2

2007 ASSEMBLY BILL 920

March 11, 2008 – Introduced by Representatives Garthwaite, Albers, Black, Berceau, Boyle, Gronemus, Hilgenberg, Hintz, Hraychuck, Kreuser, Mason, Parisi, Petrowski, Pocan, Sheridan, Staskunas, Turner and Zepnick, cosponsored by Senators Jauch, Lassa, Robson and Sullivan. Referred to Committee on Ways and Means.

1 AN ACT to create 71.54 (2m) of the statutes; relating to: indexing for inflation

household income under the homestead tax credit.

Analysis by the Legislative Reference Bureau

Under current law, for claims filed in 2001 and thereafter, the homestead tax credit threshold income is \$8,000, the maximum property taxes, or rent constituting property taxes, that a claimant may use in calculating his or her credit are \$1,450, and the maximum household income is \$24,500. Under the current law formula, as a claimant's income exceeds \$8,000, the credit is phased out until the credit equals zero when income exceeds \$24,500. Also under the formula, if the household income is \$8,000 or less, the credit is 80 percent of the property taxes accrued or rent constituting property taxes accrued. Using the formula, the credit that may be claimed ranges from \$10 to \$1,160.

Under this bill, for claims filed in 2009 and thereafter, the maximum household income is indexed for inflation. Also under the bill, as a claimant's income exceeds the threshold income amount, the credit is phased out until the credit equals zero when income exceeds the maximum income as adjusted for inflation.

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:

ASSEMBLY BILL 920

 $\mathbf{2}$

Section 1. 71.54 (2m) of the statutes is created to read:

71.54 (2m) INDEXING FOR INFLATION; 2008 AND THEREAFTER. (a) For taxable years beginning after December 31, 2007, the dollar amount for the maximum household income under sub. (1) (f) 3. 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 month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August 2006, as determined by the federal department of labor. The 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. such that as a claimant's income increases from the threshold income under sub. (1) (f) 1. and 2., 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.

(END)