



2005 ASSEMBLY BILL 672

September 19, 2005 - Introduced by Representatives GUNDERSON, DAVIS, NERISON, MOULTON, TOWNS, BERCEAU, FIELDS, GRONEMUS, HAHN, HINES, LEMAHIEU, MUSSER, PETTIS, VOS and VAN ROY, cosponsored by Senator ROESSLER. 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 (5f) of the statutes; **relating to:** creating a refundable individual
3 income tax credit for sales and use taxes paid to replace damaged or destroyed
4 tangible personal property and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill creates a refundable individual income tax credit that is equal to the amount of the sales and use taxes that an individual paid in the taxable year to which the claim relates on the purchase of tangible personal property that the individual purchased to replace tangible personal property that was damaged or destroyed by fire, flood, or natural disaster.

No person may claim the tax credit unless the governor declares a state of emergency or disaster with regard to the city, village, town, or county in which the damaged or destroyed tangible personal property was located and the total value of all of the claimant's damaged or destroyed tangible personal property exceeds \$4,999. In addition, claims must be made within approximately one year after the loss occurs, and no claim may be made for an amount that is reimbursed under an insurance policy.

Because the credit is refundable, if the amount of the credit exceeds the individual's tax liability, the state will issue a check to the individual for the excess amount.

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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) *Damaged tangible personal property credit.* A sum sufficient to
3 pay the claims approved under s. 71.07 (5f).

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

5 71.07 (5f) DAMAGED TANGIBLE PERSONAL PROPERTY CREDIT. (a) *Definition.* In this
6 subsection, “claimant” means an individual who files a claim under this subsection.

7 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
8 claimant may claim as a credit against the tax imposed under s. 71.02 the amount
9 of any sales taxes imposed under s. 77.52 and use taxes imposed under s. 77.53 that
10 the claimant paid in the taxable year to which the claim relates on the purchase of
11 tangible personal property that the claimant purchased to replace tangible personal
12 property that was damaged or destroyed by fire, flood, or natural disaster. If the
13 allowable amount of the claim exceeds the income taxes otherwise due on the
14 claimant’s income, the amount of the claim not used as an offset against those taxes
15 shall be certified by the department of revenue to the department of administration
16 for payment to the claimant by check, share draft, or other draft drawn from the
17 appropriation under s. 20.835 (2) (cb).

18 (c) *Limitations.* 1. No claim may be allowed under this subsection unless all
19 of the following apply:

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1 a. The governor declares a state of emergency or disaster with regard to the city,
2 village, town, or county in which the damaged or destroyed tangible personal
3 property was located.

4 b. The total value of all of the claimant's damaged or destroyed tangible
5 personal property exceeds \$4,999 and the claimant submits evidence of such value
6 with the return.

7 c. The claim is made not later than the first day of the 13th month beginning
8 after the date on which the fire, flood, or natural disaster occurred that damaged or
9 destroyed the claimant's tangible personal property.

10 2. No credit may be claimed under this subsection for any amounts for which
11 the claimant received payment or reimbursement under an insurance policy.

12 3. No credit may be allowed under this subsection unless it is claimed within
13 the time period under s. 71.75 (2).

14 (d) *Administration.* Subsection (5m) (d), as it applies to the credit under that
15 subsection, applies to the credit under this subsection.

16 **SECTION 3.** 71.08 (1) (intro.) of the statutes is amended to read:

17 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
18 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
19 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3n), (3s),
20 (3t), (5b), (5d), (5f), (6), and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx),
21 (1fd), (2m), (3), (3n), and (3t) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx),
22 (1fd), (2m), (3), (3n), and (3t) and subchs. VIII and IX and payments to other states
23 under s. 71.07 (7), is less than the tax under this section, there is imposed on that
24 natural person, married couple filing jointly, trust, or estate, instead of the tax under
25 s. 71.02, an alternative minimum tax computed as follows:

