



State of Wisconsin
2019 - 2020 LEGISLATURE

LRBb0544/1
MES&EKL:all

**SENATE AMENDMENT 5,
TO ASSEMBLY BILL 56**

June 26, 2019 - Offered by Senators RINGHAND, SCHACHTNER, SHILLING, HANSEN, BEWLEY, RISSER, CARPENTER, WIRCH, L. TAYLOR, ERPENBACH, SMITH, LARSON, MILLER and JOHNSON.

1 At the locations indicated, amend the bill, as shown by assembly substitute
2 amendment 1, as follows:

3 **1.** Page 376, line 7: after that line insert:

4 “**SECTION 827m.** 70.03 (1) of the statutes is amended to read:

5 70.03 (1) In chs. 70 to 76, 78, and 79, “real property,” “real estate,” and “land”
6 include not only the land itself but all buildings and, fixtures, improvements thereon,
7 ~~and all fixtures and, leases,~~ rights, and privileges appertaining thereto, including
8 assets that cannot be taxed separately as real property, but are inextricably
9 intertwined with the real property, enable the real property to achieve its highest and
10 best use, and are transferable to future owners, except as provided in sub. (2) and
11 except that for the purpose of time-share property, as defined in s. 707.02 (32), real
12 property does not include recurrent exclusive use and occupancy on a periodic basis
13 or other rights, including, but not limited to, membership rights, vacation services,

1 and club memberships. In this subsection, “lease” means a right in real estate that
2 is related primarily to the property and not to the labor, skill, or business acumen of
3 the property owner or tenant. In this subsection, “highest and best use” has the
4 meaning given in s. 70.32 (1).”.

5 **2.** Page 376, line 20: after that line insert:

6 “**SECTION 829m.** 70.32 (1) of the statutes is amended to read:

7 70.32 (1) Real property shall be valued by the assessor in the manner specified
8 in the Wisconsin property assessment manual provided under s. 73.03 (2a) at its
9 highest and best use from actual view or from the best information that the assessor
10 can practicably obtain, at the full value which could ordinarily be obtained therefor
11 at private sale. In determining the value, the assessor shall consider recent
12 arm’s-length sales of the property to be assessed if according to professionally
13 acceptable appraisal practices those sales conform to recent arm’s-length sales of
14 reasonably comparable property; recent arm’s-length sales of reasonably
15 comparable property; and all factors that, according to professionally acceptable
16 appraisal practices, affect the value of the property to be assessed. In this subsection,
17 “arm’s-length sale” means a sale between a willing buyer and willing seller, neither
18 being under compulsion to buy or sell and each being familiar with the attributes of
19 the property sold. In this subsection, “highest and best use” means the specific use
20 of the property as of the current assessment date or a higher use to which the
21 property can be expected to be put before the next assessment date, if the use is
22 legally permissible, physically possible, not highly speculative, and financially
23 feasible and provides the highest net return. When the current use of a property is
24 the highest and best use of that property, value in the current use equals full market

1 value. In this subsection, “legally permissible” does not include a conditional use
2 that has not been granted as of the assessment date.

3 **SECTION 830m.** 70.32 (1b) of the statutes is created to read:

4 70.32 (1b) In determining the value of real property under sub. (1), the assessor
5 shall consider, as part of the valuation under sub. (1), any lease provisions and actual
6 rent pertaining to a property and affecting its value, including the lease provisions
7 and rent associated with a sale and leaseback of the property, if all such lease
8 provisions and rent are the result of an arm’s-length transaction involving persons
9 who are not related, as provided under section 267 of the Internal Revenue Code for
10 the year of the transaction. In this subsection, an “arm’s-length transaction” means
11 an agreement between willing parties, neither being under compulsion to act and
12 each being familiar with the attributes of the property.

13 **SECTION 831m.** 70.32 (1d) of the statutes is created to read:

14 70.32 (1d) (a) To determine the value of property using generally accepted
15 appraisal methods, the assessor shall consider all of the following as comparable to
16 the property being assessed:

17 1. Sales or rentals of properties exhibiting the same or a similar highest and
18 best use, as defined in sub. (1), with placement in the same real estate market
19 segment.

20 2. Sales or rentals of properties that are similar to the property being assessed
21 with regard to age, condition, use, type of construction, location, design, physical
22 features, and economic characteristics, including similarities in occupancy and the
23 potential to generate rental income. For purposes of this subdivision, such
24 properties may be found locally, regionally, or nationally.

1 (b) For purposes of par. (a), a property is not comparable if any of the following
2 applies:

3 1. At or before the time of sale, the seller places any deed restriction on the
4 property that changes the highest and best use, as defined in sub. (1), of the property,
5 or prohibits competition, so that it no longer qualifies as a comparable property
6 under par. (a) 1. or 2. and the property being assessed lacks such a restriction.

7 2. The property is dark property and the property being assessed is not dark
8 property. In this subdivision, “dark property” means property that is vacant or
9 unoccupied beyond the normal period for property in the same real estate market
10 segment. For purposes of this subdivision, what is considered vacant or unoccupied
11 beyond the normal period may vary depending on the property location.

12 (c) For purposes of par. (a), “real estate market segment” means a pool of
13 potential buyers and sellers that typically buy or sell properties similar to the
14 property being assessed, including potential buyers who are investors or
15 owner-occupants. For purposes of this paragraph, and depending on the type of
16 property being assessed, the pool of potential buyers and sellers may be found locally,
17 regionally, nationally, or internationally.

18 (d) The department of revenue shall assist local assessors with implementing
19 and applying this subsection.”.

20 **3.** Page 378, line 14: after that line insert:

21 “**SECTION 868f.** 71.05 (6) (b) 43. d. of the statutes is amended to read:

22 71.05 (6) (b) 43. d. For taxable years beginning after December 31, 2013, and
23 before January 1, 2020, up to \$3,000 if the claimant has one qualified individual and
24 up to \$6,000 if the claimant has more than one qualified individual.”.

1 **4.** Page 379, line 13: after that line insert:

2 “**SECTION 883c.** 71.07 (5me) of the statutes is created to read:

3 71.07 (**5me**) FAMILY AND INDIVIDUAL REINVESTMENT CREDIT. (a) *Definitions.* In
4 this subsection:

5 1. “Claimant” means an individual who is eligible to claim the credit under this
6 subsection.

7 2. “Household” means a claimant and an individual related to the claimant as
8 husband or wife.

9 3. “Net tax liability” means a claimant’s income tax liability after he or she
10 completes the computations for nonrefundable credits listed in s. 71.10 (4) (a) to (gy).

11 (b) *Filing claims.* For taxable years beginning after December 31, 2018, and
12 subject to the limitations provided in this subsection, a claimant may claim as a
13 credit against the tax imposed under s. 71.02, up to the amount of those taxes, one
14 of the following amounts:

15 1. If the claimant is single or files as a head of household and his or her adjusted
16 gross income is less than \$80,000 in the year to which the claim relates, the greater
17 of \$100 or an amount equal to 10 percent of his or her net tax liability.

18 2. If the claimant is single or files as a head of household and his or her adjusted
19 gross income is at least \$80,000 but less than \$100,000 in the year to which the claim
20 relates, an amount that is calculated as follows:

21 a. Calculate the value of a fraction, the denominator of which is \$20,000 and
22 the numerator of which is the difference between the claimant’s adjusted gross
23 income and \$80,000.

24 b. Subtract from 1.0 the amount that is calculated under subd. 2. a.

1 c. Multiply the amount that is calculated under subd. 2. b. by 10 percent.

2 d. Multiply the amount of the claimant's net income tax liability by the amount
3 that is calculated under subd. 2. c.

4 3. If the claimant is married and filing jointly and the sum of the claimant's
5 adjusted gross income and his or her spouse's adjusted gross income is less than
6 \$125,000 in the year to which the claim relates, the greater of \$50 or an amount equal
7 to 10 percent of the married couple's net tax liability.

8 4. If the claimant is married and filing jointly and the sum of the claimant's
9 adjusted gross income and his or her spouse's adjusted gross income is at least
10 \$125,000 but less than \$150,000 in the year to which the claim relates, an amount
11 that is calculated as follows:

12 a. Calculate the value of a fraction, the denominator of which is \$25,000 and
13 the numerator of which is the difference between the married couple's adjusted gross
14 income and \$125,000.

15 b. Subtract from 1.0 the amount that is calculated under subd. 4. a.

16 c. Multiply the amount that is calculated under subd. 4. b. by 10 percent.

17 d. Multiply the amount of the married couple's net income tax liability by the
18 amount that is calculated under subd. 4. c.

19 5. If the claimant is married and filing separately and his or her adjusted gross
20 income is less than \$62,500 in the year to which the claim relates, the greater of \$25
21 or an amount equal to 10 percent of his or her net tax liability.

22 6. If the claimant is married and filing separately and his or her adjusted gross
23 income is at least \$62,500 but less than \$75,000 in the year to which the claim relates,
24 an amount that is calculated as follows:

1 a. Calculate the value of a fraction, the denominator of which is \$12,500 and
2 the numerator of which is the difference between the claimant's adjusted gross
3 income and \$75,000.

4 b. Subtract from 1.0 the amount that is calculated under subd. 6. a.

5 c. Multiply the amount that is calculated under subd. 6. b. by 10 percent.

6 d. Multiply the amount of the claimant's net income tax liability by the amount
7 that is calculated under subd. 6. c.

8 (c) *Limitations.* 1. No credit may be allowed under this subsection unless it
9 is claimed within the period under s. 71.75 (2).

10 2. Part-year residents and nonresidents of this state are not eligible for the
11 credit under this subsection.

12 3. Except as provided in subd. 4., only one credit per household is allowed each
13 year.

14 4. If a married couple files separately, each spouse may claim the credit
15 calculated under par. (b) 5. or 6., except a married person living apart from the other
16 spouse and treated as single under section 7703 (b) of the Internal Revenue Code may
17 claim the credit under par. (b) 1. or 2.

18 5. The credit under this subsection may not be claimed by a person who may
19 be claimed as a dependent on the individual income tax return of another taxpayer.

20 (d) *Administration.* The department of revenue may enforce the credit under
21 this subsection and may take any action, conduct any proceeding, and proceed as it
22 is authorized in respect to taxes under this chapter. The income tax provisions in this
23 chapter relating to assessments, refunds, appeals, collection, interest, and penalties
24 apply to the credit under this subsection.

25 **SECTION 884m.** 71.07 (8m) of the statutes is created to read:

1 71.07 **(8m)** ADDITIONAL HOUSEHOLD AND DEPENDENT CARE EXPENSES TAX CREDIT.

2 (a) *Definitions.* In this subsection:

3 1. “Claimant” means an individual who is eligible for and claims the household
4 and dependent care expenses tax credit for the taxable year to which the claim under
5 this subsection relates.

6 2. “Household and dependent care expenses tax credit” means the tax credit
7 under section 21 of the Internal Revenue Code.

8 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
9 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
10 amount of those taxes, an amount equal to 50 percent of the amount of the household
11 and dependent care expenses tax credit that the claimant claimed on his or her
12 federal income tax return for the taxable year to which the claim under this
13 subsection relates.

14 (c) *Limitations.* 1. No credit may be allowed under this subsection unless it
15 is claimed within the time period under s. 71.75 (2).

16 2. No credit may be allowed under this subsection for a taxable year covering
17 a period of less than 12 months, except for a taxable year closed by reason of the death
18 of the taxpayer.

19 3. The credit under this subsection may not be claimed by either a part-year
20 resident or a nonresident of this state.

21 4. The credit under this subsection may be claimed for taxable years beginning
22 after December 31, 2019.

23 5. A claimant who claims the credit under this subsection is subject to the
24 special rules in 26 USC 21 (e) (2) and (4).

