



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-4216/1
MES:ahc

2017 ASSEMBLY BILL 892

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

1 **AN ACT to amend** 71.08 (1) (intro.) and 71.10 (4) (i); and **to create** 20.835 (2) (cb)
2 and 71.07 (5p) of the statutes; **relating to:** creating an individual income tax
3 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.

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

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

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

5 71.07 (5p) **PROPERTY TAX INCREASE OFFSET TAX CREDIT.** (a) *Definitions.* In this
6 subsection:

7 1. "Claimant" means an individual, or an individual and his or her spouse, who
8 files a claim under this subsection.

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

11 3. "Poverty level" means 2.5 times the poverty level determined in accordance
12 with criteria established by the director of the federal office of management and
13 budget.

14 4. "Principal dwelling" means any dwelling that is owned and the land
15 surrounding it that is reasonably necessary for use of the dwelling as a primary
16 dwelling of the claimant and may include a part of a multidwelling or multipurpose
17 building and a part of the land upon which it is built that is used as the claimant's
18 primary dwelling.

19 5. "Property taxes" has the meaning given in sub. (9) (a) 3.

20 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
21 claimant may claim as a credit against the tax imposed under s. 71.02 or 71.08 the

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1 difference between the school district portion of the amount of property taxes the
2 claimant is assessed in the taxable year to which the claim relates on the claimant's
3 principal dwelling and the school district portion of the property taxes the claimant
4 is assessed in the taxable year immediately before the year to which the claim relates
5 on the claimant's principal dwelling, provided the principal dwellings are the same
6 for each taxable year. If the difference between the 2 amounts is positive and if the
7 allowable amount of the claim exceeds the income taxes otherwise due on the
8 claimant's income, the amount of the claim not used as an offset against those taxes
9 shall be certified by the department of revenue to the department of administration
10 for payment to the claimant by check, share draft, or other draft drawn from the
11 appropriation account under s. 20.835 (2) (cb).

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

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

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

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

24 5. No credit may be allowed under this subsection unless it is claimed within
25 the period specified under s. 71.75 (2).

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1 6. No credit may be claimed under this subsection by nonresidents or part-year
2 residents of this state.

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

5 **SECTION 3.** 71.08 (1) (intro.) of the statutes, as affected by 2017 Wisconsin Act
6 58, is amended to read:

7 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
8 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
9 ss. 71.07 (1), (2dx), (2dy), (3m), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w),
10 (3wm), (3y), (4k), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (5n), ~~(5p)~~, (6), (6e), (8r), (9e), (9m),
11 and (9r), 71.28 (1dx), (1dy), (2m), (3), (3n), (3t), (3w), (3wm), and (3y), 71.47 (1dx),
12 (1dy), (2m), (3), (3n), (3t), (3w), and (3y), 71.57 to 71.61, and 71.613 and subch. VIII
13 and payments to other states under s. 71.07 (7), is less than the tax under this
14 section, there is imposed on that natural person, married couple filing jointly, trust
15 or estate, instead of the tax under s. 71.02, an alternative minimum tax computed
16 as follows:

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

19 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
20 preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and
21 beyond under s. 71.613, homestead credit under subch. VIII, farmland tax relief
22 credit under s. 71.07 (3m), dairy manufacturing facility investment credit under s.
23 71.07 (3p), jobs tax credit under s. 71.07 (3q), meat processing facility investment
24 credit under s. 71.07 (3r), woody biomass harvesting and processing credit under s.
25 71.07 (3rm), food processing plant and food warehouse investment credit under s.

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1 71.07 (3rn), business development credit under s. 71.07 (3y), research credit under
2 s. 71.07 (4k) (e) 2. a., film production services credit under s. 71.07 (5f), film
3 production company investment credit under s. 71.07 (5h), veterans and surviving
4 spouses property tax credit under s. 71.07 (6e), enterprise zone jobs credit under s.
5 71.07 (3w), property tax increase offset credit under s. 71.07 (5p), electronics and
6 information technology manufacturing zone credit under s. 71.07 (3wm), beginning
7 farmer and farm asset owner tax credit under s. 71.07 (8r), earned income tax credit
8 under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under
9 subch. X.

10 **SECTION 5. Initial applicability.**

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

15 (END)