

2001 ASSEMBLY BILL 841

February 20, 2002 – Introduced by Representatives SCHOOFF, BALOW, BLACK, BOCK, CARPENTER, COGGS, J. LEHMAN, MUSSER, POCAN, SHILLING, TURNER and MILLER, cosponsored by Senators BURKE, HARSDFORF and PLACHE. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 71.54 (1) (f) (intro.) and 71.54 (2) (b) 3.; and **to create** 71.54
2 (2m) of the statutes; **relating to:** indexing for inflation the maximum income
3 and maximum property taxes under the homestead tax credit.

Analysis by the Legislative Reference Bureau

Under current law, for claims filed in 2001 and thereafter, the homestead tax credit threshold income is \$8,000, the maximum property taxes that a claimant may use in calculating his or her credit are \$1,450, and the maximum income is \$24,500. Under the current law formula, as a claimant's income exceeds \$8,000, the credit is phased out until the credit equals zero when income exceeds \$24,500.

Under this bill, for claims filed in 2003 and thereafter, the maximum property taxes and maximum income are indexed for inflation. Also under the bill, as a claimant's income exceeds \$8,000, the credit is phased out until the credit equals zero when income exceeds the maximum income as adjusted 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:

4 **SECTION 1.** 71.54 (1) (f) (intro.) of the statutes is amended to read:

ASSEMBLY BILL 841**SECTION 1**

1 71.54 (1) (f) *2001 and thereafter.* (intro.) ~~The~~ Subject to sub. (2m), the amount
2 of any claim filed in 2001 and thereafter and based on property taxes accrued or rent
3 constituting property taxes accrued during the previous year is limited as follows:

4 **SECTION 2.** 71.54 (2) (b) 3. of the statutes is amended to read:

5 71.54 (2) (b) 3. ~~In~~ Subject to sub. (2m), in calendar year 1990 or any subsequent
6 calendar year, \$1,450.

7 **SECTION 3.** 71.54 (2m) of the statutes is created to read:

8 71.54 (2m) INDEXING FOR INFLATION, 2003 AND THEREAFTER. (a) For taxable years
9 beginning after December 31, 2002, the dollar amounts of the maximum income
10 under sub. (1) (f) 3. and the maximum property taxes under sub. (2) (b) 3. shall be
11 increased each year by a percentage equal to the percentage change between the U.S.
12 consumer price index for all urban consumers, U.S. city average, for the month of
13 August of the previous year and the U.S. consumer price index for all urban
14 consumers, U.S. city average, for the month of August 2001, as determined by the
15 federal department of labor. Each amount that is revised under this paragraph shall
16 be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of
17 \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased
18 to the next higher multiple of \$10. The department of revenue shall annually adjust
19 the changes in dollar amounts required under this paragraph and incorporate the
20 changes into the income tax forms and instructions.

21 (b) The department of revenue shall annually adjust the slope under sub. (1)
22 (f) 2. such that as a claimant's income increases from \$8,000 to an amount that
23 exceeds the maximum income as calculated under par. (a), the credit that may be

