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Homestead Tax Credit

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Homestead Tax Credit

The homestead tax credit program directs property tax relief to low-income homeowners and renters. The program is often referred to as a "circuit breaker" since it is intended to provide relief once property taxes exceed a taxpayer's ability to pay them. Relief is provided as a refundable credit, which reduces individual income tax liability or provides a cash refund if the credit exceeds income tax due. Credits are limited to Wisconsin residents 18 years of age or older. Unlike any other state individual income tax credit, homestead claimants can file for the credit without also filing an income tax return. For tax year 2020, homestead credits of $54.6 million were extended for property taxes or rent accrued in 2020. These credits were provided to nearly 112,500 households.

This paper provides the following: (a) a description of the formula used to determine the credit and eligibility requirements; (b) historical data regarding annual claims and program expenditures; (c) information regarding characteristics of program participants; and (d) a discussion of the program's effectiveness as a means for providing property tax relief.

Homestead Tax Credit Formula

The amount of the credit received by claimants depends on the interaction of household income and allowable property taxes or rent under the three primary factors used in the homestead tax credit formula: (a) the income threshold; (b) the maximum income level; and (c) the maximum property taxes or rent constituting property taxes. Appendix 1 displays the historical development of the credit's parameters.

For claimants with incomes below the income threshold, the credit is equal to 80% of their property taxes, or rent constituting property taxes, up to the maximum in property taxes or rent. Rent constituting property taxes is 25% of rent if payment for heat is not included in rent and 20% of rent if payment for heat is included.

The credit formula factors are as follows: (a) the maximum property taxes or rent constituting property taxes is $1,460; (b) the income threshold is $8,060; and (c) the maximum income level is $24,680. These factors produce a maximum credit of $1,168.

Credit calculations for claimants with household income exceeding $8,060 require two steps. First, allowable property taxes are reduced by 8.785% of income exceeding $8,060. Second, the result is multiplied by 80%. The homestead credit formula may be expressed mathematically as:

Credit = [Property Taxes - 8.785% x (Household Income - $8,060)] x 80%

For households with property taxes or rent equal to or exceeding the $1,460 maximum, the credit becomes zero when income reaches $24,680. For households with property taxes or rent less than $1,460, the credit will reach zero at a lower income level. Figure 1 provides examples of the computation of the homestead tax credit for two hypothetical households. Table 1 shows the homestead tax credit available to claimants at various levels of income and property taxation.

Figure 1: Homestead Tax Credit Computation

Example A: For a claimant with household income less than the income threshold ($8,060).

Calculation of homestead tax credit for a claimant with $6,000 of household income and property taxes of $1,460.

Homestead tax credit	=	Property taxes x 80%
	=	$1,460 x 80%
	=	$1,168*

Example B: For a claimant with household income greater than the income threshold ($8,060).

Calculation of homestead tax credit for a claimant with $12,000 of household income and property taxes of $1,460.

Homestead tax credit	=	[Property taxes - 8.785% x (Income - $8,060)] x 80%
	=	[$1,460 - 8.785% x ($12,000 - $8,060)] x 80%
	=	[$1,460 - 8.785% x $3,940] x 80%
	=	[$1,460 - $346] x 80%
	=	$1,114 x 80%
	=	$891*

*The actual credit received may be slightly different because the credit is taken from a table supplied with the homestead tax credit form, rather than computed by formula for every income and property tax combination.

Table 1: Homestead Tax Credit (Based on Various Levels of Income and Taxes)

Household	Homeowners' Property Taxes								Renters' Monthly Rent**				
Income	$800	$900	$1,000	$1,100	$1,200	$1,300	$1,400	$1,500*	$100	$200	$300	$400	$500*
$0 to 8,000	$640	$720	$800	$880	$960	$1,040	$1,120	$1,168	$240	$480	$720	$960	$1,168
9,000	574	654	734	814	894	974	1,054	1,102	174	414	654	894	1,102
10,000	504	584	664	744	824	904	984	1,032	104	344	584	824	1,032
11,000	433	513	593	673	753	833	913	961	33	273	513	753	961
12,000	363	443	523	603	683	763	843	891	0	203	443	683	891
13,000	293	373	453	533	613	693	773	821	0	133	373	613	821
14,000	223	303	383	463	543	623	703	751	0	63	303	543	751
15,000	152	232	312	392	472	552	632	680	0	0	232	472	680
16,000	82	162	242	322	402	482	562	610	0	0	162	402	610
17,000	12	92	172	252	332	412	492	540	0	0	92	332	540
18,000	0	21	101	181	261	341	421	469	0	0	21	261	469
19,000	0	0	31	111	191	271	351	399	0	0	0	191	399
20,000	0	0	0	41	121	201	281	329	0	0	0	121	329
21,000	0	0	0	0	51	131	211	259	0	0	0	51	259
22,000	0	0	0	0	0	60	140	188	0	0	0	0	188
23,000	0	0	0	0	0	0	70	118	0	0	0	0	118
24,000	0	0	0	0	0	0	0	48	0	0	0	0	48
Over 24,680	0	0	0	0	0	0	0	0	0	0	0	0	0

* Only the first $1,460 of property taxes or rent constituting property taxes is considered in determining the amount of the credit.
**Assumes no heat included in rent; rent constituting property taxes equals 25% of gross rent for the year.

Note: If the amount of credit determined by the formula is more than $0 and less than $10, the amount of the credit equals $10. The actual credit received may be slightly different than the amounts shown because the credit is read from a table supplied with the homestead tax credit form, rather than computed by formula for every income and property tax combination.

Application Requirements

A claimant must meet each of the following eligibility conditions to qualify for the homestead credit:

Age. The claimant must have been 18 years of age or older by December 31 of the year for which the claim is filed. For example, an applicant must have reached 18 years of age by December 31, 2022, in order to file a claim based on 2022 taxes.

Dependent Status. The claimant cannot have been claimed as a dependent for federal income tax purposes in the year to which the claim relates, except for persons 62 years of age or older.

Residency. The claimant must have been a legal resident of Wisconsin for all of the preceding year.

Nursing Home Residents. At the time of filing the claim, the claimant may not be a nursing home resident participating in the medical assistance program.

Public Assistance Recipients. A credit cannot be received for any month that the claimant received $400 or more of cash benefits under a county relief program. Further, a credit cannot be received for any month that the claimant participated in a community service job or transitional placement or received a grant as the custodial parent of an infant under the Wisconsin Works (W-2) program. A claimant can receive a prorated credit for each month not affected by these restrictions.

Other Credit Participants. The claimant cannot receive a homestead tax credit in a year in which a pre-2010 or a per-acre farmland preservation tax credit is received. Also, no claimant for a homestead tax credit may claim a veterans or surviving spouses property tax credit in the same year for which a homestead tax credit is being claimed.

Tax-Exempt Housing Residents. The claimant cannot have lived the entire year in housing that is exempt from property taxes (unless the housing is owned and operated by a housing authority that makes payments in lieu of property taxes). Persons who live in tax-exempt housing and who still own their former home may claim a credit based on property taxes accrued on their former home for up to one year if the claimant has attempted to sell the home, but has not rented or leased the home. A prorated credit can be received for the portion of the year that a claimant resided in housing subject to property taxation.

Earned Income. Beginning in tax year 2017, claimants without earned income are not eligible for the credit, unless the claimant, or the claimant's spouse, is at least 62 years of age or disabled in the year for which the claim is filed. Previously, there did not exist a specific definition of earned income for purposes of the homestead credit. Under 2021 Act 1, beginning in tax year 2021, earned income is defined as wages, salaries, tips, and other employee compensation that are includible in federal adjusted gross income (AGI) for the taxable year, plus the amount of the claimant's net earnings from self-employment for the taxable year. Earned income is computed without regard to any marital property laws, and a claimant can elect to treat as earned income amounts excluded from federal AGI as tax-exempt combat zone compensation. Earned income does not include: (a) any amount received as a pension or annuity; (b) certain other income received by a nonresident of the United States; (c) income received while a person is incarcerated; or (d) amounts received for service performed in work activities under the federal temporary assistance for needy families program, including work experience and community service programs, to the extent such amounts are subsidized under the program.

For each tax year of the claim, individuals claiming a disability must provide proof of their disability, which may include a statement from the Veteran's Administration certifying the claimant is receiving a disability benefit due to a 100% disability, documentation from the Social Security

Administration stating the date the disability began, or a statement from a physician stating the beginning date of the disability and whether the disability is permanent or temporary.

Due Date for Filing Claims and Administration. Eligible households are required to file a claim for the homestead credit with the Department of Revenue. Claims are generally due on the 15th of April four years after the 15th of April following the year to which the claim relates (for example, for calendar year filers, the deadline for filing a 2022 homestead credit form is April 15, 2027). Income tax provisions related to assessments, appeals, collection, and penalties for fraudulent or excessive claims apply to the homestead credit.

Household Income and Property Taxes

Household Income. Household income includes only the income of the claimant and his or her spouse. There is no test for total wealth or assets owned by claimants.

Household income is broadly defined to reflect most cash resources available to claimants, and includes all income that is taxable for Wisconsin income tax purposes. It also includes the full amount of income sources that are only partially taxable by Wisconsin, such as unemployment compensation and capital gains. Also, certain items that are excluded from taxation are included in the definition of household income, such as social security benefits, excluded dividends and interest, contributions to IRAs, and child support. Appendix 2 lists all of the income sources included in household income.

A downward adjustment is made to household income for family size. The adjustment equals $500 for each dependent who lives with the claimant for more than six months during the year (dependent adjustment). This provision helps target funds to families with dependents. In addition, claimants may deduct from household income amounts they paid for medical and long-term care insurance.

In response to the economic impact of the COVID-19 pandemic, the federal government issued a series of stimulus rebates to eligible taxpayers in 2020 and 2021, and has been providing emergency rental assistance payments to qualifying renters (starting in 2021). These monies are not required to be included in household income for purposes of the homestead credit. However, the emergency rental assistance payments do not count as rent paid for purposes of receiving the credit.

Property Taxes. In determining the homestead credit, eligible households can claim up to the $1,460 maximum allowable property taxes or rent constituting property taxes. This is the claimant's property tax levy, or rent, exclusive of special assessments, delinquent interest, and charges for services. Property taxes include any municipal permit fees assessed on mobile and manufactured homes. For farmers, the credit can be claimed on property taxes or rent constituting property taxes accrued on up to 120 acres of land contiguous to the claimant's principal residence.

For renters, rent constituting property taxes is equal to 25% of actual rent if payment for heat is not included in the rent payment and 20% of actual rent if payment for heat is included. Otherwise, rent may include the value of utilities if utility payments are included in gross rent paid to the landlord. Rent includes any rent paid to a landlord for the parking of a mobile or manufactured home and any municipal fee assessed on a rented mobile or manufactured home. Along with their credit claim, a renter must file a rent certificate wherein the landlord documents rent payments and adjusts gross rent to exclude non-occupancy services (such as the value of any food the landlord may have provided to the tenant that is included in rent).

Program Expenditure History

The annual cost of the homestead program grew from $2 million in 1964, when the program began, to $10 million in 1972. During this period, the credit was limited to elderly claimants. Since then, expenditure levels have changed in response to modifications to the formula factors, as well as to economic conditions and other influences, such as changes to other state property tax relief programs. Without changes to the formula factors, the program's cost generally decreases over time because increases in household income cause fewer individuals to be eligible for the credit and smaller credits for claimants who remain eligible.

The credit's first major change occurred for tax year 1973, for claims filed in 1974, when eligibility was expanded from individuals 62 years of age or older (60 if disabled) to individuals 18 years of age or older, and the program's cost subsequently increased to over $35 million. The credit's cost increased in ensuing years and exceeded $100 million in 1984 in response to various changes to the formula factors. It remained at or above that level through 1994. Fewer formula modifications, as well as several state property tax relief initiatives, caused program expenditures to decrease to $80 million in 1999. Credits increased to almost $100 million in 2000 when the maximum income factor was increased from $20,290 to $24,500. Despite stronger income levels statewide and no additional changes in the formula factors, claims increased through 2004 to over $116 million. It is generally believed that these increases were due to: (a) greater outreach efforts by the Department of Revenue to eligible claimants; and (b) increased electronic filing of taxes which prompts filers to apply for the credit. Increased claims in tax year 2009 (over $121 million) were most likely a result of the Great Recession and resulting economic slowdown, which caused more individuals to be eligible for the credit.

Table 2 reports homestead credit expenditures, by tax year, since 2010. Since the tax year 2000 increase in the maximum income factor, the only formula change occurred in tax year 2010, when the income threshold, maximum income, and maximum property tax factors were indexed for inflation and the dependent adjustment was increased from $250 (which had been in place since 1989) to $500. In response, the credit's cost increased from $121.1 million in tax year 2009 to $125.2 million for tax years 2010 and 2011. The indexing provision was in effect for only one year

Table 2: Homestead Tax Credit Participation and Formula Factors by Tax Year

Tax Year	Count	% Change	Amount (Millions)	% Change	Average Credit	% Change	Income Threshold	Maximum Income*	Maximum Property Taxes
2010	238,172	1.3%	$125.2	3.4%	$526	2.0%	$8,060	$24,680	$1,460
2011	234,996	-1.3	125.2	0.1	533	1.4	8,060	24,680	1,460
2012	222,356	-5.4	115.9	-7.5	521	-2.2	8,060	24,680	1,460
2013	212,343	-4.5	110.8	-4.4	522	0.2	8,060	24,680	1,460
2014	193,575	-8.8	99.9	-9.8	516	-1.1	8,060	24,680	1,460
2015	183,529	-5.2	93.9	-6.1	511	-0.9	8,060	24,680	1,460
2016	174,925	-4.7	89.3	-4.8	511	-0.2	8,060	24,680	1,460
2017	155,903	-10.9	78.0	-12.6	501	-2.0	8,060	24,680	1,460
2018	138,912	-10.9	68.3	-12.4	492	-1.8	8,060	24,680	1,460
2019	126,303	-9.1	62.2	-8.9	493	0.2	8,060	24,680	1,460
2020	112,492	-10.9	54.6	-12.2	485	-1.6	8,060	24,680	1,460

*Household income was reduced by $500 for each dependent beginning in tax year 2010.

and was sunset beginning in 2011. Without changes in the formula factors, the credit's cost has decreased since 2011. Had the formula factors been adjusted annually for inflation since 2011, the maximum credit for tax year 2022 would have been $1,452 instead of $1,168.

A provision in 2017 Act 59 requires homestead credit claimants who are not disabled or at least 62 years of age to have earned income in order to qualify for the credit, effective for tax year 2017. Act 59 also stipulated that, beginning in tax year 2018, certain disqualified losses must be added back to household income when calculating the credit. These policy changes help explain the 11% annual decrease in the number of claimants and the greater than 12% annual decline in the total credit amount in tax years 2017 and 2018. A similarly large drop in claimants and total claims was observed in tax year 2020. One likely explanation for this is the significant expansion of unemployment compensation benefits during 2020 in response to the COVID-19 pandemic. As discussed previously, unemployment benefits are includable in household income, and so reduce the homestead credit amount for which a recipient would otherwise be eligible (to the extent the unemployment compensation received causes the recipient's household income to exceed the income threshold of $8,060).

Table 3: Homestead Tax Credit Expenditures

Fiscal Year	Amount (Millions)	% Change
2011-12	$133.7	-0.1%
2012-13	122.8	-8.2
2013-14	118.0	-3.9
2014-15	106.4	-9.8
2015-16	99.9	-6.1
2016-17	95.4	-4.5
2017-18	83.5	-12.5
2018-19	72.7	-12.9
2019-20	65.5	-9.9
2020-21	59.1	-9.8
2021-22	52.8	-10.7

Table 3 shows homestead credit expenditures by fiscal year since 2011-12. Total expenditures in Table 2 differ from the amounts shown in Table 3 because Table 2 reports tax year information, using annual, aggregate statistics data, and Table 3 shows expenditures by fiscal year. The year-to-year expenditure changes in Table 3 are similar to those reported in Table 2. The credit amounts reported in Table 3 are higher because, in any fiscal year, claims may be filed for the current tax year, as well as for the four previous tax years.

Table 4: Distribution of Total Homestead Tax Credit Payments by Household Income (Tax Year 2020)

Household Income	Count of Claimants	Percent of Claimants	Cumulative Percent of Claimants	Total Credits	Percent of Credits	Cumulative Percent of Credits	Average Credit
Less than $2,500	2,837	2.5%	2.5%	$2,359,484	4.3%	4.3%	$832
2,500 - 4,999	2,649	2.4	4.9	2,171,432	4.0	8.3	820
5,000 - 7,499	3,848	3.4	8.3	3,234,326	5.9	14.2	841
7,500 - 9,999	7,832	7.0	15.3	6,033,346	11.1	25.3	770
10,000 - 12,499	23,616	21.0	36.3	14,736,582	27.0	52.3	624
12,500 - 14,999	16,227	14.4	50.7	9,126,412	16.7	69.0	562
15,000 - 17,499	15,812	14.1	64.7	7,358,100	13.5	82.5	465
17,500 - 19,999	15,039	13.4	78.1	5,357,634	9.8	92.3	356
20,000 - 22,499	15,080	13.4	91.5	3,387,998	6.2	98.5	225
22,500 - 24,680	9,552	8.5	100.0	797,484	1.5	100.0	83
Total	112,492	100.0%		$54,562,798	100.0%		$485

Source: 2020 Individual Income Tax Aggregate Data

Characteristics of Program Participants

Tables 4 and 5 provide descriptive information about characteristics of homestead credit claimants, based on tax year 2020 aggregate statistics. Table 4 shows the distribution of homestead credits by household income. The majority of claimants were in the middle of the household income distribution (56.5% had household income between $7,500 and $17,500). However, claimants within this group received lower average credits (a $587 average for the group) than those with lower income levels, illustrating the "circuit breaker" nature of the credit formula.

Table 5: Homestead Tax Credits by Age (Tax Year 2020)

	Claimants		Credits Claimed		
Age	Count	% of Total	Amount	% of Total	Avg. Credit
Unknown	486	0.4%	$212,708	0.4%	$438
18 - 25	9,323	8.3	4,620,008	8.5	496
26 - 35	12,638	11.2	6,443,320	11.8	510
36 - 45	11,196	10.0	5,865,260	10.7	524
46 - 55	13,145	11.7	7,122,146	13.1	542
56 - 65	24,652	21.9	12,897,194	23.6	523
Over 65	41,052	36.5	17,402,162	31.9	424
Total	112,492	100.0%	$54,562,798	100.0%	$485

Source: 2020 Individual Income Tax Aggregate Data

Table 5 shows the distribution of homestead credits by age for 2020. Claimants over age 65 represented 36.5% of total claimants and received 31.9% of total credits. Conversely, only 8.3% of all claimants were 25 years old or younger. These individuals received 8.5% of total credits.

In 2020, the amount of credits received by renters exceeded the amount received by homeowners. Renters totaled 69,723 claims (62%) and received a total of $33.3 million (61%) in credits. Homeowners totaled 42,769 claims (38%) and received a total of $21.3 million (39%) in credits.

Although not shown in the tables, social security and supplemental security income made up 56.0% of total household income for all homestead credit claimants combined. Overall, nontaxable income (income not included in AGI) comprised 66.1% of total household income. The remaining 33.9% of household income was taxed.

Formula Changes and Program Participation

Homestead participation and credit amounts can change over time in three major ways. First, rising income will cause some claimants to exceed the maximum income level of $24,680. Second, other claimants' income may rise above the income threshold of $8,060, resulting in diminished credits or no credits. Third, rising property taxes or rents may increase credits, until the tax bill or rent exceeds the $1,460 in maximum allowable property taxes or rent constituting property taxes.

The net impact on a claimant's credit depends on the interaction of changes in the claimant's income and property taxes. Over time, as overall income and property tax levels change, some policymakers have suggested changes in the five formula factors:

Percent of Property Taxes Reimbursed. Increasing this percentage (currently 80%) would increase credits for all claimants. This would not affect the distribution of benefits or the number of claimants.

Property Tax or Rent Constituting Property Tax Limit. Increasing just the $1,460 limit would target the expansion to those claimants with property taxes, or rent constituting property taxes, that exceed the current limit. All else equal, claimants with property tax amounts below the current limit would be unaffected.

For comparison, according to U.S. Census Bureau, the statewide median value home in Wisconsin in 2021(22) is estimated at $212,600.

The statewide average property tax mill rate, net of all credits, is 1.571%. This rate yields an approximate median property tax liability of $3,340 (2.3 times the property tax limit allowed under the homestead credit). Using the statewide average net property tax rate, a claimant would only receive the credit equal to the property taxes paid on the first $92,934 of home value in 2021(22).

Reduction Rate for Excessive Income. If the 8.785% reduction percentage in the phase-out range for the credit is lowered and the maximum property tax and income threshold are left unchanged (this would also imply an increase in the maximum income level due to the interdependence of the formula factors), benefits to all existing claimants with incomes above the income threshold of $8,060 would increase. Also, there would be an increase in the number of eligible claimants.

Maximum Income Level. Increasing this level of $24,680 while holding the maximum property tax and income threshold constant (this would imply a lower reduction rate for excessive income) would also increase benefits for all existing claimants above the threshold factor and would increase the number of eligible claimants. Increasing the dependent adjustment (currently $500) would have these same effects for claimants with eligible dependents.

Income Threshold. Increasing the $8,060 income threshold along with the maximum income level, while holding the maximum property tax and reduction rate constant, would extend maximum benefits (80% of eligible property taxes) to all claimants between the old and new thresholds. All claimants above the new threshold would also receive increased credits, and the number of eligible claimants would increase.

Homestead as a Mechanism for Property Tax Relief

In 1964, Wisconsin pioneered the circuit breaker approach to property tax relief by establishing the homestead tax credit to relieve low-income homeowners and renters aged 65 or older of excessive property taxes. The homestead tax credit program targets property tax relief to low-income households through the income-based formula. The program attempts to address the property tax "burden" on an individual household. For affected households, the homestead credit introduces an ability-to-pay factor into the property tax system. Property tax relief programs paid directly or indirectly to municipalities cannot achieve such income-based targeting.

In 1966, the Wisconsin Supreme Court ruled that the homestead program was a relief program, since it considered the individual's income and needs, was available to renters as well as homeowners, and was not linked to the property tax administrative system. This finding was central to the Court's decision that the program did not violate uniformity requirements of the State Constitution (Harvey v. Morgan, 1966). This ruling has not been subsequently changed.

The homestead program grants relief solely to residential property owners and renters, unlike property tax relief programs paid directly or indirectly to municipalities. Credits paid to local governments benefit all property owners, but do not directly benefit renters. Renters may indirectly benefit from these credits (lower property taxes may result in smaller rent increases), but landlords are not required to pass along these savings.

Since homestead credits are paid directly to individuals and are not provided to all property owners, it is more difficult for local governments to increase spending to "capture" these credits.

Taxpayers who receive these credits may offer less resistance to property tax increases, but spending increases would result in higher gross property tax levies and taxpayers not receiving homestead credits would pay higher net taxes.

The homestead program cannot address other objectives frequently cited in property tax relief discussions. For example, it cannot reduce overall municipal tax rates or levies, or equalize tax bases among municipalities. If funds are distributed through the homestead program rather than through credits to local governments, the net nonresidential property tax will increase, although this type of property may also need relief. Finally, since homestead credits are not automatically applied to tax bills but must be claimed on an individual basis, some individuals who are eligible for these credits may not receive relief.

APPENDIX 1

Historical Development of the Homestead Tax Credit Parameters

A. Tax Years 1964 through 1974	1964-1965	1966-1968	1969-1970	1971-1972	1973-1974
Maximum Credit	$225	$225	$248	$400	$400
Phase-out Income Threshold	N/A	500	500	1,000	3,500
Maximum Income	3,000	3,500	3,700	7,000	7,000
Maximum Allowable Property Taxes	300	300	330	500	500

B. Tax Years 1975 through 1983	1975-1976	1977-1978	1979-1980	1981-1982	1983
Maximum Credit	$428	$640	$800	$800	$880
Phase-out Income Threshold	3,750	4,000	5,000	6,000	7,000
Maximum Income	7,500	9,300	14,000	14,000	15,500
Maximum Allowable Property Taxes	535	800	1,000	1,000	1,100

C. Tax Years 1984 through 1999	1984-1985	1986-1988	1989	1990-1998	1999
Maximum Credit	$960	$960	$1,080	$1,160	$1,160
Phase-out Income Threshold	7,400	7,600	8,000	8,000	8,000
Maximum Income	16,500	16,500	18,000	19,154	20,290
Maximum Allowable Property Taxes	1,200	1,200	1,350	1,450	1,450

D. Tax Years 2000 through 2022	2000-2009	2010-2022
Maximum Credit	$1,160	$1,168
Phase-out Income Threshold	8,000	8,060
Maximum Income	24,500	24,680
Maximum Allowable Property Taxes	1,450	1,460

APPENDIX 2

Sources of Income Included in "Household Income" Under the Homestead Tax Credit Program

Household income means Wisconsin AGI plus the following amounts to the extent not included in Wisconsin AGI:

- Support money
- Cash public assistance (not including credits from this program) and cash benefits paid under county relief programs
- Maintenance payments (except that foster care maintenance and supplementary foster care payments are excludable)
- Gross amount of any pension or annuity
- Railroad retirement benefits
- Social security benefits
- Veterans disability pensions
- Nontaxable interest received from the federal government, or any of its instrumentalities
- Nontaxable interest received on state and municipal bonds
- Worker's compensation
- Unemployment insurance compensation
- Gross amount of "loss of time" insurance
- Compensation and other cash benefits received from the United States for past or present services in the armed forces
- Scholarship, fellowship, or educational grants, gifts, or income
- Capital gains
- Gain on the sale of a personal residence that is excluded from taxable income
- Dividends
- Income of a nonresident or part-year resident who is married to a full-year resident
- Housing allowances provided to members of the clergy
- Amount by which a resident manager's rent is reduced
- Nontaxable income of an American Indian
- Nontaxable income from sources outside this state
- Nontaxable deferred compensation
- Intangible drilling costs
- Depletion allowances and depreciation
- Amortization
- Contributions to individual retirement accounts
- Contributions to Keogh plans
- Net operating loss carry-forwards and carry-backs
- Capital loss carry-forwards
- Disqualified losses, which include net capital, business, and farm losses, except farm losses where the claimant's primary income is from farming and whose farming generates gross receipts of less than $250,000 in the year of the claim (under 2021 Act 1, a claimant's primary income is from farming if the claimant's gross income from farming for the year to which the claim relates is greater than 50% of the claimant's total gross income from all sources for the same year)