



1999 SENATE BILL 275

November 2, 1999 – Introduced by Senators FARROW, ELLIS, RUDE and DRZEWIECKI.
Referred to Joint committee on Finance.

1 **AN ACT to repeal** 71.07 (9) (b) 3.; **to amend** 71.07 (9) (g); **to create** 20.835 (2) (am)
2 and 77.64 of the statutes; and **to affect** 1999 Wisconsin Act 9, section 9143 (3g);
3 **relating to:** creating a tax rebate for individuals, repealing the school property
4 tax rent credit, reducing the amount that is available under the school levy tax
5 credit and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill creates a onetime sales tax rebate for individuals. Under the bill, and subject to a number of conditions and limitations, a claimant may claim, or is eligible to receive, a check if the claimant meets one of the following eligibility criteria:

1. The individual was a full-year resident of Wisconsin in 1998 and either has filed a 1998 Wisconsin income tax return or 1998 homestead credit claim or did not file such a return or claim but does file a form to be prepared by the department of revenue (DOR).

2. The individual was a part-year resident of Wisconsin in 1998 and either has filed a 1998 Wisconsin income tax return or did not file such a return but does file a form to be prepared by DOR.

3. The individual was a nonresident of this state in 1998 but does file a form to be prepared by DOR.

The amount of the rebate ranges from \$190 to \$500, based on the individual's or couple's 1998 Wisconsin adjusted gross income (WAGI) and filing status, or is calculated by DOR based on the form that is filed by claimants who did not file an

SENATE BILL 275

income tax return or homestead credit claim. The amount of a part-year resident's rebate is based on the individual's WAGI. A nonresident who can document at least \$20 of sales taxes paid to Wisconsin in 1998 may claim a rebate of 30.4% of sales taxes paid in that year, up to a maximum rebate of \$354.

Under the bill, the amount of a rebate for which a claimant is otherwise eligible is offset against outstanding tax liabilities owed to the state. In addition, the rebate may not be claimed by an individual who was claimed as a dependent on another individual's 1998 federal income tax return. If an individual who was a resident and filed a 1998 Wisconsin income tax return or 1998 homestead credit becomes deceased after he or she filed his or income tax or homestead credit return, the amount of rebate for which the claimant is eligible must be paid to the claimant's estate.

If DOR is unable to locate an individual or married couple who is eligible to receive the rebate by December 31, 2000, or if an individual or couple who is issued a check does not cash the check by December 31, 2000, the right to the rebate lapses.

Under current law, the nonrefundable individual income tax school property tax credit may be claimed for taxable years beginning before January 1, 2001. For taxable year 1999, the credit that may be claimed is 16.4% of the first \$2,000 of property taxes accrued or rent constituting property taxes, or 16.4% of the first \$1,000 of property taxes or rent constituting property taxes for a married person filing separately. For taxable year 2000, the credit that may be claimed is 10% of the first \$2,000 of property taxes accrued or rent constituting property taxes, or 10% of the first \$1,000 of property taxes or rent constituting property taxes for a married person filing separately. Under this bill, the school property tax credit may not be claimed for taxable years beginning after December 31, 1998.

Under current law, the amount to be expended for the school levy property tax credit in 2001 is increased by \$60,000,400. This bill repeals that increase.

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:

- 1 **SECTION 1.** 20.835 (2) (am) of the statutes is created to read:
- 2 20.835 (2) (am) *Onetime sales tax rebate.* A sum sufficient to pay the aggregate
- 3 claims approved under s. 77.64.
- 4 **SECTION 2.** 71.07 (9) (b) 3. of the statutes, as created by 1999 Wisconsin Act 9,
- 5 is repealed.
- 6 **SECTION 3.** 71.07 (9) (g) of the statutes, as created by 1999 Wisconsin Act 9, is
- 7 amended to read:

SENATE BILL 275

1 71.07 (9) (g) No new claim may be filed under this subsection for a taxable year
2 that begins after December 31, ~~2000~~ 1998.

3 **SECTION 4.** 77.64 of the statutes is created to read:

4 **77.64 Onetime sales tax rebate. (1) DEFINITIONS.** In this subsection:

5 (a) "Claimant" means an individual who is eligible under sub. (3) to receive or
6 claim a rebate under this section.

7 (b) "Department" means the department of revenue.

8 (c) "Nonresident" means an individual who was not a resident of this state for
9 any part of 1998.

10 (d) "Part-year resident" means an individual who was a resident of this state
11 for some part of 1998.

12 (e) "Resident" means an individual who was a full-year resident of this state
13 in 1998.

14 **(2) CLAIMS.** Subject to the limitations and conditions under sub. (5) a claimant
15 may claim, or is eligible to receive, a rebate that is calculated under sub. (4). The
16 department shall certify the amount of the rebate for which the claimant is eligible
17 to the department of administration for payment to the claimant by check, share
18 draft or other draft paid from the appropriation under s. 20.835 (2) (am).

19 **(3) ELIGIBILITY.** (a) An individual who was a resident and who filed a 1998
20 Wisconsin income tax return or 1998 homestead credit claim is eligible to receive a
21 rebate under sub. (2).

22 (b) An individual who was a resident and who did not file a 1998 Wisconsin
23 income tax return or 1998 homestead credit claim by October 15, 1999, is eligible to
24 receive a rebate under sub. (2) only if the individual files a claim with the department
25 not later than June 30, 2000. The claim shall be filed on a form prepared by the

SENATE BILL 275

1 department not later than 60 days after the effective date of this paragraph ...
2 [revisor inserts date].

3 (c) An individual who was a part-year resident and who filed a 1998 Wisconsin
4 income tax return or a married couple, of whom one of the spouses was a part-year
5 resident and the other spouse was either a part-year resident or a resident, and who
6 filed a 1998 Wisconsin income tax return, is eligible to receive a rebate under sub.
7 (2), calculated by the department based on the individual's or couple's Wisconsin
8 adjusted gross income.

9 (d) An individual who was a part-year resident and who did not file a 1998
10 Wisconsin income tax return by October 15, 1999, or a married couple, of whom one
11 of the spouses was a part-year resident and the other spouse was either a part-year
12 resident or a resident, and who did not file a 1998 Wisconsin income tax return by
13 October 15, 1999, is eligible to receive a rebate under sub. (2), calculated by the
14 department, only if the individual or couple files a claim with the department not
15 later than June 30, 2000. The claim shall be filed on a form prepared by the
16 department not later than 60 days after the effective date of this paragraph ...
17 [revisor inserts date].

18 (e) An individual who was a nonresident is eligible to receive a rebate under
19 sub. (2) if the individual files a claim with the department not later than 30 days after
20 the effective date of this paragraph ... [revisor inserts date]. The claim shall be filed
21 on a form prepared by the department. The form shall require a nonresident to
22 document his or her sales taxes paid to Wisconsin in 1998, and the documented
23 amount must be at least \$20 for a nonresident to be eligible to receive a rebate under
24 sub. (2).

SENATE BILL 275

1 **(4) CALCULATION.** (a) A claimant who is a resident and married and filed a joint
2 1998 Wisconsin income tax return or 1998 homestead credit claim, or a claimant who
3 filed a 1998 Wisconsin income tax return as a head of household, shall be eligible for
4 a rebate in one of the following amounts:

5 1. If the couple's or head of household's 1998 Wisconsin adjusted gross income
6 is not more than \$25,000, \$337.

7 2. If the couple's or head of household's 1998 Wisconsin adjusted gross income
8 is more than \$25,000 but not more than \$50,000, \$345.

9 3. If the couple's or head of household's 1998 Wisconsin adjusted gross income
10 is more than \$50,000 but not more than \$75,000, \$362.

11 4. If the couple's or head of household's 1998 Wisconsin adjusted gross income
12 is more than \$75,000 but not more than \$100,000, \$380.

13 5. If the couple's or head of household's 1998 Wisconsin adjusted gross income
14 is more than \$100,000 but not more than \$200,000, \$414.

15 6. If the couple's or head of household's 1998 Wisconsin adjusted gross income
16 is more than \$200,000 but not more than \$500,000, \$457.

17 7. If the couple's or head of household's 1998 Wisconsin adjusted gross income
18 is more than \$500,000, \$500.

19 (b) A claimant who is a resident and single and filed a 1998 Wisconsin income
20 tax return or 1998 homestead credit claim, or who is a resident and married and filed
21 a separate 1998 Wisconsin income tax return, shall be eligible for a rebate in one of
22 the following amounts:

23 1. If the individual's 1998 Wisconsin adjusted gross income is not more than
24 \$25,000, \$190.

SENATE BILL 275

1 2. If the individual's 1998 Wisconsin adjusted gross income is more than
2 \$25,000 but not more than \$50,000, \$198.

3 3. If the individual's 1998 Wisconsin adjusted gross income is more than
4 \$50,000 but not more than \$75,000, \$216.

5 4. If the individual's 1998 Wisconsin adjusted gross income is more than
6 \$75,000 but not more than \$100,000, \$233.

7 5. If the individual's 1998 Wisconsin adjusted gross income is more than
8 \$100,000 but not more than \$200,000, \$267.

9 6. If the individual's 1998 Wisconsin adjusted gross income is more than
10 \$200,000 but not more than \$500,000, \$311.

11 7. If the individual's 1998 Wisconsin adjusted gross income is more than
12 \$500,000, \$354.

13 (c) A claimant who files a form specified in sub. (3) (b) shall be eligible for a
14 rebate in an amount specified in par. (a) 1. or (b) 1., depending on the individual's
15 filing status.

16 (d) A claimant to whom sub. (3) (c) applies shall be eligible for a rebate in an
17 amount specified in par. (a) or (b), depending on the individual's filing status and
18 Wisconsin adjusted gross income.

19 (e) A claimant who files a form specified in sub. (3) (d) shall be eligible for a
20 rebate in an amount specified in par. (a) 1. or (b) 1., depending on the individual's
21 filing status.

22 (f) A claimant under sub. (3) (e) shall be eligible for a rebate that is equal to
23 30.4% of documented sales taxes paid to Wisconsin in 1998, up to a maximum rebate
24 of \$354.

SENATE BILL 275

1 **(5) LIMITATIONS AND CONDITIONS.** (a) The department may not consider any
2 adjustments or amendments made to a 1998 Wisconsin income tax return after
3 October 15, 1999, in its calculation of a rebate under this section.

4 (b) With regard to a married couple for whom an offset under s. 71.80 (3) or (3m)
5 must be made against a debt that is owed by only one of the spouses, each spouse shall
6 be considered by the department to have a 50% ownership interest in the rebate.

7 (c) If an individual who is eligible for a rebate under sub. (3) filed only a 1998
8 homestead credit claim, the department shall calculate the individual's rebate as if
9 the individual's Wisconsin adjusted gross income is \$25,000.

10 (d) An individual who was claimed as a dependent on another individual's 1998
11 federal income tax return is not eligible to claim or receive a rebate under this
12 section.

13 (e) Section 71.80 (3) and (3m), as it applies to income tax refunds, applies to a
14 sales tax rebate under this section.

15 (f) The department may enforce the rebate under this section and may take any
16 action, conduct any proceeding and proceed as it is authorized in respect to taxes
17 under chapter 71. The income tax provisions in chapter 71 relating to assessments,
18 refunds, appeals, collection, interest and penalties apply to the rebate under this
19 section.

20 (g) After a rebate has been issued under sub. (2) but before the check, share
21 draft or other draft has been cashed, either joint claimant may request a separate
22 check, share draft or other draft for 50% of the joint rebate.

23 (h) If the department is unable to locate an individual or married couple who
24 is eligible to receive a rebate under sub. (2) by December 31, 2000, or,
25 notwithstanding ss. 14.58 (12) and 20.912 (1) and notwithstanding s. 20.912 (2) and

SENATE BILL 275

1 (3), as affected by 1999 Wisconsin Act 9, if an individual or married couple who is
2 issued a check, share draft or other draft and does not cash the check, share draft or
3 other draft by December 31, 2000, the right to the rebate lapses.

4 (i) If a claimant who was a resident and who filed a 1998 Wisconsin income tax
5 return or 1998 homestead credit claim becomes deceased after he or she filed his or
6 her income tax return or homestead credit claim, the amount of the rebate for which
7 the claimant is eligible shall be paid to the claimant's estate.

8 (6) SUNSET. This section does not apply after December 31, 2000.

9 **SECTION 5.** 1999 Wisconsin Act 9, section 9143 (3g) is repealed.

10 **SECTION 6. Appropriation changes; revenue.**

11 (1) In the schedule under section 20.005 (3) of the statutes for the appropriation
12 to the department of revenue under section 20.566 (1) (a) of the statutes, as affected
13 by the acts of 1999, the dollar amount is increased by \$2,357,500 for fiscal year
14 1999-00 to increase funding for the purposes for which the appropriation is made.

15 (END)