

**2001 DRAFTING REQUEST**

**Bill**

Received: **01/30/2002**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Dan Schooff (608) 266-9967**

By/Representing: **Bill**

This file may be shown to any legislator: **NO**

Drafter: **shoveme**

May Contact:

Addl. Drafters:

Subject: **Tax - individual income  
Tax Credits (inc) - homestead**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Schooff@legis.state.wi.us**

Carbon copy (CC:) to:

**Pre Topic:**

No specific pre topic given

**Topic:**

Index for inflation income and property tax elements of the homestead tax credit

**Instructions:**

See Attached. Index for inflation the max income limit and max property taxes accrued under the homestead tax credit

**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> |
|--------------|-----------------------|------------------------|------------------------|----------------|----------------------------|---------------------------------|-----------------|
| /1           | shoveme<br>02/01/2002 | rschluet<br>02/08/2002 | jfrantze<br>02/08/2002 | _____          | lrb_docadmin<br>02/08/2002 | lrb_docadminState<br>02/12/2002 |                 |
|              |                       |                        |                        | _____          | lrb_docadmin               |                                 |                 |
|              |                       |                        |                        | _____          | 02/12/2002                 |                                 |                 |

FE Sent For:

**<END>**

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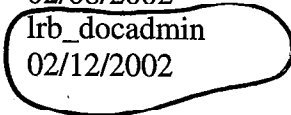
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| /1           | shoveme<br>02/01/2002 | rschluet<br>02/08/2002 | jfrantze<br>02/08/2002 | _____          | lrb_docadmin<br>02/08/2002 |                 | State           |
|              |                       |                        |                        | _____          | lrb_docadmin<br>02/12/2002 |                 |                 |
|              |                       |                        |                        | _____          |                            |                 |                 |



requested copy via e-mail

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|--------------|----------------|-----------------|--------------|----------------|------------------|-----------------|-----------------|
| /?           | shoveme        |                 |              | ==             |                  |                 |                 |

1/1 MES 2/1/02

FE Sent For:

2-1-2  
1 2/8 jld

2/8 **<END>**  
Self  
2/8

## Shovers, Marc

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**From:** Keeton, William  
**Sent:** Monday, January 28, 2002 9:18 AM  
**To:** Shovers, Marc  
**Subject:** Bill drafting

Marc,

After speaking with the Representative and explaining some of our discussion, he has decided that he would like two separate bills drafted -- one "simple" and the other a little more complex.

The first one would update two of the dollar amounts for the homestead tax credit.

A. In 2002 and thereafter, no credit shall be allowed if the household income exceeds \$25,000. (This is the amount from last year adjusted for inflation using the CPI)

B. Property taxes accrued limitations: Change the current amount from \$1,450 to \$2,000. (This is again the amount adjusted by the CPI)

The second bill would be identical to the one that we discussed earlier. Dennis Collier at the Department of Revenue suggested that we should use the same index that they use when deterring the standard deduction for state income taxes. This is the rate of change for the CPI for one year from August to August. Therefore, the household income limitation and the property taxes accrued limit would start at their current levels and then change according to this index every year.

If you have any questions, please feel free to contact me by phone or email.

Bill

William Keeton  
Legislative Aide

*Office of State Rep. Dan Schooff*  
*45th Assembly District*  
*888.534-0045*  
*608.266-9967*

**Shovers, Marc**

---

**From:** Keeton, William  
**Sent:** Thursday, January 17, 2002 12:25 PM  
**To:** Shovers, Marc  
**Subject:** Changes to the Homestead Tax Credit

6-9967

Marc,  
I contacted you earlier this week regarding some changes to the Homestead Tax Credit that Rep. Schooff would like to make.  
The first change would be in 71.54. and would change the maximum income allowed to something along the lines of:  
No credit shall be allowed if the household income exceeds **60% of the WI Median Household Income as published by the United State Census Bureau**

The other change would deal with the property taxes accrued limitations and  
and would adjust and would adjust the **\$1,450 yearly, starting in 1990 and continuing, according to the Consumer Price Index as published by the Bureau of Labor Statistics.**

If you have any questions, please feel free to call or email me. Thank you,

Bill

William Keeton  
Legislative Aide

Office of State Rep. Dan Schooff  
45th Assembly District  
608.266.9967  
888.534.0045

65504  
kreuser after 1pm





State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-4839/1

...MES:.....  
03 + jld

MONDAY  
(or sooner)

2001 BILL

Gen

1 AN ACT ...; relating to: indexing for inflation the maximum income and  
2 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:*

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

## BILL

## 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 ~~History: 1987 a. 312; 1989 a. 31, 198, 336; 1995 a. 27, 201, 289; 1997 a. 35; 1999 a. 9; 1999 a. 150 s. 672.~~

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 ~~History: 1987 a. 312; 1989 a. 31, 198, 336; 1995 a. 27, 201, 289; 1997 a. 35; 1999 a. 9; 1999 a. 150 s. 672.~~

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 ~~which~~ <sup>that</sup> may be

**BILL**

*of revenue*

1

claimed is reduced to \$0 and the department shall incorporate the changes into the

2

income tax forms and instructions.

3

(END)

**Barman, Mike**

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**From:** Keeton, William  
**Sent:** Tuesday, February 12, 2002 11:05 AM  
**To:** LRB.Legal  
**Subject:** Draft review: LRB-4839/1 Topic: Index for inflation income and property tax elements of the homestead tax credit

It has been requested by <Keeton, William> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB-4839/1 Topic: Index for inflation income and property tax elements of the homestead tax credit



# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

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

LEGAL SECTION: (608) 266-3501  
REFERENCE SECTION: (608) 266-0341  
FAX: (608) 266-5648

STEPHEN R. MILLER  
CHIEF

Lrb

March 7, 2002

## MEMORANDUM

**To:** Representative Schooff

**From:** Marc E. Shovers, Sr. Legislative Attorney, (608) 266-0129

**Subject:** Technical Memorandum to **2001 AB 841** (LRB-4839/1)

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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.

## MEMORANDUM

February 28, 2002

**TO:** Marc Shovers  
Legislative Reference Bureau

**FROM:** Brian Pahnke  
Department of Revenue

**SUBJECT:** Technical Memorandum on AB 841: Index for Inflation Income and Property Tax Elements of the Homestead Tax Credit

The Department would like to make the following comments regarding AB 841:

1. To make the language in the proposed bill consistent with existing sections of the statutes pertaining to the homestead credit, the sponsor may wish to replace the phrase "For taxable years beginning after December 31, 2002" at the beginning of sec. 71.54 (2m)(a) with "For any claim filed in 2004 or thereafter, and based on property taxes accrued or rent constituting property taxes accrued during the previous year" or similar wording.
2. The analysis of the bill by the Legislative Reference Bureau indicates that the proposed change would apply to claims filed beginning in 2003. According to the bill's proposed statutory language, this is not the case; the bill would apply to claims filed beginning in 2004.
3. 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</u> |
|--------|-------------------|---------------|------------|
| annual | s. 20.566 (1) (a) | \$20,900      |            |

If you have questions regarding this technical memorandum, please contact Meredith Krejny at 261-8984.

BP:MK