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State of Misconsin 1997 - 1998 LEGISLATURE

LRB-3356/1 MES:kmg&jlg:km

## **1997 SENATE BILL 229**

June 10, 1997 – Introduced by Senators WELCH, A. LASEE, ROESSLER, FARROW, FITZGERALD, DRZEWIECKI and HUELSMAN, cosponsored by Representatives SCHAFER, HASENOHRL, DOBYNS, HUEBSCH, ALBERS, MUSSER, GREEN, AINSWORTH, DUFF, KREIBICH, HOVEN, PLALE, RYBA, LAZICH, LADWIG, OTT, OTTE, OLSEN, GOETSCH, FREESE, HANDRICK, NASS, WALKER, SPRINGER, SERATTI, GUNDERSON, HAHN, POWERS, KLUSMAN, F. LASEE, URBAN, ZUKOWSKI and SYKORA. Referred to Committee on Economic Development, Housing and Government Operations.

1 AN ACT to create 71.07 (6m) and 71.10 (4) (dp) of the statutes; relating to: 2 creating a nonrefundable individual income tax credit for certain married 3 persons.

## Analysis by the Legislative Reference Bureau

This bill creates an income tax credit for married couples who file joint tax returns. In general, the credit is equal to the difference between the couple's gross income tax liability and what their gross income tax liability would be if they had filed separate returns as single, unmarried individuals. The credit is phased in over 4 years, however, such that for taxable year 1997, the credit is 40% of that difference; for taxable year 1998, the credit is 60% of that difference; for taxable year 1999, the credit is 80% of that difference; and, for taxable year 2000 and succeeding taxable years, the credit is 100% of that difference.

The credit is nonrefundable. If the amount of the credit exceeds a taxpayer's tax liability, no refund will be issued.

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.** 71.07 (6m) of the statutes is created to read:

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71.07 (6m) MARRIAGE PENALTY TAX CREDIT. (a) Definitions. In this subsection: 1 2 1. "Claimant" means a married couple who files a joint income tax return. 3 2. "Gross tax liability" means the amount of an individual's or married couple's 4 income tax liability as calculated under s. 71.06. 5 (b) *Filing claims*. Subject to the limitations provided in this subsection, a 6 claimant may claim as a credit against the tax imposed under s. 71.02, up to the 7 amount of those taxes, an amount calculated under par. (c) if that amount is a 8 positive number. 9 (c) *Calculation*. A claimant shall calculate the amount of the credit which may be claimed under this subsection as follows: 10 1. Determine the gross tax liability for the claimant. 11 2. Determine the gross tax liability for the claimant as if the married couple 1213 were 2 single individuals filing individual income tax returns as unmarried persons. 143. Subtract the amount determined under subd. 2. from the amount 15determined under subd. 1. 16 4. For taxable years beginning after December 31, 1996, and before January 171, 1998, multiply the amount under subd. 3. by 40%. 5. For taxable years beginning after December 31, 1997, and before January 18 1, 1999, multiply the amount under subd. 3. by 60%. 19 206. For taxable years beginning after December 31, 1998, and before January 211, 2000, multiply the amount under subd. 3. by 80%. 227. For taxable years beginning after December 31, 1999, multiply the amount under subd. 3. by 100%. 23 $\mathbf{24}$ (d) *Limitations*. 1. No credit may be allowed under this subsection unless it 25is claimed within the time period under s. 71.75(2).

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1	2. Part-year residents and nonresidents of this state are not eligible for the
2	credit under this subsection.
3	3. A claimant who claims the credit under this subsection is not eligible for, and
4	may not claim, the credit under sub. (6).
5	(e) Administration. The department of revenue may enforce the credit under
6	this subsection and may take any action, conduct any proceeding and proceed as it
7	is authorized in respect to taxes under this chapter. The income tax provisions in this
8	chapter relating to assessments, refunds, appeals, collection, interest and penalties
9	apply to the credit under this subsection.
10	<b>SECTION 2.</b> 71.10 (4) (dp) of the statutes is created to read:
11	71.10 (4) (dp) Marriage penalty tax credit under s. $71.07$ (6m).
12	SECTION 3. Initial applicability.
13	(1) This act first applies to taxable years beginning on January 1, 1997.
14	(END)