



**ASSEMBLY SUBSTITUTE AMENDMENT 1,  
TO 1997 ASSEMBLY BILL 181**

May 1, 1997 - Offered by COMMITTEE ON WORKING FAMILIES.

1     **AN ACT to amend** 71.64 (9) (b); and **to create** 71.07 (5m) and 71.10 (4) (du) of the  
2             statutes; **relating to:** creating a nonrefundable individual income tax credit for  
3             low-income persons.

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

4             **SECTION 1.** 71.07 (5m) of the statutes is created to read:

5             71.07 (5m) LOW-INCOME TAX CREDIT. (a) *Definitions.* In this subsection:

- 6             1. "Claimant" means an individual who is eligible to claim the credit under this  
7             subsection.
- 8             2. "Department" means the department of revenue.
- 9             3. "Household" means a claimant and an individual related to the claimant as  
10            husband or wife.
- 11            4. "Net tax liability" means a claimant's income tax liability after he or she  
12            completes the computations listed in s. 71.10 (4) (a) to (dr).

1 (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
2 claimant may claim as a credit against the tax imposed under s. 71.02, up to the  
3 amount of those taxes, one of the following amounts:

4 1. If the claimant is single and his or her adjusted gross income is less than  
5 \$9,000 in the year to which the claim relates, an amount equal to his or her net tax  
6 liability.

7 2. If the claimant is single and his or her adjusted gross income is at least \$9,000  
8 but less than \$11,000 in the year to which the claim relates, the amount obtained by  
9 subtracting from an amount equal to his or her net tax liability an amount that is  
10 calculated as follows:

11 a. Calculate the value of a fraction, the denominator of which is \$2,000 and the  
12 numerator of which is the difference between the claimant's adjusted gross income  
13 and \$9,000.

14 b. Subtract from 1.0 the amount that is calculated under subd. 2. a.

15 c. Multiply the amount of the claimant's net income tax liability by the amount  
16 that is calculated under subd. 2. b.

17 3. If the claimant is married and filing jointly and the sum of the claimant's  
18 adjusted gross income and his or her spouse's adjusted gross income is less than  
19 \$18,000 in the year to which the claim relates, an amount equal to the married  
20 couple's net tax liability.

21 4. If the claimant is married and filing jointly and the sum of the claimant's  
22 adjusted gross income and his or her spouse's adjusted gross income is at least  
23 \$18,000 but less than \$22,000 in the year to which the claim relates, the amount  
24 obtained by subtracting from an amount equal to the married couple's net tax  
25 liability an amount that is calculated as follows:

1 a. Calculate the value of a fraction, the denominator of which is \$4,000 and the  
2 numerator of which is the difference between the married couple's adjusted gross  
3 income and \$18,000.

4 b. Subtract from 1.0 the amount that is calculated under subd. 4. a.

5 c. Multiply the amount of the married couple's net income tax liability by the  
6 amount that is calculated under subd. 4. b.

7 5. If the claimant is married and filing separately and his or her adjusted gross  
8 income is less than \$9,000 in the year to which the claim relates, an amount equal  
9 to his or her net tax liability.

10 6. If the claimant is married and filing separately and his or her adjusted gross  
11 income is at least \$9,000 but less than \$11,000 in the year to which the claim relates,  
12 the amount obtained by subtracting from an amount equal to his or her net tax  
13 liability an amount that is calculated as follows:

14 a. Calculate the value of a fraction, the denominator of which is \$2,000 and the  
15 numerator of which is the difference between the claimant's adjusted gross income  
16 and \$9,000.

17 b. Subtract from 1.0 the amount that is calculated under subd. 6. a.

18 c. Multiply the amount of the claimant's net income tax liability by the amount  
19 that is calculated under subd. 6. b.

20 (c) *Limitations.* 1. No credit may be allowed under this subsection unless it  
21 is claimed within the time period under s. 71.75 (2).

22 2. Part-year residents and nonresidents of this state are not eligible for the  
23 credit under this subsection.

24 3. Except as provided in subd. 4., only one credit per household is allowed each  
25 year.

1           4. If a married couple files separately, each spouse may claim the credit  
2 calculated under par. (b) 5. or 6., except that if the married persons are living apart  
3 and are treated as single under section 7703 (b) of the Internal Revenue Code each  
4 spouse may claim the credit under par. (b) 1. or 2.

5           5. The credit under this subsection may not be claimed by a person who may  
6 be claimed as a dependent on the individual income tax return of another taxpayer.

7           (d) *Administration.* The department of revenue may enforce the credit under  
8 this subsection and may take any action, conduct any proceeding and proceed as it  
9 is authorized in respect to taxes under this chapter. The income tax provisions in this  
10 chapter relating to assessments, refunds, appeals, collection, interest and penalties  
11 apply to the credit under this subsection.

12           **SECTION 2.** 71.10 (4) (du) of the statutes is created to read:

13           71.10 (4) (du) Low-income tax credit under s. 71.07 (5m).

14           **SECTION 3.** 71.64 (9) (b) of the statutes is amended to read:

15           71.64 (9) (b) The department shall from time to time adjust the withholding  
16 tables to reflect any changes in income tax rates, any applicable surtax or any  
17 changes in dollar amounts in s. 71.06 (1) and (2) resulting from statutory changes.  
18 The tables shall account for the low-income tax credit under s. 71.07 (5m). The tables  
19 shall be extended to cover from zero to 10 withholding exemptions, shall assume that  
20 the payment of wages in each pay period will, when multiplied by the number of pay  
21 periods in a year, reasonably reflect the annual wage of the employe from the  
22 employer and shall be based on the further assumption that the annual wage will be  
23 reduced for allowable deductions from gross income. The department may  
24 determine the length of the tables and a reasonable span for each bracket. In  
25 preparing the tables the department shall adjust all withholding amounts not an

1 exact multiple of 10 cents to the next highest figure that is a multiple of 10 cents.  
2 The department shall also provide instructions with the tables for withholding with  
3 respect to quarterly, semiannual and annual pay periods.

4 **SECTION 4. Initial applicability.**

5 (1) This act first applies to taxable years beginning on January 1, 1998.

6 (END)