



2001 ASSEMBLY BILL 25

January 16, 2001 - Introduced by Representatives ZIEGELBAUER, HUBER, KREUSER, LA FAVE, F. LASEE, PLALE, PLOUFF, STASKUNAS, STEINBRINK and WASSERMAN, cosponsored by Senators PLACHE, LAZICH and ROESSLER. Referred to Committee on Ways and Means.

1 **AN ACT to create** 71.07 (5m) (bm), 71.07 (6) (as) and 71.07 (9) (bm) of the statutes;
2 **relating to:** indexing for inflation the working families tax credit, the married
3 couples tax credit, and the school property tax credit.

Analysis by the Legislative Reference Bureau

Under the current law individual income tax system, the sliding scale standard deduction and the tax brackets are indexed for inflation. Current law also contains a number of tax credits that are based on statutorily set dollar amounts.

This bill indexes for inflation the following individual income tax credits: the working families tax credit, the married couples tax credit, and the school property tax credit. The indexing provisions created in the bill first apply to taxable years beginning after December 31, 2000, except for the provision relating to the married couples tax credit, which first applies to taxable years beginning after December 31, 2001.

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:

4 **SECTION 1.** 71.07 (5m) (bm) of the statutes is created to read:

ASSEMBLY BILL 25**SECTION 1**

1 71.07 (5m) (bm) *Indexing for inflation.* For taxable years beginning after
2 December 31, 2000, the dollar amounts relating to the denominator of a fraction
3 under par. (b), and all of the dollar amounts of Wisconsin adjusted gross income
4 under par. (b), shall be increased each year by a percentage equal to the percentage
5 change between the U.S. consumer price index for all urban consumers, U.S. city
6 average, for the month of August of the previous year and the U.S. consumer price
7 index for all urban consumers, U.S. city average, for the month of August 1999, as
8 determined by the federal department of labor. Each amount that is revised under
9 this paragraph shall be rounded to the nearest multiple of \$10 if the revised amount
10 is not a multiple of \$10 or, if the revised amount is a multiple of \$5 and not a multiple
11 of \$10, such an amount shall be increased to the next higher multiple of \$10. The
12 department of revenue shall annually adjust the changes in dollar amounts required
13 under this paragraph and incorporate the changes into the income tax forms and
14 instructions.

15 **SECTION 2.** 71.07 (6) (as) of the statutes is created to read:

16 71.07 (6) (as) For taxable years beginning after December 31, 2001, the dollar
17 amounts under par. (am) 2. d., shall be increased each year by a percentage equal to
18 the percentage change between the U.S. consumer price index for all urban
19 consumers, U.S. city average, for the month of August of the previous year and the
20 U.S. consumer price index for all urban consumers, U.S. city average, for the month
21 of August 2000, as determined by the federal department of labor. Each amount that
22 is revised under this paragraph shall be rounded to the nearest multiple of \$10 if the
23 revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5
24 and not a multiple of \$10, such an amount shall be increased to the next higher
25 multiple of \$10. The department of revenue shall annually adjust the changes in

ASSEMBLY BILL 25

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

3 **SECTION 3.** 71.07 (9) (bm) of the statutes is created to read:

4 71.07 (9) (bm) For taxable years beginning after December 31, 2000, the dollar
5 amounts under par. (b) 5. shall be increased each year by a percentage equal to the
6 percentage change between the U.S. consumer price index for all urban consumers,
7 U.S. city average, for the month of August of the previous year and the U.S. consumer
8 price index for all urban consumers, U.S. city average, for the month of August 1999,
9 as determined by the federal department of labor. Each amount that is revised under
10 this paragraph shall be rounded to the nearest multiple of \$10 if the revised amount
11 is not a multiple of \$10 or, if the revised amount is a multiple of \$5 and not a multiple
12 of \$10, such an amount shall be increased to the next higher multiple of \$10. The
13 department of revenue shall annually adjust the changes in dollar amounts required
14 under this paragraph and incorporate the changes into the income tax forms and
15 instructions.

16 (END)