

2007 DRAFTING REQUEST

Bill

Received: 12/22/2006

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: Administration-Budget 6-7597

By/Representing: Easton

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters:

Subject: Tax, Individual - income credit

Extra Copies:

Submit via email: NO

Pre Topic:

DOA:.....Easton, BB0256 -

Topic:

Index for inflation the household income component of the homestead tax credit

Instructions:

See Attached. For TY 2008, and thereafter, index household income 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>
/?	mshovers 01/02/2007	jdye 01/03/2007		_____			State
/1			nmatzke 01/03/2007	_____	mbarman 01/03/2007		

FE Sent For:

<END>

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11	1/2/07 NES		1/3	1/3			

FE Sent For:

<END>

2007-09 Budget Bill Statutory Language Drafting Request

- Topic: Homestead Credit Indexing
- Tracking Code: BB 0256
- SBO team: Tax and Local Government
- SBO analyst: Easton
 - Phone: 6-7597
 - Email: Darren.easton@wisconsin.gov
- Agency acronym: DOR
- Agency number: 566
- Priority (Low, Medium, High): Medium

**Statutory Language Request
December 19, 2006**

TITLE: INDEXING THE HOMESTEAD TAX CREDIT

RECOMMENDATION FOR ACTION:

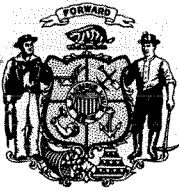
In Tax Year 2008 begin indexing household income for the Homestead Tax Credit to inflation (71.54). The language should be similar to 71.05(22)(dt). Indexing should be based on Department of Labor consumer price index from August 2006.

EFFECTIVE DATE OR INITIAL APPLICABILITY:

July 1, 2007

PERSON TO CONTACT:

Darren Easton
6-7597
Darren.easton@wisconsin.gov



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1302/7

MES

JD *MNR*

DOA:.....Easton, BB0256 - Index for inflation the household income component of the homestead tax credit

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

do not pass

- 1 AN ACT ...; relating to: indexing for inflation household income under the
- 2 homestead tax credit. ✓

Analysis by the Legislative Reference Bureau

TAXATION ✓

INCOME TAXATION ✓

Under current law, for claims filed in 2001 and thereafter, the homestead tax credit threshold income is \$8,000, the maximum property taxes, or rent constituting property taxes, that a claimant may use in calculating his or her credit are \$1,450, and the maximum household 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. Also under the formula, if the household income is \$8,000 or less, the credit is 80 percent of the property taxes accrued or rent constituting property taxes accrued. Using the formula, the credit that may be claimed ranges from \$10 to \$1,160.

Under this bill, for claims filed in 2009 and thereafter, the maximum household income is indexed for inflation. Also under the bill, as a claimant's income exceeds the threshold income amount, 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:

1 **SECTION 1.** 71.54 (2m)^x of the statutes is created to read:

2 71.54 (2m) INDEXING FOR INFLATION; 2008 AND THEREAFTER.[✓] (a) For taxable years
3 beginning after December 31,[✓] 2007, the dollar amount for the maximum household
4 income under sub. (1) (f) 3. shall be increased each year by a percentage equal to the
5 percentage change between the[✓] U.S. consumer price index for all urban consumers,
6 U.S. city average, for the month of August of the previous year and the U.S. consumer
7 price index for all urban consumers, U.S. city average, for the month of[✓] August 2006,
8 as determined by the federal department of labor. The amount that is revised under
9 this paragraph[✓] shall be rounded to the nearest multiple of \$10[✓] if the revised amount
10 is not a multiple of \$10 or, if the revised amount is a multiple of \$5[✓], such an amount
11 shall be increased to the next higher multiple of \$10[✓]. The department of revenue
12 shall annually adjust the changes in dollar amounts required under this paragraph
13 and incorporate the changes into the income tax forms and instructions.

14 (b) The department of revenue shall annually adjust the slope under sub. (1)
15 (f) 2.[✓] such that as a claimant's income increases from the threshold income under sub.
16 (1) (f) 1. and 2.[✓], to an amount that exceeds the maximum household income as
17 calculated under par. (a),[✓] the credit that may be claimed is reduced to \$0[✓] and the
18 department of revenue shall incorporate the changes into the income tax forms and
19 instructions.

20

(END)



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1302/1
MES:jld:nwn

DOA:.....Easton, BB0256 - Index for inflation the household income component of the homestead tax credit

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

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