January 30, 2018 – Introduced by Representatives VRUWINK, ANDERSON, SPREITZER, SINICKI and C. TAYLOR. Referred to Committee on Ways and Means.

AN ACT to amend 71.08 (1) (intro.) and 71.10 (4) (i); and to create 20.835 (2) (cb) and 71.07 (5p) of the statutes; relating to: creating an individual income tax credit for certain property tax increases and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill creates a refundable individual income tax credit for claimants who are at least 70 and one-half years old and whose federal adjusted gross income is no more than 2.5 times the federal poverty level in the year to which the claim relates. The credit amount is calculated as the difference between the claimant’s school district portion of the property tax assessment on his or her principal dwelling in the year to which the claim relates, and the claimant’s school district portion of the property tax assessment on that same dwelling in the previous year. To be able to claim the credit, the claimant must have paid the property taxes that are the basis of the calculation.

Because the credit is refundable, if the amount of the claim exceeds the claimant’s tax liability, the excess amount is refunded to the claimant by check. The credit may not be claimed by part-year and nonresidents of this state. Under the bill, no credit may be claimed for any increase in property taxes due to improvements the claimant makes to the principal dwelling.
ASSEMBLY BILL 892

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. 20.835 (2) (cb) of the statutes is created to read:

20.835 (2) (cb) Property tax increase offset tax credit. A sum sufficient to pay the claims approved under s. 71.07 (5p).

SECTION 2. 71.07 (5p) of the statutes is created to read:

71.07 (5p) Property tax increase offset tax credit. (a) Definitions. In this subsection:

1. “Claimant” means an individual, or an individual and his or her spouse, who files a claim under this subsection.

2. “Family income” means the federal adjusted gross income of the claimant and his or her spouse in the year to which the claim relates.

3. “Poverty level” means 2.5 times the poverty level determined in accordance with criteria established by the director of the federal office of management and budget.

4. “Principal dwelling” means any dwelling that is owned and the land surrounding it that is reasonably necessary for use of the dwelling as a primary dwelling of the claimant and may include a part of a multidwelling or multipurpose building and a part of the land upon which it is built that is used as the claimant’s primary dwelling.

5. “Property taxes” has the meaning given in sub. (9) (a) 3.

(b) Filing claims. Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.02 or 71.08 the
difference between the school district portion of the amount of property taxes the
claimant is assessed in the taxable year to which the claim relates on the claimant’s
principal dwelling and the school district portion of the property taxes the claimant
is assessed in the taxable year immediately before the year to which the claim relates
on the claimant’s principal dwelling, provided the principal dwellings are the same
for each taxable year. If the difference between the 2 amounts is positive and if the
allowable amount of the claim exceeds the income taxes otherwise due on the
claimant’s income, the amount of the claim not used as an offset against those taxes
shall be certified by the department of revenue to the department of administration
for payment to the claimant by check, share draft, or other draft drawn from the
appropriation account under s. 20.835 (2) (cb).

(c) **Limitations.** 1. No claim may be allowed under this subsection if the
claimant has not paid the property taxes on the principal dwelling for the years
described in par. (b).

2. No credit may be claimed under this subsection for any amount of property
taxes related to reassessment of the claimant’s principal dwelling that is due to
improvements made to the property.

3. No claim may be filed under this subsection unless the claimant has reached
the age of 70.5 years in the year to which the claim relates, except that if the claimant
is married and filing jointly, at least one of the spouses must have reached the age
of 70.5 years in the year to which the claim relates.

4. No claim may be filed under this subsection if the claimant’s family income
exceeds the poverty level in the year to which the claim relates.

5. No credit may be allowed under this subsection unless it is claimed within
the period specified under s. 71.75 (2).
6. No credit may be claimed under this subsection by nonresidents or part-year residents of this state.

(d) Administration. Subsection (9e) (d), as it applies to the credit under that subsection, applies to the credit under this subsection.

SECTION 3. 71.08 (1) (intro.) of the statutes, as affected by 2017 Wisconsin Act 58, is amended to read:

71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married couple filing jointly, trust, or estate under s. 71.02, not considering the credits under ss. 71.07 (1), (2dx), (2dy), (3m), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (3wm), (3y), (4k), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (5n), (5p), (6), (6e), (8r), (9e), (9m), and (9r), 71.28 (1dx), (1dy), (2m), (3), (3n), (3t), (3w), (3wm), and (3y), 71.47 (1dx), (1dy), (2m), (3), (3n), (3t), (3w), and (3y), 71.57 to 71.61, and subch. VIII and payments to other states under s. 71.07 (7), is less than the tax under this section, there is imposed on that natural person, married couple filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

SECTION 4. 71.10 (4) (i) of the statutes, as affected by 2017 Wisconsin Acts 58 and 59, is amended to read:

71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and beyond under s. 71.613, homestead credit under subch. VIII, farmland tax relief credit under s. 71.07 (3m), dairy manufacturing facility investment credit under s. 71.07 (3p), jobs tax credit under s. 71.07 (3q), meat processing facility investment credit under s. 71.07 (3r), woody biomass harvesting and processing credit under s. 71.07 (3rm), food processing plant and food warehouse investment credit under s.
71.07 (3rn), business development credit under s. 71.07 (3y), research credit under s. 71.07 (4k) (e) 2. a., film production services credit under s. 71.07 (5f), film production company investment credit under s. 71.07 (5h), veterans and surviving spouses property tax credit under s. 71.07 (6e), enterprise zone jobs credit under s. 71.07 (3w), property tax increase offset credit under s. 71.07 (5p), electronics and information technology manufacturing zone credit under s. 71.07 (3wm), beginning farmer and farm asset owner tax credit under s. 71.07 (8r), earned income tax credit under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under subch. X.

**SECTION 5. Initial applicability.**

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