



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-1148/1
MES:jld:rs

DOA:.....Quinn, BB0245 – Repeal indexing provisions under the homestead tax credit

FOR 2011-13 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: repealing indexing provisions under the homestead tax credit.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, for claims filed in 2011, based on property taxes or rent constituting property taxes from the prior year, the homestead tax credit threshold income is \$8,060, the maximum property taxes, or rent constituting property taxes, that a claimant may use in calculating his or her credit are \$1,460, and the maximum household income is \$24,680. Under the current law formula, as a claimant's income exceeds \$8,060, the credit is phased out until the credit equals zero when income exceeds \$24,680. Also under the formula, if the household income is \$8,060 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 \$1,168. Also under current law, for claims filed in 2011 and thereafter, the maximum household income, maximum property taxes, and maximum household income are all indexed for inflation.

Under this bill, the indexing provisions are repealed and, for claims filed in 2011 and thereafter, the threshold income is \$8,060, the maximum property taxes, or rent constituting property taxes, that a claimant may use in calculating his or her credit are \$1,460, and the maximum household income is \$24,680.

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:

SECTION 1. 71.54 (1) (f) (intro.) of the statutes is amended to read:

71.54 (1) (f) *2001 and thereafter to 2011.* (intro.) Subject to sub. (2m), the amount of any claim filed in 2001 and thereafter to 2011 and based on property taxes accrued or rent constituting property taxes accrued during the previous year is limited as follows:

SECTION 2. 71.54 (1) (g) of the statutes is created to read:

71.54 (1) (g) *2012 and thereafter.* The amount of any claim filed in 2012 and thereafter and based on property taxes accrued or rent constituting property taxes accrued during the previous year is limited as follows:

1. If the household income was \$8,060 or less in the year to which the claim relates, the claim is limited to 80 percent of the property taxes accrued or rent constituting property taxes accrued or both in that year on the claimant's homestead.

2. If the household income was more than \$8,060 in the year to which the claim relates, the claim is limited to 80 percent of the amount by which the property taxes accrued or rent constituting property taxes accrued or both in that year on the claimant's homestead exceeds 8.785 percent of the household income exceeding \$8,060.

3. No credit may be allowed if the household income of a claimant exceeds \$24,680.

SECTION 3. 71.54 (2) (b) 3. of the statutes is amended to read:

71.54 (2) (b) 3. Subject to sub. (2m), in calendar year ~~1990 or any subsequent calendar year~~ years 1990 to 2010, \$1,450.

SECTION 4. 71.54 (2) (b) 4. of the statutes is created to read:

71.54 (2) (b) 4. In calendar years 2011 or any subsequent calendar year, \$1,460.

SECTION 5. 71.54 (2m) of the statutes is amended to read:

71.54 (2m) INDEXING FOR INFLATION; 2010 ~~AND THEREAFTER~~. (a) For calendar years beginning after December 31, 2009, and before January 1, 2011, the dollar amounts of the threshold income under sub. (1) (f) 1. and 2., the maximum household income under sub. (1) (f) 3. and the maximum property taxes under sub. (2) (b) 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 12-month average of the U.S. consumer price index for the month of August of the year before the previous year through the month of July of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the 12-month average of the U.S. consumer price index for August 2007 through July 2008, as determined by the federal department of labor, except that the adjustment may occur only if the percentage is a positive number. Each 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 as calculated under par. (a), 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)