



2003 ASSEMBLY BILL 70

February 18, 2003 - Introduced by Representatives AINSWORTH, ALBERS, GROTHMAN, GUNDRUM, HAHN, HINES, KRAWCZYK, OWENS, SERATTI and J. WOOD. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 71.52 (6) of the statutes; **relating to:** modifying the definition
2 of income under the homestead tax credit.

Analysis by the Legislative Reference Bureau

Under current law, the definition of "income" under the homestead tax credit is the sum of Wisconsin adjusted gross income (AGI) and a number of items that are not otherwise includable in Wisconsin AGI, such as certain public assistance payments, nontaxable interest received on state and municipal bonds, and certain retirement benefits.

Under this bill, the definition of "income" under the homestead tax credit is modified such that interest income received from the installment sale of certain real property which includes a claimant's former homestead, up to the amount of interest that is paid by the claimant on a mortgage to purchase another homestead, may be subtracted from income in determining the claimant's homestead tax credit.

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:

3 **SECTION 1.** 71.52 (6) of the statutes is amended to read:
4 71.52 (6) "Income" means the sum of Wisconsin adjusted gross income and the
5 following amounts, to the extent not included in Wisconsin adjusted gross income:

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1 maintenance payments (except foster care maintenance and supplementary
2 payments excludable under section 131 of the ~~internal revenue code~~ Internal
3 Revenue Code), support money, cash public assistance (not including credit granted
4 under this subchapter and amounts under s. 46.27), cash benefits paid by counties
5 under s. 59.53 (21), the gross amount of any pension or annuity (including railroad
6 retirement benefits, all payments received under the federal social security act, and
7 veterans disability pensions), nontaxable interest received from the federal
8 government or any of its instrumentalities, nontaxable interest received on state or
9 municipal bonds, worker's compensation, unemployment insurance, the gross
10 amount of "loss of time" insurance, compensation and other cash benefits received
11 from the United States for past or present service in the armed forces, scholarship
12 and fellowship gifts or income, capital gains, gain on the sale of a personal residence
13 excluded under section 121 of the ~~internal revenue code~~ Internal Revenue Code,
14 dividends, income of a nonresident or part-year resident who is married to a
15 full-year resident, housing allowances provided to members of the clergy, the
16 amount by which a resident manager's rent is reduced, nontaxable income of an
17 American Indian, nontaxable income from sources outside this state, and nontaxable
18 deferred compensation. Intangible drilling costs, depletion allowances and
19 depreciation, including first-year depreciation allowances under section 179 of the
20 ~~internal revenue code~~ Internal Revenue Code, amortization, contributions to
21 individual retirement accounts under section 219 of the ~~internal revenue code~~
22 Internal Revenue Code, contributions to Keogh plans, net operating loss
23 carry-forwards and capital loss carry-forwards deducted in determining Wisconsin
24 adjusted gross income shall be added to "income". "Income" does not include gifts
25 from natural persons, cash reimbursement payments made under title XX of the

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1 federal social security act, surplus food or other relief in kind supplied by a
2 governmental agency, the gain on the sale of a personal residence deferred under
3 section 1034 of the ~~internal revenue code~~ Internal Revenue Code, or nonrecognized
4 gain from involuntary conversions under section 1033 of the ~~internal revenue code~~
5 Internal Revenue Code. Amounts not included in adjusted gross income but added
6 to “income” under this subsection in a previous year and repaid may be subtracted
7 from income for the year during which they are repaid. Scholarship and fellowship
8 gifts or income that are included in Wisconsin adjusted gross income and that were
9 added to household income for purposes of determining the credit under this
10 subchapter in a previous year may be subtracted from income for the current year
11 in determining the credit under this subchapter. Interest income received from the
12 installment sale of business, farm, or rental real property which includes a
13 claimant’s former homestead, up to the amount of interest that is paid by the
14 claimant on a mortgage to purchase another homestead, may be subtracted from
15 income in determining the credit under this subchapter, except that notwithstanding
16 s. 71.58 (7) (a) this provision does not apply to the definition of “income” under s.
17 71.58 (7). A marital property agreement or unilateral statement under ch. 766 has
18 no effect in computing “income” for a person whose homestead is not the same as the
19 homestead of that person’s spouse.

SECTION 2. Initial applicability.

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21 (1) This act first applies to claims filed for taxable years beginning on January
22 1 of the year in which this subsection takes effect, except that if this subsection takes
23 effect after July 31 this act first applies to claims filed for taxable years beginning
24 on January 1 of the year following the year in which this subsection takes effect.

25 (END)