

No. 301, A.

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CHAPTER 566

AN ACT to amend 77.63 (1); to repeal and recreate 20.552 (55); and to create 20.800 (10) and 71.09 (7) of the statutes, relating to tax relief for persons aged 65 and over and making an appropriation.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.552 (55) of the statutes is repealed and recreated to read:

20.552 (55) MUNICIPAL AND COUNTY SHARED TAX ACCOUNT. \$49,850,000 on March 1, 1965, and annually thereafter on March 1, an amount equal to \$55,000,000 less one-half the amount appropriated for that March 1 under s. 20.800 (10).

SECTION 2. 20.800 (10) of the statutes is created to read:

20.800 (10) RELIEF FOR PERSONS OVER 65. On March 1, 1965, \$10,300,000 and annually thereafter on March 1, an amount equal to the amount actually expended under this section during the previous fiscal year but not to exceed \$10,300,000.

SECTION 3. 71.09 (7) of the statutes is created to read:

71.09 (7) The purpose of this subsection is to provide property tax relief to persons 65 years of age and over through a system of income tax credits and refunds.

(a) *Definitions.* As used in this subsection, unless the context indicates otherwise:

1. "Income" means the sum of "adjusted gross income," as defined in s. 71.05 (13a) (c), alimony, gross amount of any pension less return of investment, if any, of old age and survivorship payments received under the federal social security law and nontaxable interest received from the federal government and its instrumentalities, except gifts or income in kind up to \$300 in reasonable value and surplus food and other relief in kind.

2. "Household" means all persons related to the taxpayer as defined in sub. (6) (b) 1 to 8 and residing in the residence owned and resided in by the taxpayer.

3. "Household income" means income which is received by all persons in the household.

4. "Residence" means place of abode, including a multidwelling unit, of the taxpayer to which legal title is held wholly or partly by the taxpayer, including possession thereof as a vendee under a land contract.

5. "Taxpayer" means a Wisconsin resident who is at least 65 years of age on January 1 of the income year and who files an income tax return under this chapter.

6. "Rent constituting property taxes accrued" means 25 per cent of the gross rent actually paid in cash by a person 65 or over for the right of occupancy of each person's homestead in a calendar year for which relief is claimed under this section.

7. "Gross rent" means rental paid solely for the right of occupancy (at arms-length) of a homestead, exclusive of charges for any utilities or services furnished by the landlord as a part of the rental agreement, whether expressly set out in the rental agreement or not.

8. "Property taxes accrued" or "rent constituting property taxes accrued" shall not exceed \$300.

(b) Property taxes paid may be deducted from the taxpayer's net normal tax on returns for the income year 1964 and thereafter, after the same has been computed according to the rates in sub. (1) or determined by the use of the optional tax table provided in sub. (2m); provided that the property taxes referred to in this subsection are those paid on the taxpayer's homestead as defined in s. 990.01 (13).

(c) For the purpose of determining benefits under this subsection, the following shall apply:

1. Only one taxpayer per residence shall receive credits or refunds as herein provided.

2. All household income as herein defined shall be included in determination of credits or refunds.

3. The total property tax paid on the taxpayer's residence by the members of the household shall be utilized in the determination of credits or refunds.

(d) The deduction from the income tax under par. (b) shall be:

1. If such person's income for such calendar year was \$1,000 or less, 75 per cent of the property taxes accrued on such person's homestead in such calendar year as are in excess of 5 per cent of such person's gross income or all of the rent constituting property taxes accrued paid in cash in such calendar year as is in excess of 5 per cent of such person's gross income, or a combination of the 2, as the case may be; or

2. If such person's income for such calendar year is over \$1,000, 50 per cent of the property taxes accrued on such person's homestead in such calendar year as are in excess of 5 per cent of such person's gross income or 50 per cent of the rent constituting property taxes accrued paid in cash in such calendar year as is in excess of 5 per cent of such person's gross income, or a combination of the 2, as the case may be.

(e) In any case in which relief under this section exceeds the income tax otherwise payable as self-assessed on such income tax return, the amount of the excess of such relief, after audit by the department of taxation, shall be certified to the department of administration for payment by check drawn on the general fund and, in any case in which relief is afforded by this section and no income tax return is required to be filed by such person, such relief, after timely claim filed with the department of taxation and after audit by the department, shall be certified to the department of administration for payment by check drawn on the general fund. No such check and no offset against income taxes otherwise payable shall be charged against any town, city, village or county in the distribution of income taxes, and all such items shall be deemed an expense of the state chargeable to the general fund.

(f) For the purpose of administering this section, the department of taxation shall make available a separate schedule which shall call for necessary information including the following and such schedule shall be attached to and filed with the Wisconsin income tax form:

1. Total household income as herein defined.

2. Amount of property taxes paid on the taxpayer's residence by members of the household in the income year.

3. The net normal tax paid by the taxpayer in the income year.

4. The total tax credit or refund as determined by par. (d).

(g) For the purpose of determining benefits under this section, a deduction for "rent constituting property taxes accrued" may be substituted for property taxes paid where a person rents rather than owns his property.

SECTION 4. 77.63 (1) of the statutes is amended to read:

77.63 (1) The sales and use taxes collected pursuant to this subchapter shall be deposited in the state general fund, except that on March 1, * * * 1965, \$49,850,000 of such collections, and every March 1 thereafter, * * * the amount appropriated under s. 20.552 (55), shall be distributed by the department of administration to towns, villages and cities in allocable shares pursuant to sub. (2), and taxpayers subject to tax under * * * ss. 76.13, 76.38 and 76.48 in allocable shares certified by the department of taxation pursuant to sub. (1a) (b).

Approved May 27, 1964.
