s. 66.0435 (3) (c).

INS
2-12-98
Six
copy

SECTION 2. 71.07 (9) (b) 1. of the statutes is renumbered 71.07 (9) (b) 1. (intro.)

~~and~~ amended to read:

15 71.07 (9) (b) 1. ~~intro.~~ Subject to the limitations under this subsection and
 16 except as provided in subs. 2., 4, ² and ^{and 6} 5, a claimant may claim as a credit against,
 17 but not to exceed the amount of, taxes under s. 71.02, 10% of the first \$2,000 of
 18 property taxes or rent constituting property taxes, or 10% of the first \$1,000 of
 19 property taxes or rent constituting property taxes of a married person filing
 20 separately ~~except as follows~~ ^{keep period}

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

22 71.07 (9) (b) 1. a. If a claimant's property taxes are for 2 years, do not include
 23 a taxable year that begins after December 31, 1997, and before January 1, 1999, and
 24 are paid in one year, the credit that may be claimed, as described in subd. 1, (intro.),

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

3 b. If a claimant's property taxes are for 2 years, include a taxable year that
4 begins after December 31, 1997, and before January 1, 1999, and are paid in one year,
5 the credit that may be claimed, as described in subd. 1. (intro.), is 14% of the first
6 \$2,500 of property taxes for the taxable year that begins after December 31, 1997,
7 and before January 1, 1999, and 10% of the first \$2,000 of property taxes for the other
8 taxable year or 14% of the first \$1,250 of property taxes for the taxable year that
9 begins after December 31, 1997, and before January 1, 1999, and 10% of the first
10 \$1,000 of property taxes for the other taxable year of a married person filing
11 separately.

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

13 71.07 (9) (b) 2. Subject to the limitations under this subsection, a claimant may
14 claim as a credit against, but not to exceed the amount of, taxes under s. 71.02, the
15 amounts specified in the proposal under 1997 Wisconsin Act 237, section 9256 (2c),
16 except that if a claimant's property taxes are for 2 taxable years, including the
17 taxable year to which this subdivision applies, and are paid in one year the claimant
18 may claim the amount calculated under subd. 1. b.

19 **SECTION 5.** 71.07 (9) (b) 5. of the statutes is amended to read:

20 71.07 (9) (b) 5. For taxable years beginning after December 31, 1999, subject
21 to the limitations under this subsection a claimant may claim as a credit against, but
22 not to exceed the amount of, taxes under s. 71.02, 12% of the first \$2,500 of property
23 taxes or rent constituting property taxes, or 12% of the first \$1,250 of property taxes
24 or rent constituting property taxes of a married person filing separately, except that
25 if a claimant's property taxes are for 2 years and are paid in one year the claimant

1 ~~may claim 12% of the first \$2,500 of property taxes for each taxable year or 12% of~~
2 ~~the first \$1,250 of property taxes for each year of a married person filing separately.~~

INS
42

3 **SECTION 6. Initial applicability.**

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

8 (END)

D-NOTE

Please review this substitute amendment very carefully to ensure that it meets your intent. ^{You} you may want the department of revenue to review this draft.

MZS

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBs0275/2ins
MES:kmg:jf

INSERT 2-12

SECTION 1. 71.07 (9) (a) 3. b. ✓ of the statutes is created to read:

71.07 (9) (a) 3. b. For taxable years beginning after December 31, 2001, 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 and the real and personal property taxes, exclusive of special assessments, delinquent interest, and charges for service paid during that same calendar year by a claimant on the claimant's principal dwelling 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 the credit under this subsection, 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 the months of their respective ownership. "Property taxes" includes monthly parking permit fees in respect to a principal dwelling collected under s. 66.0435 (3) (c).

INSERT 4-2

In this subd. 3. b.,

SECTION 2. 71.07 (9) (b) 6. of the statutes is created to read:

71.07 (9) (b) 6. For taxable years beginning after December 31, 2001, if a claimant's property taxes that are paid in one calendar year constitute taxes paid by the claimant during the taxable year for which the credit is claimed and taxes paid by the claimant 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 the credit under this subsection, the claimant may claim in one taxable year the amount calculated under subd. 5., based on the claimant's filing status, for each taxable year for which the taxes have been paid.

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBs0275/2dn
MES:kmg:kjf

January 15, 2002

Please review this substitute amendment very carefully to ensure that it meets your intent. You may want the department of revenue to review this draft.

Marc E. Shovers
Senior Legislative Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.state.wi.us