2007 ASSEMBLY BILL 452

July 12, 2007 - Introduced by Representatives JORGENSEN, HIXSON, BENEDICT, BERCEAU, BLACK, BOYLE, FIELDS, GARTHWAITE, GRIGSBY, GRONEMUS, HEBL, HILGENBERG, HRAYCHUCK, KREUSER, PARISI, POPE-ROBERTS, SEIDEL, SHERIDAN, SHERMAN, SHILLING, SINICKI, SMITH, SOLETSKI, TASKUNAS, RICHARDS, VRUWIN and ZEPNICK, cosponsored by Senators HANSEN, ERPENBACH, LASSA and LEHMAN. Referred to Committee on Ways and Means.

AN ACT to amend 71.07 (9) (b) 5., 74.09 (3) (b) 6., 79.10 (1) (dm), 79.10 (1m), 79.10 (2), 79.10 (6m) (a), 79.10 (9) (c) 1., 79.10 (10) (title), 79.10 (10) (a), 79.10 (10) (b), 79.10 (10) (bm), 79.10 (10) (bn), 79.10 (10) (c), 79.10 (10) (e) 2. and 79.10 (10) (f); and to create 20.835 (3) (bm), 79.10 (5m), 79.10 (7m) (c) and 79.10 (9) (bn) of the statutes; relating to: creating a homeowner’s property tax credit, increasing the amount of the school property income tax credit, and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill creates a homeowner’s tax credit. Under the bill, a person who owns property in this state that the person uses as a principal dwelling may claim the homeowner’s credit as a credit against the property taxes imposed on his or her principal dwelling. The amount of the credit is based on the fair market value of the person’s principal dwelling, up to a fair market value of $60,000.

Under current law, a person may claim an income tax credit based on the amount of property taxes or rent paid on the person’s principal dwelling. The amount of the credit is equal to 12 percent of the first $2,500 of property taxes or rent paid on the person’s principal dwelling, or, for married persons filing separately, 12 percent of the first $1,250 of property taxes or rent paid on the person’s principal dwelling. Under the bill, with regard to rent paid on a person’s principal dwelling,
the amount of the credit is equal to 16 percent of the first $2,500 of rent paid on the
person’s principal dwelling, or, for married persons filing separately, 16 percent of the
first $1,250 of rent paid on the person’s principal dwelling.

For further information see the state and local 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. 20.835 (3) (bm) of the statutes is created to read:

20.835 (3) (bm) Homeowner’s tax credit. A sum sufficient to make the payments
under s. 79.10 (5m) and (7m) (c).

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

71.07 (9) (b) 5. For taxable years beginning after December 31, 1999, 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, 12% of the first $2,500
of property taxes or 16 percent of the first $2,500 of rent constituting property taxes,
or 12% except that a married person filing separately may claim 12 percent of the
first $1,250 of property taxes or 16 percent of the first $1,250 of rent constituting
property taxes of a married person filing separately.

SECTION 3. 74.09 (3) (b) 6. of the statutes is amended to read:

74.09 (3) (b) 6. The amount of the credit allocable to the property for the previous year and the current year, and the
percentage change between those years.

SECTION 4. 79.10 (1) (dm) of the statutes is amended to read:

79.10 (1) (dm) “Principal dwelling” means any dwelling that is used by the
owner of the dwelling as a primary residence on January 1 of the year preceding the
allocation of credits under sub. (9) (bm) and (bn) and includes improvements that are classified, under ch. 70, as taxable real property or personal property.

SECTION 5. 79.10 (1m) of the statutes is amended to read:

79.10 (1m) (a) Each municipality shall notify the department of revenue of the total amount of credits allocated under sub. (9) (bm) and (bn).

(b) Counties and municipalities shall submit to the department of revenue all data related to the lottery and gaming credit and homeowner’s tax credit that is requested by the department of revenue.

SECTION 6. 79.10 (2) of the statutes is amended to read:

79.10 (2) NOTICE TO MUNICIPALITIES. On or before December 1 of the year preceding the distribution under sub. (7m) (a), the department of revenue shall notify the clerk of each town, village and city of the estimated fair market value, as determined under sub. (11), to be used to calculate the lottery and gaming credit under sub. (5) and the homeowner’s tax credit under sub. (5m) and of the amount to be distributed to it under sub. (7m) (a) on the following 4th Monday in July. The anticipated receipt of such distribution shall not be taken into consideration in determining the tax rate of the municipality but shall be applied as tax credits.

SECTION 7. 79.10 (5m) of the statutes is created to read:

79.10 (5m) HOMEOWNER’S TAX CREDIT. Each municipality shall receive, from the appropriation under s. 20.835 (3) (bm), an amount determined by multiplying the school tax rate by the estimated fair market value, determined under sub. (11), but not to exceed $60,000, of every principal dwelling that is located in the municipality and for which a claim for the credit under sub. (9) (bn) is made by the owner of the principal dwelling.

SECTION 8. 79.10 (6m) (a) of the statutes is amended to read:
79.10 (6m) (a) Except as provided in pars. (b) and (c), if the department of administration or the department of revenue determines by October 1 of the year of any distribution under subs. (4) and (5m) that there was an overpayment or underpayment made in that year’s distribution by the department of administration to municipalities, as determined under subs. (4) and (5m), because of an error by the department of administration, the department of revenue, or any municipality, the overpayment or underpayment shall be corrected as provided in this paragraph. Any overpayment shall be corrected by reducing the subsequent year’s distribution, as determined under subs. (4) and (5m), by an amount equal to the amount of the overpayment. Any underpayment shall be corrected by increasing the subsequent year’s distribution, as determined under subs. (4) and (5m), by an amount equal to the amount of the underpayment. Corrections shall be made in the distributions to all municipalities affected by the error. Corrections shall be without interest.

SECTION 9. 79.10 (7m) (c) of the statutes is created to read:

79.10 (7m) (c) Homeowner’s tax credit. 1. The amount determined under sub. (5m) with respect to claims filed for which the town, village, or city has furnished notice under sub. (1m) by March 1 shall be distributed from the appropriation under s. 20.835 (3) (bm) by the department of administration on the 4th Monday in March.

2. The town, village, or city treasurer shall settle for the amounts distributed on the 4th Monday in March under this paragraph with each taxing jurisdiction within the taxation district or provide the amounts distributed to the appropriate county treasurer for settlement not later than April 15. Failure to settle timely under this subdivision subjects the town, village, or city treasurer to the penalties under
s. 74.31. On or before August 20, the county treasurer shall settle with each taxing
jurisdiction, including towns, villages, and cities except 1st class cities, in the county.

**SECTION 10.** 79.10 (9) (bn) of the statutes is created to read:

79.10 (9) (bn) *Homeowner’s tax credit.* Except as provided in ss. 79.175 and
79.18, a homeowner’s tax credit shall be allocated to every principal dwelling for
which a credit is claimed under sub. (10) in an amount determined by multiplying
the estimated fair market value of the principal dwelling, as determined under sub.
(11), but not to exceed $60,000, by the school tax rate.

**SECTION 11.** 79.10 (9) (c) 1. of the statutes is amended to read:

79.10 (9) (c) 1. The lottery and gaming credit under par. (bm) and the
homeowner’s tax credit under par. (bn) shall reduce the property taxes otherwise
payable on property that is eligible for that credit and if the property owner
completes the information required under sub. (10) (a) or (b).

**SECTION 12.** 79.10 (10) (title) of the statutes is amended to read:

79.10 (10) (title) **CLAIMING THE LOTTERY AND GAMING CREDIT AND THE**
**HOMEOWNER’S TAX CREDIT.**

**SECTION 13.** 79.10 (10) (a) of the statutes is amended to read:

79.10 (10) (a) *Beginning with property taxes levied in 1999, the The owner of*
a principal dwelling may claim the credit credits under sub. (9) (bm) and (bn) by
applying for the credit credits on a form prescribed by the department of revenue.
A claimant shall attest that, as of the certification date, the claimant is an owner of
property and that such property is used by the owner in the manner specified under
sub. (1) (dm). The certification date is January 1 of the year in which the property
taxes are levied. The claimant shall file the application for the lottery and gaming
credit credits with the treasurer of the county in which the property is located or, if
the property is located in a city that collects taxes under s. 74.87, with the treasurer of the city in which the property is located. Subject to review by the department of revenue, a treasurer who receives a completed application shall direct that the property described in the application be identified on the next tax roll as property for which the owner is entitled to receive a lottery and gaming credit. A claim that is made under this paragraph is valid for as long as the property is eligible for the credit.

**SECTION 14.** 79.10 (10) (b) of the statutes is amended to read:

79.10 (10) (b) A person who becomes eligible for a credit under sub. (9) (bm) and (bn) may claim the credit by filing an application, on a form prescribed by the department of revenue, with the treasurer of the county in which the property is located or, if the property is located in a city that collects taxes under s. 74.87, with the treasurer of the city in which the property is located. Claims made under this paragraph are valid for as long as the property is eligible for the credit.

**SECTION 15.** 79.10 (10) (bm) of the statutes is amended to read:

79.10 (10) (bm) 1. A person who is eligible for a credit under sub. (9) (bm) and (bn) but whose property tax bill does not reflect the credit may claim the credit by applying to the treasurer of the taxation district in which the property is located for the credit under par. (a) by January 31 following the issuance of the person’s property tax bill. The treasurer shall compute the amount of the credit; subtract the amount of the credit from the person’s property tax bill; notify the person of the reduced amount of the property taxes due; issue a refund to the person if the person has paid the property taxes in full; and enter the person’s property on the next tax roll as property that qualifies for a lottery and
gaming credit and a homeowner’s tax credit. Claims made under this subdivision are valid for as long as the property is eligible for the credit credits under sub. (9) (bm) and (bn).

2. A person who may apply for a credit credits under subd. 1. but who does not timely apply for the credit credits under subd. 1. may apply to the department of revenue no later than October 1 following the issuance of the person’s property tax bill. Subject to review by the department, the department shall compute the amount of the credit credits; issue a check to the person in the amount of the credit credits; and notify the treasurer of the county in which the person’s property is located or the treasurer of the taxation district in which the person’s property is located, if the taxation district collects taxes under s. 74.87. The treasurer shall enter the person’s property on the next tax roll as property that qualifies for a lottery and gaming credit and a homeowner’s tax credit. Claims made under this subdivision are valid for as long as the property is eligible for the credit credits under sub. (9) (bm) and (bn).

SECTION 16. 79.10 (10) (bn) of the statutes is amended to read:

79.10 (10) (bn) 1. If a person who owns and uses property as specified under sub. (1) (dm), as of the certification date under par. (a), transfers the property after the certification date, the transferee may apply to the treasurer of the county in which the property is located or, if the property is located in a city that collects taxes under s. 74.87, to the treasurer of the city in which the property is located for the credit credits under sub. (9) (bm) and (bn) on a form prescribed by the department of revenue. The transferee shall attest that, to the transferee’s knowledge, the transferor used the property in the manner specified under sub. (1) (dm) as of the certification date under par. (a). A claim that is made under this subdivision is valid for as long as the property is eligible for the credit credits under sub. (9) (bm) and (bn).
2. A person who is eligible for a credit under subd. 1. but whose property tax bill does not reflect the credit may claim the credit by applying to the treasurer of the taxation district in which the property is located for the credit by January 31 following the issuance of the person’s property tax bill. Claims made after January 31, but no later than October 1 following the issuance of the person’s property tax bill, shall be made to the department of revenue. Paragraph (bm), as it applies to processing claims made under that paragraph, applies to processing claims made under this subdivision.

SECTION 17. 79.10 (10) (c) of the statutes is amended to read:

79.10 (10) (c) If a person who is certified under par. (a) to claim the credit under sub. (9) (bm) and (bn) becomes ineligible for the credit under sub. (9) (bm) and (bn), that person shall, within 30 days of becoming ineligible, notify the treasurer of the county in which the property is located or, if the property is located in a city that collects taxes under s. 74.87, the treasurer of the city in which the property is located.

SECTION 18. 79.10 (10) (e) 2. of the statutes is amended to read:

79.10 (10) (e) 2. The certification procedure includes a procedure that is similar in effect to the procedure described in par. pars. (bm) and (bn).

SECTION 19. 79.10 (10) (f) of the statutes is amended to read:

79.10 (10) (f) Each county and city that administers the credit under sub. (9) (bm) and (bn) shall implement a procedure to periodically verify the eligibility of properties for which a credit is claimed. In 2004, and every 5th year thereafter, each county and city that administers the credit under sub. (9) (bm) and (bn) shall file a report with the department of revenue, in the manner and at the time prescribed by the department of revenue, that describes the procedures
that the county or city uses to verify the credits claimed under this subsection and
evaluates the efficacy of such procedures.


(1) HOMEOWNER'S TAX CREDIT. An application for the lottery and gaming credit
under section 79.10 (10), 2005 stats., shall be considered to be an application for the
homeowner’s tax credit under section 79.10 (10) of the statutes, as affected by this
act, and any valid claim for the lottery and gaming credit under section 79.10 (10),
2005 stats., shall be considered to be a valid claim for the homeowner’s tax credit
under section 79.10 (10) of the statutes, as affected by this act.

(2) REPORT. Notwithstanding section 13.52 (5) and (6) of the statutes, the joint
survey committee on tax exemptions shall prepare a report that, to provide funding
for the homeowner’s tax credit under section 79.10 (5) of the statutes, as affected by
this act, recommends changes to the corporate income and franchise taxes imposed
by this state, not including any increase in corporate income or franchise tax rates,
and repealing certain sales and use tax exemptions that primarily affect
corporations. The committee shall submit the report to the legislature no later than
60 days after the effective date of this subsection.

SECTION 21. Initial applicability.

(1) HOMEOWNER'S TAX CREDIT. The treatment of sections 20.835 (3) (bm), 74.09
(3) (b) 6., and 79.10 (1) (dm), (1m), (2), (5m), (6m) (a), (7m) (c), (9) (bn) and (c) 1., and
(10) (title), (a), (b), (bm), (bn), (c), (e) 2., and (f) of the statutes first applies to property
taxes levied in 2007.

(2) SCHOOL PROPERTY INCOME TAX CREDIT. The treatment of section 71.07 (9) (b)
5. of the statutes first applies to taxable years beginning on January 1, 2008.

(END)