

2019 DRAFTING REQUEST

Bill

For: **Administration-Budget 6-1923** Drafter: **mshovers**
 By: **Quinn** Secondary Drafters:
 Date: **1/2/2019** May Contact:

Same as LRB:

Submit via email: **YES**
 Requester's email:
 Carbon copy (CC) to: **doasbostatlanguage@wisconsin.gov**
Erika.Lunder@legis.wisconsin.gov

Pre Topic:

DOA:.....Quinn, BB0168 -

Topic:

Restore homestead tax credit indexing provisions

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 1/3/2019	anienaja 1/3/2019			
/P1	mshovers 1/3/2019		dwalker 1/3/2019		State
/P2	mshovers 1/11/2019	anienaja 1/3/2019	dwalker 1/3/2019		State
/P3	mshovers 2/17/2019	anienaja 1/14/2019	lparisi 1/14/2019		State
/P4	mshovers	anienaja	lparisi		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	2/19/2019	2/18/2019	2/18/2019		
/P5	elunder 2/22/2019	anienaja 2/22/2019	mbarman 2/19/2019		State
/P6			dwalker 2/22/2019		State

FE Sent For:

<END>

Shovers, Marc

From: Kreye, Joseph
Sent: Monday, December 31, 2018 6:48 PM
To: Shovers, Marc
Cc: Lunder, Erika
Subject: FW: Statutory Language Drafting Request - 2019-21

L 1188

From: Cathlene Hanaman [cathleneh@gmail.com]
Sent: Saturday, December 29, 2018 4:09 PM
To: Lunder, Erika; Kreye, Joseph
Subject: Fwd: Statutory Language Drafting Request - 2019-21

Sent from my iPhone

Begin forwarded message:

From: "brian.quinn@wisconsin.gov<mailto:brian.quinn@wisconsin.gov>"
<brian.quinn@wisconsin.gov<mailto:brian.quinn@wisconsin.gov>>
Date: December 29, 2018 at 12:30:33 PM MST
To: <Cathlene.Hanaman@legis.wisconsin.gov<mailto:Cathlene.Hanaman@legis.wisconsin.gov>>
Cc: <Paul2.Ziegler@wisconsin.gov<mailto:Paul2.Ziegler@wisconsin.gov>>, <Brian.Quinn@wisconsin.gov<mailto:Brian.Quinn@wisconsin.gov>>
Subject: Statutory Language Drafting Request - 2019-21
Reply-To: <brian.quinn@wisconsin.gov<mailto:brian.quinn@wisconsin.gov>>

Biennial Budget: 2019-21

Topic: Restore Homestead Indexing

Tracking Code: BB0168

SBO Team: TLGED

SBO Analyst: Quinn, Brian D - DOA
Phone: (608) 266-1923
E-mail: brian.quinn@wisconsin.gov<mailto:brian.quinn@wisconsin.gov>

Agency Acronym: 835

Agency Number: 835

Priority: Medium

Intent:

Beginning with tax year 2019, restore the indexing provisions that applied under s. 71.54(2m). For the restored indexing, the base consumer price index will be set as August 2017.

Attachments: False

Please send completed drafts to
SBOSatlanguage@spmail.enterprise.wistate.us<mailto:SBOSatlanguage@spmail.enterprise.wistate.us>



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1188/P1
MES: *amp*
Rmk

DOA:.....Quinn, BB0168 - Restore homestead tax credit indexing provisions

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

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AN ACT ...; relating to: the budget

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, the homestead tax credit formula factors, which are maximum income, maximum property taxes, and income threshold, are not indexed for inflation after 2010. This bill amends those provisions and restores the indexing provisions of the former law. Under the bill, the homestead tax credit formula factors would be indexed for inflation for taxable year 2019 and beyond.

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:

2 **SECTION 1.** 71.54 (1) (g) (intro.) of the statutes is amended to read:
3 ~~71.54 (1) (g) 2012 and thereafter to 2018.~~ (intro.) The amount of any claim filed
4 in 2012 and thereafter to 2018 and based on property taxes accrued or rent
5 constituting property taxes accrued during the previous year is limited as follows:

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

2 71.54 (1) (h) *2019 and thereafter*. Subject to sub. (2m), the amount of any claim
3 filed in 2019 and thereafter and based on property taxes accrued or rent constituting
4 property taxes accrued during the previous year is limited as follows:

5 1. If the household income was \$8,060 or less in the year to which the claim
6 relates, the claim is limited to 80 percent of the property taxes accrued or rent
7 constituting property taxes accrued or both in that year on the claimant's homestead.

8 2. If the household income was more than \$8,060 in the year to which the claim
9 relates, the claim is limited to 80 percent of the amount by which the property taxes
10 accrued or rent constituting property taxes accrued or both in that year on the
11 claimant's homestead exceeds 8.785 percent of the household income exceeding
12 \$10,902.

13 3. No credit may be allowed if the household income of a claimant exceeds
14 \$24,680.

15 **SECTION 3.** 71.54 (2) (b) 4. of the statutes is amended to read:

16 ~~71.54 (2) (b) 4.~~ In calendar years 2011 or any subsequent calendar year to 2017,
17 \$1,460.

18 **SECTION 4.** 71.54 (2) (b) 5. of the statutes is created to read:

19 ~~71.54 (2) (b) 5.~~ Subject to sub. (2m), in calendar year 2018 or any subsequent
20 calendar year, \$1,460.

21 **SECTION 5.** 71.54 (2m) of the statutes is amended to read:

22 ~~71.54 (2m)~~ INDEXING FOR INFLATION; ~~2010 2019 AND THEREAFTER~~. (a) For calendar
23 years beginning after December 31, 2009, and before January 1, 2011 2018, the dollar
24 amounts of the threshold income under sub. (1) (f) (h) 1. and 2., the maximum
25 household income under sub. (1) (f) (h) 3., and the maximum property taxes under

1 sub. (2) (b) ~~3.~~ 5. shall be increased each year by a percentage equal to the percentage
2 change between the U.S. consumer price index for all urban consumers, U.S. city
3 average, for the 12-month average of the U.S. consumer price index for the month
4 of August of the year before the previous year through the month of July of the
5 previous year and the U.S. consumer price index for all urban consumers, U.S. city
6 average, for the 12-month average of the U.S. consumer price index for August ~~2007~~
7 2016 through July ~~2008~~ 2017, as determined by the federal department of labor,
8 except that the adjustment may occur only if the percentage is a positive number.
9 Each amount that is revised under this paragraph shall be rounded to the nearest
10 multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount
11 is a multiple of \$5, such an amount shall be increased to the next higher multiple of
12 \$10. The department of revenue shall annually adjust the changes in dollar amounts
13 required under this paragraph and incorporate the changes into the income tax
14 forms and instructions.

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

21 (END)



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1188/P1
MES:amn

P2
Rank

DOA:.....Quinn, BB0168 - Restore homestead tax credit indexing provisions

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, the homestead tax credit formula factors, which are maximum income, maximum property taxes, and income threshold, are not indexed for inflation after 2010. This bill amends those provisions and restores the indexing provisions of the former law. Under the bill, the homestead tax credit formula factors would be indexed for inflation for taxable year 2019 and beyond.

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4 of August of the year before the previous year through the month of July of the
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17 calculated under par. (a), to an amount that exceeds the maximum household income
18 as calculated under par. (a), the credit that may be claimed is reduced to \$0 and the
19 department of revenue shall incorporate the changes into the income tax forms and
20 instructions.

21 (END)

Shovers, Marc

From: Quinn, Brian D - DOA
Sent: Thursday, January 03, 2019 3:31 PM
To: Shovers, Marc
Subject: RE: Homestead credit drafts

Those limitations will remain.

From: Shovers, Marc - LEGIS <marc.shovers@legis.wisconsin.gov>
Sent: Thursday, January 03, 2019 2:38 PM
To: Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>
Subject: Homestead credit drafts

Hi Brian:

With regard to the homestead credit drafts that 1) restore indexing, and 2) increase the maximum income, do you want to retain the limitations on claiming the credit in s. 71.54 (1) (g) 5. and 7., or would you like those provisions to not apply for claims filed in 2019 and thereafter?:

5. For claims filed in 2018 and thereafter and based on property taxes accrued or rent constituting property taxes accrued during the previous year, no credit may be allowed under this paragraph unless the claimant is disabled.

7. For claims filed in 2018 and thereafter and based on property taxes accrued or rent constituting property taxes accrued during the previous year, with regard to a claimant who is not disabled or who is under the age of 62 at the close of the year to which the claim relates, no credit may be allowed under this paragraph if the claimant had no earned income in the taxable year to which the claim relates.

Thanks,

Marc

Marc Shovers
Senior Legislative Attorney
Legislative Reference Bureau
608-504-5876
marc.shovers@legis.wisconsin.gov



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1188/P2
MES:amn

RMR 3

DOA:.....Quinn, BB0168 - Restore homestead tax credit indexing provisions

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

1 **AN ACT** ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, the homestead tax credit formula factors, which are maximum income, maximum property taxes, and income threshold, are not indexed for inflation after 2010. This bill amends those provisions and restores the indexing provisions of the former law. Under the bill, the homestead tax credit formula factors would be indexed for inflation for taxable year 2019 and beyond.

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SECTION 2. 71.54 (1) (h) of the statutes is created to read:

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1. If the household income was \$8,060 or less in the year to which the claim relates, the claim is limited to 80 percent of the property taxes accrued or rent constituting property taxes accrued or both in that year on the claimant's homestead.

2. If the household income was more than \$8,060 in the year to which the claim relates, the claim is limited to 80 percent of the amount by which the property taxes accrued or rent constituting property taxes accrued or both in that year on the claimant's homestead exceeds 8.785 percent of the household income exceeding \$8,060.

3. No credit may be allowed if the household income of a claimant exceeds \$24,680.

SECTION 3. 71.54 (2) (b) 4. of the statutes is amended to read:

71.54 (2) (b) 4. In calendar years 2011 or any subsequent calendar year to 2017, \$1,460.

SECTION 4. 71.54 (2) (b) 5. of the statutes is created to read:

71.54 (2) (b) 5. Subject to sub. (2m), in calendar year 2018 or any subsequent calendar year, \$1,460.

SECTION 5. 71.54 (2m) of the statutes is amended to read:

71.54 (2m) INDEXING FOR INFLATION; 2010 2019 AND THEREAFTER. (a) For calendar years beginning after December 31, 2009, and before January 1, 2011 2018, the dollar amounts of the threshold income under sub. (1) (f) (h) 1. and 2., the maximum household income under sub. (1) (f) (h) 3., and the maximum property taxes under

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1 sub. (2) (b) ~~3. 5.~~ shall be increased each year by a percentage equal to the percentage
2 change between the U.S. consumer price index for all urban consumers, U.S. city
3 average, for the 12-month average of the U.S. consumer price index for the month
4 of August of the year before the previous year through the month of July of the
5 previous year and the U.S. consumer price index for all urban consumers, U.S. city
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7 2016 through July ~~2008~~ 2017, as determined by the federal department of labor,
8 except that the adjustment may occur only if the percentage is a positive number.
9 Each amount that is revised under this paragraph shall be rounded to the nearest
10 multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount
11 is a multiple of \$5, such an amount shall be increased to the next higher multiple of
12 \$10. The department of revenue shall annually adjust the changes in dollar amounts
13 required under this paragraph and incorporate the changes into the income tax
14 forms and instructions.

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

21 (END)

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

2 71.54 (1) (h) *2020 and thereafter.* The amount of any claim filed in 2020 and
3 thereafter and based on property taxes accrued or rent constituting property taxes
4 accrued during the previous year is limited as follows:

5 1. If the household income was \$8,060 or less in the year to which the claim
6 relates, the claim is limited to 80 percent of the property taxes accrued or rent
7 constituting property taxes accrued or both in that year on the claimant's homestead.

8 2. If the household income was more than \$8,060 in the year to which the claim
9 relates, the claim is limited to 80 percent of the amount by which the property taxes
10 accrued or rent constituting property taxes accrued or both in that year on the
11 claimant's homestead exceeds 6.655 percent of the household income exceeding
12 \$8,060.

13 3. No credit may be allowed if the household income of a claimant exceeds
14 \$30,000.

15 2. 4. Notwithstanding the time limitations described in par. (g) (intro.), the
16 provisions of par. (g) 4., 5., 6., and 7. apply to claims filed under this paragraph.

17

~~END~~

INS
2-14

Shovers, Marc

From: Quinn, Brian D - DOA
Sent: Saturday, February 16, 2019 6:55 PM
To: Shovers, Marc
Subject: Homestead Draft Combination - 1188/P3 & 1189/P1

Marc,

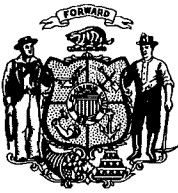
Since we have decided to do both of these provisions, I think it makes sense to combine them to reconcile an issue.

Because the increase in the maximum income limit in the second year is obviously bigger than what would be applied via indexing, can we put in a provision that, for tax year 2020, in lieu of indexing the maximum income level it will just increase to \$30,000 instead? The maximum property tax and the phase-out thresholds would still both be indexed for 2020. Indexing would return to normal for all provisions in 2021 and thereafter.

Let me know if you have questions on that.

Thanks!

-Brian Q.



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1188/P3
MES:amn

P4
+CJS
RMR

DOA:.....Quinn, BB0168 - Restore homestead tax credit indexing provisions

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

1. Homestead tax credit changes to indexing provisions and increasing the maximum income

1 AN ACT ...; relating to: the budget.

, except that the maximum income will not be indexed for taxable year 2020

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, the homestead tax credit formula factors, which are maximum income, maximum property taxes, and income threshold, are not indexed for inflation after 2010. This bill amends those provisions and restores the indexing provisions of the former law. Under the bill, the homestead tax credit formula factors would be indexed for inflation for taxable year 2019 and beyond.

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1 SECTION 2. 71.54 (1) (h) of the statutes is created to read:

2 71.54 (1) (h) 2019 and thereafter. (1.) Subject to sub. (2m), the amount of any
3 claim filed in 2019 and thereafter and based on property taxes accrued or rent
4 constituting property taxes accrued during the previous year is limited as follows:

5 1. (a.) If the household income was \$8,060 or less in the year to which the claim
6 relates, the claim is limited to 80 percent of the property taxes accrued or rent
7 constituting property taxes accrued or both in that year on the claimant's homestead.

8 2. (b.) ^{For a claim filed in 2019 only,} If the household income was more than \$8,060 in the year to which the claim
9 relates, the claim is limited to 80 percent of the amount by which the property taxes
10 accrued or rent constituting property taxes accrued or both in that year on the
11 claimant's homestead exceeds 8.785 percent of the household income exceeding
12 \$8,060.

13 3. (c.) ^{For a claim filed in 2019 only,} No credit may be allowed if the household income of a claimant exceeds
14 \$24,680.

15 2. Notwithstanding the time limitations described in par. (g) (intro.), the
16 provisions of par. (g) 4., 5., 6., and 7. apply to claims filed under this paragraph.

INS
2-15

17 SECTION 3. 71.54 (2) (b) 4. of the statutes is amended to read:

18 71.54 (2) (b) 4. In calendar years 2011 or any subsequent calendar year to 2017,
19 \$1,460.

20 SECTION 4. 71.54 (2) (b) 5. of the statutes is created to read:

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22 calendar year, \$1,460.

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3, and 5,

plain

1 amounts of the threshold income under sub. (1) (f) (h) 1. ~~a~~ and 2. ~~b~~, the maximum
 2 household income under sub. (1) (f) 3. ~~h~~ 1. ~~c~~, and the maximum property taxes
 3 under sub. (2) (b) 3. ~~5~~. shall be increased each year by a percentage equal to the
 4 percentage change between the U.S. consumer price index for all urban consumers,
 5 U.S. city average, for the 12-month average of the U.S. consumer price index for the
 6 month of August of the year before the previous year through the month of July of
 7 the previous year and the U.S. consumer price index for all urban consumers, U.S.
 8 city average, for the 12-month average of the U.S. consumer price index for August
 9 ~~2007 2016~~ through July ~~2008 2017~~, as determined by the federal department of labor,
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 16 forms and instructions.

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 18 (f) 2. ~~h~~ ^{2. or 4.} such that, as a claimant's income increases from the threshold income
 19 as calculated under par. (a), to an amount that exceeds the maximum household
 20 income as calculated under par. (a), the credit that may be claimed is reduced to \$0
 21 and the department of revenue shall incorporate the changes into the income tax
 22 forms and instructions.

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3-22



(END)



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1189/P1
MES:cjs

DOA:.....Quinn, BB0167 - Increase the homestead tax credit maximum income

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

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Under current law, the homestead income tax credit is not allowed to claimants whose household income exceeds \$24,680. Under this bill, that threshold is increased to \$30,000 for claims filed in 2020 and thereafter.

maximum income

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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6 relates, the claim is limited to 80 percent of the property taxes accrued or rent
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INS
2-15

8 *4. 2. For a claim filed in 2020 and thereafter,*
9 If the household income was more than \$8,060 in the year to which the claim
10 relates, the claim is limited to 80 percent of the amount by which the property taxes
11 accrued or rent constituting property taxes accrued or both in that year on the
12 claimant's homestead exceeds 6.655 percent of the household income exceeding
13 \$8,060.

14 *5. 3. For a claim filed in 2020 and thereafter,*
No credit may be allowed if the household income of a claimant exceeds
15 \$30,000.

16 *6. 4.* Notwithstanding the time limitations described in par. (g) (intro.), the
17 provisions of par. (g) 4., 5., 6., and 7. apply to claims filed under this paragraph.

(END)
WR

2019-2020 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1188/P4ins
MES:amn

INS 3-22

71.54 (2m)(c). Notwithstanding the indexing provisions under par. (a), the dollar amount of maximum household income under sub. (1) (h) 5. may not be indexed for a claim filed in 2020.

[SECTION #. 71.54 (2m)(c) of the statutes is created to read:

Shovers, Marc

From: Quinn, Brian D - DOA
Sent: Tuesday, February 19, 2019 10:06 AM
To: Shovers, Marc
Cc: Kreye, Joseph
Subject: Homestead Draft Revision - 1188/P4

Marc,

On this one, it looks like we're going to delay indexing out to tax year 2020 as well.

So, to reconcile the provisions, now we would have indexing of the maximum property taxes and the phase-out threshold for income, but not maximum income in 2020 because maximum income will just go straight to \$30,000. After 2020, all provisions would be indexed as normal.

Let me know if you have any questions.

Brian Quinn
Executive Policy and Budget Analyst - Advanced
Wisconsin Department of Administration
Division of Executive Budget and Finance
(608)-266-1923



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1188/P4
MES:amn&cjs

P 5
KMP

DOA:.....Quinn, BB0168 - Restore homestead tax credit indexing provisions

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

do not
open

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

1. Homestead tax credit changes to indexing provisions and increasing the maximum income

Under current law, the homestead income tax credit is not allowed to claimants whose household income exceeds \$24,680. Under this bill, that maximum income threshold is increased to \$30,000 for claims filed in 2020 and thereafter.

Under current law, the homestead tax credit formula factors, which are maximum income, maximum property taxes, and income threshold, are not indexed for inflation. This bill amends those provisions and restores the indexing provisions of the former law. Under the bill, the homestead tax credit formula factors would be indexed for inflation for taxable year ~~2019~~ and beyond, except that the maximum income will not be indexed for taxable year 2020. ²⁰²⁰

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 (1) (g) (intro.) of the statutes is amended to read:

2 71.54 (1) (g) *2012 and thereafter to 2018.* (intro.) The amount of any claim filed
3 in 2012 ~~and thereafter~~ to 2018 and based on property taxes accrued or rent
4 constituting property taxes accrued during the previous year is limited as follows:

5 **SECTION 2.** 71.54 (1) (h) of the statutes is created to read:

6 71.54 (1) (h) *2019 and thereafter.* Subject to sub. (2m), the amount of any claim
7 filed in 2019 and thereafter and based on property taxes accrued or rent constituting
8 property taxes accrued during the previous year is limited as follows:

9 1. If the household income was \$8,060 or less in the year to which the claim
10 relates, the claim is limited to 80 percent of the property taxes accrued or rent
11 constituting property taxes accrued or both in that year on the claimant's homestead.

12 2. For a claim filed in 2019 only, if the household income was more than \$8,060
13 in the year to which the claim relates, the claim is limited to 80 percent of the amount
14 by which the property taxes accrued or rent constituting property taxes accrued or
15 both in that year on the claimant's homestead exceeds 8.785 percent of the household
16 income exceeding \$8,060.

17 3. For a claim filed in 2019 only, no credit may be allowed if the household
18 income of a claimant exceeds \$24,680.

19 4. For a claim filed in 2020 and thereafter, if the household income was more
20 than \$8,060 in the year to which the claim relates, the claim is limited to 80 percent
21 of the amount by which the property taxes accrued or rent constituting property
22 taxes accrued or both in that year on the claimant's homestead exceeds 6.655 percent
23 of the household income exceeding \$8,060.

24 5. For a claim filed in 2020 and thereafter, no credit may be allowed if the
25 household income of a claimant exceeds \$30,000.

1 6. Notwithstanding the time limitations described in par. (g) (intro.), the
2 provisions of par. (g) 4., 5., 6., and 7. apply to claims filed under this paragraph.

3 **SECTION 3.** 71.54 (2) (b) 4. of the statutes is amended to read:

4 71.54 (2) (b) 4. In calendar years 2011 or any subsequent calendar year to 2017,
5 \$1,460.

6 **SECTION 4.** 71.54 (2) (b) 5. of the statutes is created to read:

7 71.54 (2) (b) 5. Subject to sub. (2m), in calendar year 2018 or any subsequent
8 calendar year, \$1,460.

9 **SECTION 5.** 71.54 (2m) of the statutes is amended to read:

10 **71.54 (2m) INDEXING FOR INFLATION; 2010 ~~2019~~ ²⁰²⁰ AND THEREAFTER.** (a) For calendar
11 years beginning after December 31, 2009, and before January 1, 2011 ~~2018~~ ²⁰¹⁹, the dollar
12 amounts of the threshold income under sub. (1) (f) (h) 1. and, 2., and 4., the maximum
13 household income under sub. (1) (f) ~~3.~~ (h) 3. and 5., and the maximum property taxes
14 under sub. (2) (b) ~~3.~~ 5. shall be increased each year by a percentage equal to the
15 percentage change between the U.S. consumer price index for all urban consumers,
16 U.S. city average, for the 12-month average of the U.S. consumer price index for the
17 month of August of the year before the previous year through the month of July of
18 the previous year and the U.S. consumer price index for all urban consumers, U.S.
19 city average, for the 12-month average of the U.S. consumer price index for August
20 2007 ~~2016~~ ²⁰¹⁷ through July 2008 ~~2017~~ ²⁰¹⁸, as determined by the federal department of labor,
21 except that the adjustment may occur only if the percentage is a positive number.
22 Each amount that is revised under this paragraph shall be rounded to the nearest
23 multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount
24 is a multiple of \$5, such an amount shall be increased to the next higher multiple of
25 \$10. The department of revenue shall annually adjust the changes in dollar amounts

1 required under this paragraph and incorporate the changes into the income tax
2 forms and instructions.

3 (b) The department of revenue shall annually adjust the slope under sub. (1)
4 ~~(f) 2.~~ (h) 2. or 4. such that, as a claimant's income increases from the threshold income
5 as calculated under par. (a), to an amount that exceeds the maximum household
6 income as calculated under par. (a), the credit that may be claimed is reduced to \$0
7 and the department of revenue shall incorporate the changes into the income tax
8 forms and instructions.

9 **SECTION 6.** 71.54 (2m) (c) of the statutes is created to read:

10 71.54 **(2m)** (c) Notwithstanding the indexing provisions under par. (a), the
11 dollar amount of maximum household income under sub. (1) (h) 5. may not be
12 indexed for a claim filed in 2020.

13 (END)

Lunder, Erika

From: Kreye, Joseph
Sent: Friday, February 22, 2019 9:56 AM
To: Quinn, Brian D - DOA
Cc: Lunder, Erika
Subject: RE: Homestead Draft Revision - 1188/P4

Got it.

Joseph T. Kreye
Legal Services Manager
Legislative Reference Bureau
608 504-5857

From: Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>
Sent: Friday, February 22, 2019 9:53 AM
To: Kreye, Joseph <Joseph.Kreye@legis.wisconsin.gov>
Cc: Shovers, Marc <Marc.Shovers@legis.wisconsin.gov>
Subject: FW: Homestead Draft Revision - 1188/P4

Joe,

I think this is on /P5 now despite the e-mail subject line. The edits remain the same, though.

-Brian Q.

From: Caruth, Bradley R - DOR <Bradley.Caruth@wisconsin.gov>
Sent: Friday, February 22, 2019 9:42 AM
To: Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>
Cc: Oakleaf, Michael P - DOR <Michael.Oakleaf@wisconsin.gov>
Subject: RE: Homestead Draft Revision - 1188/P4

Brian,

Here are the technical corrections from staff here for the homestead draft to get the timing of the changes in line with intent as we understand it.

-Brad
(608) 261-8984

Section 1.

71.54 (1) (g) *2012 and thereafter to 2019-* (intro.) The amount of any claim for calendar years beginning before January 1, 2020, filed in 2012 and thereafter, ~~to 2018~~ and based on property taxes accrued or rent constituting property taxes accrued during the previous year is limited as follows:

Section 2.

71.54 (1) (h) ~~2019-2020 and thereafter~~. Subject to sub. (2m), the amount of any claim for calendar years beginning after December 31, 2019, filed in 2019-2020 and thereafter, and based on property taxes accrued or rent constituting property taxes accrued during the previous year is limited as follows:

1. If the household income was \$8,060 or less in the year to which the claim relates, the claim is limited to 80 percent of the property taxes accrued or rent constituting property taxes accrued or both in that year on the claimant's homestead.
- ~~2. For a claim filed in 2019 only, if the household income was more than \$8,060 in the year to which the claim relates, the claim is limited to 80 percent of the amount by which the property taxes accrued or rent constituting property taxes accrued or both in that year on the claimant's homestead exceeds 8.785 percent of the household income exceeding \$8,060.~~
- ~~3. For a claim filed in 2019 only, no credit may be allowed if the household income of a claimant exceeds \$24,680.~~
4. ~~2.~~ For a claim filed in 2020 and thereafter, if ~~if~~ the household income was more than \$8,060 in the year to which the claim relates, the claim is limited to 80 percent of the amount by which the property taxes accrued or rent constituting property taxes accrued or both in that year on the claimant's homestead exceeds 6.655 percent of the household income exceeding \$8,060.
- ~~5.3.~~ For a claim filed in 2020 and thereafter, ~~no~~ No credit may be allowed if the household income of a claimant exceeds \$30,000.
- ~~6.4.~~ Notwithstanding the time limitations described in par. (g) (intro.), the provisions of par. (g) 4., 5., 6., and 7. apply to claims filed under this paragraph.

Section 3.

71.54 (2) (b) 4. In calendar years 2011 ~~or any subsequent calendar year to 2017~~ 2019, \$1,460.

Section 4.

71.54 (2) (b) 5. Subject to sub. (2m), in calendar year ~~2018-2020~~ 2020 or any subsequent calendar year, \$1,460.

Section 5.

71.54 (2m) INDEXING FOR INFLATION; ~~2010-2020 AND THEREAFTER~~. (a) For calendar years beginning after December 31, ~~2009, and before January 1, 2011-2019~~, the dollar amounts of the threshold income under sub. (1) ~~(f)~~ (h) 1. ~~and, 2., and 4.,~~ the maximum household income under sub. (1) ~~(f)~~ (h) ~~3. and 5.,~~ and the maximum property taxes under sub. (2) (b) ~~3. 5.~~ shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the 12-month average of the U.S. consumer price index for the month of August of the year before the previous year through the month of July of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the 12-month average of the U.S. consumer price index for August ~~2007-2017~~ through July ~~2008-2018~~, as determined by the federal department of labor, except that the adjustment may occur only if the percentage is a positive number. Each amount that is revised under this paragraph shall be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased to the next higher multiple of \$10. The department of revenue shall

annually adjust the changes in dollar amounts required under this paragraph and incorporate the changes into the income tax forms and instructions.

(b) The department of revenue shall annually adjust the slope under sub. (1) ~~(f) 2.~~ (h) 2. or 4. such that, as a claimant's income increases from the threshold income as calculated under par. (a), to an amount that exceeds the maximum household income as calculated under par. (a), the credit that may be claimed is reduced to \$0 and the department of revenue shall incorporate the changes into the income tax forms and instructions.

Section 6.

71.54 (2m) (c) Notwithstanding the indexing provisions under par. (a), the dollar amount of maximum household income under sub. (1) ~~(h) 5.~~ 3. may not be indexed for a claim filed ~~in 2020~~ for calendar years beginning after December 31, 2019 and before January 1, 2021.

From: Quinn, Brian D - DOA
Sent: Tuesday, February 19, 2019 11:24 AM
To: Caruth, Bradley R - DOR <Bradley.Caruth@wisconsin.gov>
Cc: Oakleaf, Michael P - DOR <Michael.Oakleaf@wisconsin.gov>
Subject: RE: Homestead Draft Revision - 1188/P4

I haven't gotten a chance to review this draft yet to see if it does what it's supposed to do with the combination of indexing and the income limit lift in 2020, but I figured I might as well pass it along.

From: Quinn, Brian D - DOA
Sent: Tuesday, February 19, 2019 10:28 AM
To: Caruth, Bradley R - DOR <Bradley.Caruth@wisconsin.gov>
Cc: Oakleaf, Michael P - DOR <Michael.Oakleaf@wisconsin.gov>
Subject: RE: Homestead Draft Revision - 1188/P4

That looks right, yeah.

From: Caruth, Bradley R - DOR <Bradley.Caruth@wisconsin.gov>
Sent: Tuesday, February 19, 2019 10:27 AM
To: Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>
Cc: Oakleaf, Michael P - DOR <Michael.Oakleaf@wisconsin.gov>
Subject: RE: Homestead Draft Revision - 1188/P4

So like this?

Year	Income Cap	Income PO	Ptax Cap	PO Rate
2018	24680	8060	1460	0.08785
2019	24680	8060	1460	0.08785
2020	30000	8250	1490	0.06851
2021	30770	8460	1530	0.06858

-Brad
(608) 261-8984

From: Quinn, Brian D - DOA
Sent: Tuesday, February 19, 2019 10:23 AM
To: Caruth, Bradley R - DOR <Bradley.Caruth@wisconsin.gov>
Cc: Oakleaf, Michael P - DOR <Michael.Oakleaf@wisconsin.gov>
Subject: FW: Homestead Draft Revision - 1188/P4

Apparently there was a decision to delay the start of indexing until the second year of the biennium while retaining the lift in the maximum income to \$30,000 in that year.

For the fiscal effect, I know this means we would drop the \$4.2 million in FY20. How much would the second year move compared to where we were yesterday?

Thanks.

-Brian Q.

From: Quinn, Brian D - DOA
Sent: Tuesday, February 19, 2019 10:06 AM
To: Shovers, Marc (Marc.Shovers@legis.wisconsin.gov) <Marc.Shovers@legis.wisconsin.gov>
Cc: Kreye, Joseph A - LEGIS <joseph.kreye@legis.wisconsin.gov>
Subject: Homestead Draft Revision - 1188/P4

Marc,

On this one, it looks like we're going to delay indexing out to tax year 2020 as well.

So, to reconcile the provisions, now we would have indexing of the maximum property taxes and the phase-out threshold for income, but not maximum income in 2020 because maximum income will just go straight to \$30,000. After 2020, all provisions would be indexed as normal.

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Brian Quinn
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Division of Executive Budget and Finance
(608)-266-1923



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1188/P5
MES:amn&cjs

per ple

DOA:.....Quinn, BB0168 - Restore homestead tax credit indexing provisions

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

1/10/22

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

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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:

SECTION 1

(For calendar years beginning before January 1, 2020,

1 **SECTION 1.** 71.54 (1) (g) (intro.) of the statutes is amended to read:

2 71.54 (1) (g) ~~2012 and thereafter to 2018~~ (intro.) The amount of any claim filed
3 in 2012 ~~and thereafter~~ ~~to 2018~~ and based on property taxes accrued or rent
4 constituting property taxes accrued during the previous year is limited as follows:

5 **SECTION 2.** 71.54 (1) (h) of the statutes is created to read:

6 ~~20~~ 71.54 (1) (h) ~~2019~~ and thereafter. Subject to sub. (2m), the amount of any claim
7 filed in ~~2019~~ and thereafter and based on property taxes accrued or rent constituting
8 property taxes accrued during the previous year is limited as follows:

9 1. If the household income was \$8,060 or less in the year to which the claim
10 relates, the claim is limited to 80 percent of the property taxes accrued or rent
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13 in the year to which the claim relates, the claim is limited to 80 percent of the amount
14 by which the property taxes accrued or rent constituting property taxes accrued or
15 both in that year on the claimant's homestead exceeds 8.785 percent of the household
16 income exceeding \$8,060.

17 3. For a claim filed in 2019 only, no credit may be allowed if the household
18 income of a claimant exceeds \$24,680.

19 ~~2~~ ~~4~~ 4. For a claim filed in 2020 and thereafter, if the household income was more
20 than \$8,060 in the year to which the claim relates, the claim is limited to 80 percent
21 of the amount by which the property taxes accrued or rent constituting property
22 taxes accrued or both in that year on the claimant's homestead exceeds 6.655 percent
23 of the household income exceeding \$8,060.

24 ~~3~~ ~~5~~ 5. For a claim filed in 2020 and thereafter, no credit may be allowed if the
25 household income of a claimant exceeds \$30,000.

for calendar years beginning after December 31, 2019,

JOB STRIKE

④
① ⑥. Notwithstanding the time limitations described in par. (g) (intro.), the
2 provisions of par. (g) 4., 5., 6., and 7. apply to claims filed under this paragraph.

3 SECTION 3. 71.54 (2) (b) 4. of the statutes is amended to read:

④ 71.54 (2) (b) 4. In calendar years 2011 or any subsequent calendar year to 2017,
5 \$1,460.

6 SECTION 4. 71.54 (2) (b) 5. of the statutes is created to read:

⑦ 71.54 (2) (b) 5. Subject to sub. (2m), in calendar year 2018^⑩ or any subsequent
8 calendar year, \$1,460.

9 SECTION 5. 71.54 (2m) of the statutes is amended to read:

10 71.54 (2m) INDEXING FOR INFLATION; ~~2010 2020~~ AND THEREAFTER. (a) For calendar
11 years beginning after December 31, 2009, and before January 1, 2011 2019, the dollar
12 ^{Plain} amounts of the threshold income under sub. (1) (f) (h) 1. and 2., and 4., the maximum
13 household income under sub. (1) (f) 3. (h) 3. and 5., and the maximum property taxes
14 under sub. (2) (b) 3. 5. shall be increased each year by a percentage equal to the
15 percentage change between the U.S. consumer price index for all urban consumers,
16 U.S. city average, for the 12-month average of the U.S. consumer price index for the
17 month of August of the year before the previous year through the month of July of
18 the previous year and the U.S. consumer price index for all urban consumers, U.S.
19 city average, for the 12-month average of the U.S. consumer price index for August
20 2007 2017 through July 2008 2018, as determined by the federal department of labor,
21 except that the adjustment may occur only if the percentage is a positive number.
22 Each amount that is revised under this paragraph shall be rounded to the nearest
23 multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount
24 is a multiple of \$5, such an amount shall be increased to the next higher multiple of
25 \$10. The department of revenue shall annually adjust the changes in dollar amounts

1 required under this paragraph and incorporate the changes into the income tax
2 forms and instructions.

3 ^{plain} (b) The department of revenue shall annually adjust the slope under sub. (1)
4 ~~(f) 2. (h) 2. or 4.~~ such that, as a claimant's income increases from the threshold income
5 as calculated under par. (a), to an amount that exceeds the maximum household
6 income as calculated under par. (a), the credit that may be claimed is reduced to \$0
7 and the department of revenue shall incorporate the changes into the income tax
8 forms and instructions.

9 **SECTION 6.** 71.54 (2m) (c) of the statutes is created to read:

10 71.54 (2m) (c) Notwithstanding the indexing provisions under par. (a), the
11 dollar amount of maximum household income under sub. (1) (h) ⁵ may not be
12 indexed for a claim filed ^{in 2020.} ³

13 (END)

for calendar years beginning after December 31, 2019, and
before January 1, 2021



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1188/P6
MES:amn&cjs

DOA:.....Quinn, BB0168 - Restore homestead tax credit indexing provisions

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

1 **AN ACT to amend** 71.54 (1) (g) (intro.), 71.54 (2) (b) 4. and 71.54 (2m); and **to**
2 **create** 71.54 (1) (h), 71.54 (2) (b) 5. and 71.54 (2m) (c) of the statutes; **relating**
3 **to:** the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

1. Homestead tax credit changes to indexing provisions and increasing the maximum income

Under current law, the homestead income tax credit is not allowed to claimants whose household income exceeds \$24,680. Under this bill, that maximum income threshold is increased to \$30,000 for claims filed in 2020 and thereafter.

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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.** 71.54 (1) (g) (intro.) of the statutes is amended to read:
- 2 71.54 (1) (g) *2012 and thereafter to 2019.* (intro.) The amount of any claim for 3
4 calendar years beginning before January 1, 2020, filed in 2012 and thereafter and
5 based on property taxes accrued or rent constituting property taxes accrued during
6 the previous year is limited as follows:
- 6 **SECTION 2.** 71.54 (1) (h) of the statutes is created to read:
- 7 71.54 (1) (h) *2020 and thereafter.* Subject to sub. (2m), the amount of any claim
8 for calendar years beginning after December 31, 2019, filed in 2020 and thereafter,
9 and based on property taxes accrued or rent constituting property taxes accrued
10 during the previous year is limited as follows:
- 11 1. If the household income was \$8,060 or less in the year to which the claim
12 relates, the claim is limited to 80 percent of the property taxes accrued or rent
13 constituting property taxes accrued or both in that year on the claimant's homestead.
- 14 2. If the household income was more than \$8,060 in the year to which the claim
15 relates, the claim is limited to 80 percent of the amount by which the property taxes
16 accrued or rent constituting property taxes accrued or both in that year on the
17 claimant's homestead exceeds 6.655 percent of the household income exceeding
18 \$8,060.
- 19 3. No credit may be allowed if the household income of a claimant exceeds
20 \$30,000.

1 4. Notwithstanding the time limitations described in par. (g) (intro.), the
2 provisions of par. (g) 4., 5., 6., and 7. apply to claims filed under this paragraph.

3 **SECTION 3.** 71.54 (2) (b) 4. of the statutes is amended to read:

4 71.54 (2) (b) 4. In calendar years 2011 or any subsequent calendar year to 2019,
5 \$1,460.

6 **SECTION 4.** 71.54 (2) (b) 5. of the statutes is created to read:

7 71.54 (2) (b) 5. Subject to sub. (2m), in calendar year 2020 or any subsequent
8 calendar year, \$1,460.

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10 71.54 (2m) INDEXING FOR INFLATION; ~~2010 2020 AND THEREAFTER~~. (a) For calendar
11 years beginning after December 31, 2009, and before January 1, 2011 2019, the dollar
12 amounts of the threshold income under sub. (1) (f) (h) 1. and 2., the maximum
13 household income under sub. (1) (f) (h) 3. and the maximum property taxes under
14 sub. (2) (b) 3. 5. shall be increased each year by a percentage equal to the percentage
15 change between the U.S. consumer price index for all urban consumers, U.S. city
16 average, for the 12-month average of the U.S. consumer price index for the month
17 of August of the year before the previous year through the month of July of the
18 previous year and the U.S. consumer price index for all urban consumers, U.S. city
19 average, for the 12-month average of the U.S. consumer price index for August 2007
20 2017 through July 2008 2018, as determined by the federal department of labor,
21 except that the adjustment may occur only if the percentage is a positive number.
22 Each amount that is revised under this paragraph shall be rounded to the nearest
23 multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount
24 is a multiple of \$5, such an amount shall be increased to the next higher multiple of
25 \$10. The department of revenue shall annually adjust the changes in dollar amounts

1 required under this paragraph and incorporate the changes into the income tax
2 forms and instructions.

3 (b) The department of revenue shall annually adjust the slope under sub. (1)
4 (f) (h) 2. such that, as a claimant's income increases from the threshold income as
5 calculated under par. (a), to an amount that exceeds the maximum household income
6 as calculated under par. (a), the credit that may be claimed is reduced to \$0 and the
7 department of revenue shall incorporate the changes into the income tax forms and
8 instructions.

9 **SECTION 6.** 71.54 (2m) (c) of the statutes is created to read:

10 71.54 (2m) (c) Notwithstanding the indexing provisions under par. (a), the
11 dollar amount of maximum household income under sub. (1) (h) 3. may not be
12 indexed for a claim filed for calendar years beginning after December 31, 2019, and
13 before January 1, 2021.

14 (END)