



State of Wisconsin  
2003 - 2004 LEGISLATURE

LRB-3470/2  
JK&MES:wlj:jf

## 2003 ASSEMBLY BILL 756

January 21, 2004 - Introduced by Representatives BLACK, TURNER, POCAN, BERCEAU, SINICKI, POPE-ROBERTS, PLOUFF, ZEPNICK, J. LEHMAN and MILLER, cosponsored by Senators CARPENTER and CHVALA. Referred to Committee on Ways and Means.

1     **AN ACT to repeal** 20.566 (2) (am), 20.835 (3) (b), 79.10 (1) (b), 79.10 (1) (e), 79.10  
2           (4), 79.10 (7m) (a), 79.10 (9) (b), 79.10 (9) (c) 2. and 79.14; **to renumber and**  
3           **amend** 71.26 (2) (a) and 79.10 (9) (c) 1.; **to amend** 20.566 (2) (r), 20.835 (3) (q),  
4           20.835 (3) (s), 70.11 (39), 71.07 (9) (b) 5., 74.09 (3) (b) 3., 79.10 (1m) (b), 79.10  
5           (2), 79.10 (5), 79.10 (6m) (a), 79.10 (7m) (b) (title), 79.10 (7m) (b) 1., 79.10 (9)  
6           (bm), 79.10 (10) (title), 79.10 (10) (a), 79.10 (10) (bm) 1., 79.10 (10) (bm) 2., 79.10  
7           (11) (title), 79.10 (11) (b), 79.10 (11) (c), 79.11 (3) (b) and 565.02 (7); and **to create**  
8           20.835 (3) (bm), 71.01 (5p), 71.01 (9b), 71.05 (6) (a) 21., 71.22 (3m), 71.22 (9b),  
9           71.26 (2) (a) 6., 71.34 (1) (j), 71.42 (1p), 71.42 (4m), 71.45 (2) (a) 16., 71.738 (3m),  
10          71.80 (23) and 77.52 (2) (a) 13. of the statutes; **relating to:** creating a  
11          homeowner's property tax credit, eliminating the school levy property tax  
12          credit and the lottery and gaming property tax credit, including payments to  
13          related entities to compute income tax and franchise tax liability, increasing the  
14          amount of the school property income tax credit, imposing the sales tax on the

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- 1 lease of luxury boxes at sports facilities, claiming the property tax exemption  
2 for computers, and making an appropriation.
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***Analysis by the Legislative Reference Bureau******Property tax credits***

Under current law, a property owner in this state may claim a school levy property tax credit from the state based on the fair market value of the property and the property taxes levied by school districts located in the municipality in which the property is located. The amount of the credit is paid from the general fund.

Under current law, a person who owns property in this state that the person uses as a principal dwelling may claim the lottery and gaming property tax credit as a credit against the property taxes imposed on his or her principal dwelling. The amount of the credit is based on the fair market value of the person's principal dwelling and is paid from the lottery fund.

This bill eliminates the school levy property tax credit and the lottery and gaming property tax credit and creates a homeowner's property tax credit. Under the bill, a person who owns property in this state that the person uses as a principal dwelling may claim the homeowner's credit as a credit against the property taxes imposed on his or her principal dwelling. The amount of the credit is based on the fair market value of the person's principal dwelling, up to a fair market value of \$60,000. The credit is paid from both the general fund, in an amount equal to the amount paid for the school levy property tax credit, and from the lottery fund.

***School property tax income tax credit***

Under current law, a person may claim an income tax credit based on the amount of property taxes or rent paid on the person's principal dwelling. The amount of the credit is equal to 12 percent of the first \$2,500 of property taxes or rent paid on the person's principal dwelling, or, for married persons filing separately, 12 percent of the first \$1,250 of property taxes or rent paid on the person's principal dwelling. Under the bill, with regard to rent paid on a person's principal dwelling the amount of the credit is equal to 16 percent of the first \$2,500 of rent paid on the person's principal dwelling, or, for married persons filing separately, 16 percent of the first \$1,250 of rent paid on the person's principal dwelling.

***Related entities***

For purposes of calculating a taxpayer's state income tax or franchise tax liability, this bill requires a taxpayer to add the following amounts to the taxpayer's federal taxable income: any amount that the taxpayer deducted or excluded under the Internal Revenue Code for management and service fees, interest expenses and costs, intangible expenses and costs, and any other expenses and costs directly or indirectly paid, accrued, or incurred to, or in connection directly or indirectly with one or more direct or indirect transactions with, one or more related entities.

The bill also authorizes the Department of Revenue (DOR) to allow the tax consequences of a transaction, as asserted by a taxpayer, even if DOR initially

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disallows the consequences by asserting the sham transaction doctrine or a related doctrine, if a taxpayer meets certain conditions. The conditions include the taxpayer's ability to demonstrate that the transaction had a valid, good faith, business purpose other than tax avoidance; that the business purpose is commensurate with the transaction's tax benefit; and that the transaction had economic substance apart from the taxpayer's asserted tax benefit.

Also under the bill, a taxpayer is not required to add to the taxpayer's federal taxable income certain expenses or costs as specified in the bill if a number of conditions apply. The conditions include the following:

1. The transaction to which the expenses and costs apply did not have as its principal purpose tax avoidance.

2. The related entity to whom the taxpayer paid the expenses or costs paid, accrued, or incurred such amounts to a person who is not a related entity.

3. The related entity was subject to tax on its net income, and a measure of the tax included the expenses or costs received from the taxpayer.

***Computers***

Under current law, computers and certain computer-related equipment are exempt from the property tax imposed on the real and personal property of a business. Under the bill, no property owner may claim the property tax exemption for computers and computer-related equipment unless the property owner is a business that has less than \$5,000,000 in gross receipts, as determined by DOR, in the year in which the property owner claims the exemption.

***Luxury boxes***

Under the bill, the lease of luxury boxes, sky boxes, and club seats at a sports facility is subject to a sales tax at the rate of 5 percent of the gross receipts from the lease of such boxes and seats.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the ***state and local*** fiscal estimate, which will be printed as an appendix to this bill.

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

1           **SECTION 1.** 20.566 (2) (am) of the statutes is repealed.

2           **SECTION 2.** 20.566 (2) (r) of the statutes is amended to read:

3           20.566 (2) (r) ~~Lottery and gaming~~ Homeowner's tax credit administration.

4           From the lottery fund, the amounts in the schedule for the administration of the  
5           lottery and gaming homeowner's tax credit.

6           **SECTION 3.** 20.835 (3) (b) of the statutes is repealed.

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1           **SECTION 4.** 20.835 (3) (bm) of the statutes is created to read:

2           20.835 (3) (bm) *Homeowner's tax credit; general fund.* A sum sufficient to make  
3 the payments under s. 79.10 (5) and (6m) (c), not to exceed \$469,305,000.

4           **SECTION 5.** 20.835 (3) (q) of the statutes is amended to read:

5           20.835 (3) (q) ~~*Lottery and gaming*~~ *Homeowner's tax credit.* From the lottery  
6 fund, a sum sufficient to make the payments under s. 79.10 (5) and (6m) (c), not  
7 including the amount paid under s. 20.835 (3) (bm).

8           **SECTION 6.** 20.835 (3) (s) of the statutes is amended to read:

9           20.835 (3) (s) ~~*Lottery and gaming*~~ *Homeowner's tax credit; late applications.*  
10 From the lottery fund, a sum sufficient to make payments for the ~~lottery and gaming~~  
11 homeowner's tax credit under s. 79.10 (10) (bm) and (bn).

12           **SECTION 7.** 70.11 (39) of the statutes is amended to read:

13           70.11 (39) COMPUTERS. If the owner of the property fulfills the requirements  
14 under s. 70.35 and if the property owner is a business that has less than \$5,000,000  
15 in gross receipts, as determined by the department of revenue, in the year in which  
16 the owner claims an exemption under this subsection, mainframe computers,  
17 minicomputers, personal computers, networked personal computers, servers,  
18 terminals, monitors, disk drives, electronic peripheral equipment, tape drives,  
19 printers, basic operational programs, systems software, and prewritten software.  
20 The exemption under this subsection does not apply to custom software, fax  
21 machines, copiers, equipment with embedded computerized components or  
22 telephone systems, including equipment that is used to provide telecommunications  
23 services, as defined in s. 76.80 (3). For the purposes of s. 79.095, the exemption under  
24 this subsection does not apply to property that is otherwise exempt under this  
25 chapter.

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1           **SECTION 8.** 71.01 (5p) of the statutes is created to read:

2           71.01 **(5p)** “Intangible expenses and costs” includes expenses, losses, and costs  
3 for, related to, or directly or indirectly in connection with the direct or indirect  
4 acquisition of, use of, maintenance or management of, ownership of, sale of, exchange  
5 of, or any other direct or indirect disposition of intangible property to the extent that  
6 such expenses, losses, and costs are allowed as deductions or costs to determine  
7 federal taxable income under the Internal Revenue Code. For purposes of this  
8 subsection, “expenses, losses, and costs” include losses related to or incurred directly  
9 or indirectly in connection with factoring transactions and discounting transactions;  
10 royalty, patent, technical, and copyright fees; licensing fees; and other similar  
11 expenses and costs.

12           **SECTION 9.** 71.01 (9b) of the statutes is created to read:

13           71.01 **(9b)** “Related entity” means any person related to a taxpayer as provided  
14 under section 267, 318, or 1563 of the Internal Revenue Code during all or a portion  
15 of the taxpayer’s taxable year.

16           **SECTION 10.** 71.05 (6) (a) 21. of the statutes is created to read:

17           71.05 **(6)** (a) 21. Any amount deducted or excluded under the Internal Revenue  
18 Code for management and service fees, interest expenses and costs, intangible  
19 expenses and costs, and any other expenses and costs directly or indirectly paid,  
20 accrued, or incurred to, or in connection directly or indirectly with one or more direct  
21 or indirect transactions with, one or more related entities.

22           **SECTION 11.** 71.07 (9) (b) 5. of the statutes is amended to read:

23           71.07 **(9)** (b) 5. For taxable years beginning after December 31, 1999, subject  
24 to the limitations under this subsection a claimant may claim as a credit against, but  
25 not to exceed the amount of, taxes under s. 71.02, ~~12%~~ 12 percent of the first \$2,500

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1 of property taxes or 16 percent of the first \$2,500 of rent constituting property taxes,  
2 ~~or except that a married person filing separately may claim 12%~~ 12 percent of the  
3 first \$1,250 of property taxes or 16 percent of the first \$1,250 of rent constituting  
4 property taxes of a ~~married person filing separately~~.

5 **SECTION 12.** 71.22 (3m) of the statutes is created to read:

6 71.22 (3m) “Intangible expenses and costs” includes expenses, losses, and costs  
7 for, related to, or directly or indirectly in connection with the direct or indirect  
8 acquisition of, use of, maintenance or management of, ownership of, sale of, exchange  
9 of, or any other direct or indirect disposition of intangible property to the extent that  
10 such expenses, losses, and costs are allowed as deductions or costs to determine  
11 federal taxable income under the Internal Revenue Code. For purposes of this  
12 subsection, “expenses, losses, and costs” include losses related to or incurred directly  
13 or indirectly in connection with factoring transactions and discounting transactions;  
14 royalty, patent, technical, and copyright fees; licensing fees; and other similar  
15 expenses and costs.

16 **SECTION 13.** 71.22 (9b) of the statutes is created to read:

17 71.22 (9b) “Related entity” means any person related to a taxpayer as provided  
18 under section 267, 318, or 1563 of the Internal Revenue Code during all or a portion  
19 of the taxpayer’s taxable year.

20 **SECTION 14.** 71.26 (2) (a) of the statutes is renumbered 71.26 (2) (a) (intro.) and  
21 amended to read:

22 71.26 (2) (a) *Corporations in general.* (intro.) The “net income” of a corporation  
23 means the gross income as computed under the Internal Revenue Code as modified  
24 under sub. (3) minus and modified as follows:

25 1. Minus the amount of recapture under s. 71.28 (1di) ~~plus.~~

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1           2. Plus the amount of credit computed under s. 71.28 (1), (3), (4), and (5) ~~plus.~~

2           3. Plus the amount of the credit computed under s. 71.28 (1dd), (1de), (1di),  
3 (1dj), (1dL), (1dm), (1ds), (1dx), and (3g) and not passed through by a partnership,  
4 limited liability company, or tax-option corporation that has added that amount to  
5 the partnership's, limited liability company's, or tax-option corporation's income  
6 under s. 71.21 (4) or 71.34 (1) (g) ~~plus.~~

7           4. Plus the amount of losses from the sale or other disposition of assets the gain  
8 from which would be wholly exempt income, as defined in sub. (3) (L), if the assets  
9 were sold or otherwise disposed of at a gain and minus deductions, as computed  
10 under the Internal Revenue Code as modified under sub. (3), ~~plus.~~

11           5. Plus or minus, as appropriate, an amount equal to the difference between  
12 the federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or  
13 otherwise disposed of in a taxable transaction during the taxable year, except as  
14 provided in par. (b) and s. 71.45 (2) and (5).

15           **SECTION 15.** 71.26 (2) (a) 6. of the statutes is created to read:

16           71.26 (2) (a) 6. Plus any amount deducted or excluded under the Internal  
17 Revenue Code for management and service fees, interest expenses and costs,  
18 intangible expenses and costs, and any other expenses and costs directly or indirectly  
19 paid, accrued, or incurred to, or in connection directly or indirectly with one or more  
20 direct or indirect transactions with, one or more related entities.

21           **SECTION 16.** 71.34 (1) (j) of the statutes is created to read:

22           71.34 (1) (j) An addition shall be made for any amount deducted or excluded  
23 under the Internal Revenue Code for management and service fees, interest  
24 expenses and costs, intangible expenses and costs, and any other expenses and costs  
25 directly or indirectly paid, accrued, or incurred to, or in connection directly or

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1 indirectly with one or more direct or indirect transactions with, one or more related  
2 entities.

3 **SECTION 17.** 71.42 (1p) of the statutes is created to read:

4 71.42 (1p) “Intangible expenses and costs” includes expenses, losses, and costs  
5 for, related to, or directly or indirectly in connection with the direct or indirect  
6 acquisition of, use of, maintenance or management of, ownership of, sale of, exchange  
7 of, or any other direct or indirect disposition of intangible property to the extent that  
8 such expenses, losses, and costs are allowed as deductions or costs to determine  
9 federal taxable income under the Internal Revenue Code. For purposes of this  
10 subsection, “expenses, losses, and costs” include losses related to or incurred directly  
11 or indirectly in connection with factoring transactions and discounting transactions;  
12 royalty, patent, technical, and copyright fees; licensing fees; and other similar  
13 expenses and costs.

14 **SECTION 18.** 71.42 (4m) of the statutes is created to read:

15 71.42 (4m) “Related entity” means any person related to a taxpayer as provided  
16 under section 267, 318, or 1563 of the Internal Revenue Code during all or a portion  
17 of the taxpayer’s taxable year.

18 **SECTION 19.** 71.45 (2) (a) 16. of the statutes is created to read:

19 71.45 (2) (a) 16. By adding to federal taxable income any amount deducted or  
20 excluded under the Internal Revenue Code for management and service fees,  
21 interest expenses and costs, intangible expenses and costs, and any other expenses  
22 and costs directly or indirectly paid, accrued, or incurred to, or in connection directly  
23 or indirectly with one or more direct or indirect transactions with, one or more  
24 related entities.

25 **SECTION 20.** 71.738 (3m) of the statutes is created to read:



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1           71.738 **(3m)** “Related entity” means any person related to a taxpayer as  
2 provided under section 267, 318, or 1563 of the Internal Revenue Code during all or  
3 a portion of the taxpayer’s taxable year.

4           **SECTION 21.** 71.80 (23) of the statutes is created to read:

5           71.80 **(23)** TRANSACTIONS. (a) Subject to par. (b), if the department asserts the  
6 sham transaction doctrine, or any other related tax doctrine, to disallow the tax  
7 consequences, as asserted by the taxpayer, of a transaction, the department may  
8 allow the tax consequences, as asserted by the taxpayer, of the transaction, if the  
9 taxpayer demonstrates by clear and convincing evidence that the transaction had a  
10 valid, good faith, business purpose other than tax avoidance and had economic  
11 substance apart from any tax benefit asserted by the taxpayer.

12           (b) For all instances in which the department disallows the tax consequences,  
13 as asserted by the taxpayer, of a transaction, the department may allow the tax  
14 consequences, as asserted by the taxpayer, of the transaction, if the taxpayer  
15 demonstrates by clear and convincing evidence that the transaction’s nontaxable  
16 business purpose, as asserted by the taxpayer, is commensurate with the  
17 transaction’s tax benefit, as asserted by the taxpayer.

18           (c) The adjustments under ss. 71.05 (6) (a) 21., 71.26 (2) (a) 6., 71.34 (1) (j), and  
19 71.45 (2) (a) 16. shall not apply to any expenses or costs if all of the following apply  
20 to the expenses or costs:

21           1. The transaction to which the expenses or costs are related did not have tax  
22 avoidance as its principal purpose.

23           2. The related entity to whom the taxpayer paid interest expenses or costs,  
24 intangible expenses, or management or service fees during the taxable year directly  
25 or indirectly paid, accrued, or incurred such amounts to a person who is not a related

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1 entity. For purposes of this subdivision, “interest” means interest on a debt for which  
2 the taxpayer is the guarantor, if the interest rate is the market rate in effect at the  
3 time of the debt’s origination, but excludes interest that is paid in connection with  
4 any debt that is incurred to acquire the taxpayer’s assets or stock under section 368  
5 of the Internal Revenue Code.

6 3. The related entity was subject to tax on its net income in this state, or any  
7 state, U.S. possession, or foreign country; a measure of the tax paid included the  
8 interest income, intangible income, or management or service fees received from the  
9 taxpayer; and the tax rate applied to the interest income, intangible income, or  
10 management or service fees was not less than 3 percentage points below the tax rate  
11 that would have applied under s. 71.27. For purposes of this subdivision, “any state,  
12 U.S. possession, or foreign country” does not include any state, U.S. possession, or  
13 foreign country under the laws of which the taxpayer files or could have elected to  
14 file with the related entity, or the related entity files or could have elected to file with  
15 another entity, a combined income tax report or return, a consolidated income tax  
16 report or return, or any other report or return that is due because of the imposition  
17 of a tax that is measured on or by income, if the report of return results in eliminating  
18 the tax effects of transactions directly or indirectly between either the taxpayer and  
19 the related entity or between the related entity and another entity.

20 **SECTION 22.** 74.09 (3) (b) 3. of the statutes is amended to read:

21 74.09 (3) (b) 3. The tax levied on the property by the school district where the  
22 property is located ~~minus the credit under s. 79.10 (4) allocable to the property,~~ for  
23 the previous year and the current year, and the percentage change in that net tax  
24 between those years.

25 **SECTION 23.** 77.52 (2) (a) 13. of the statutes is created to read:

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1           77.52 (2) (a) 13. The lease of luxury boxes, sky boxes, and club seats at a sports  
2 facility, if the sale of admissions to sporting events at the facility is subject to the tax  
3 imposed under this section.

4           **SECTION 24.** 79.10 (1) (b) of the statutes is repealed.

5           **SECTION 25.** 79.10 (1) (e) of the statutes is repealed.

6           **SECTION 26.** 79.10 (1m) (b) of the statutes is amended to read:

7           79.10 (1m) (b) Counties and municipalities shall submit to the department of  
8 revenue all data related to the ~~lottery and gaming~~ homeowner's tax credit and  
9 requested by the department of revenue.

10          **SECTION 27.** 79.10 (2) of the statutes is amended to read:

11          79.10 (2) NOTICE TO MUNICIPALITIES. On or before December 1 of the year  
12 preceding the distribution under sub. (7m) (a), the department of revenue shall  
13 notify the clerk of each town, village, and city of the estimated fair market value, as  
14 determined under sub. (11), to be used to calculate the ~~lottery and gaming~~  
15 homeowner's tax credit under sub. (5) and of the amount to be distributed to it under  
16 sub. (7m) (a) on the following 4th Monday in July. ~~The anticipated receipt of such~~  
17 ~~distribution shall not be taken into consideration in determining the tax rate of the~~  
18 ~~municipality but shall be applied as tax credits.~~

19          **SECTION 28.** 79.10 (4) of the statutes is repealed.

20          **SECTION 29.** 79.10 (5) of the statutes is amended to read:

21          79.10 (5) ~~LOTTERY AND GAMING~~ HOMEOWNER'S TAX CREDIT. Each municipality  
22 shall receive, from the ~~appropriation~~ appropriations under s. 20.835 (3) (bm) and (q),  
23 an amount determined by multiplying the school tax rate by the estimated fair  
24 market value, ~~not exceeding the value~~ as determined under sub. (11), but not to  
25 exceed \$60,000, of every principal dwelling that is located in the municipality and

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1 for which a claim for the credit under sub. (9) (bm) is made by the owner of the  
2 principal dwelling.

3 **SECTION 30.** 79.10 (6m) (a) of the statutes is amended to read:

4 79.10 **(6m)** (a) Except as provided in pars. (b) and (c), if the department of  
5 administration or the department of revenue determines by October 1 of the year of  
6 any distribution under ~~subs. (4) and sub.~~ (5) that there was an overpayment or  
7 underpayment made in that year's distribution by the department of administration  
8 to municipalities, as determined under ~~subs. (4) and sub.~~ (5), because of an error by  
9 the department of administration, the department of revenue or any municipality,  
10 the overpayment or underpayment shall be corrected as provided in this paragraph.  
11 Any overpayment shall be corrected by reducing the subsequent year's distribution,  
12 as determined under ~~subs. (4) and sub.~~ (5), by an amount equal to the amount of the  
13 overpayment. Any underpayment shall be corrected by increasing the subsequent  
14 year's distribution, as determined under ~~subs. (4) and sub.~~ (5), by an amount equal  
15 to the amount of the underpayment. Corrections shall be made in the distributions  
16 to all municipalities affected by the error. Corrections shall be without interest.

17 **SECTION 31.** 79.10 (7m) (a) of the statutes is repealed.

18 **SECTION 32.** 79.10 (7m) (b) (title) of the statutes is amended to read:

19 79.10 **(7m)** (b) (title) ~~Lottery and gaming~~ Homeowner's tax credit.

20 **SECTION 33.** 79.10 (7m) (b) 1. of the statutes is amended to read:

21 79.10 **(7m)** (b) 1. The amount determined under sub. (5) with respect to claims  
22 filed for which the town, village, or city has furnished notice under sub. (1m) by  
23 March 1 shall be distributed from the ~~appropriation~~ appropriations under s. 20.835  
24 (3) (bm) and (q) by the department of administration on the 4th Monday in March.

25 **SECTION 34.** 79.10 (9) (b) of the statutes is repealed.

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1           **SECTION 35.** 79.10 (9) (bm) of the statutes is amended to read:

2           79.10 **(9)** (bm) ~~Lottery and gaming~~ Homeowner's tax credit. Except as provided  
3 in ss. 79.175 and 79.18, a ~~lottery and gaming~~ homeowner's tax credit shall be  
4 allocated to every principal dwelling for which a credit is claimed under sub. (10) in  
5 an amount determined by multiplying the estimated fair market value of the  
6 principal dwelling, ~~not exceeding the value as~~ determined under sub. (11), but not  
7 to exceed \$60,000, by the school tax rate.

8           **SECTION 36.** 79.10 (9) (c) 1. of the statutes is renumbered 79.10 (9) (c) and  
9 amended to read:

10           79.10 **(9)** (c) The ~~lottery and gaming~~ homeowner's tax credit under par. (bm)  
11 shall reduce the property taxes otherwise payable on property that is eligible for that  
12 credit and if the property owner completes the information required under sub. (10)  
13 (a) or (b).

14           **SECTION 37.** 79.10 (9) (c) 2. of the statutes is repealed.

15           **SECTION 38.** 79.10 (10) (title) of the statutes is amended to read:

16           79.10 **(10)** (title) CLAIMING THE ~~LOTTERY AND GAMING~~ HOMEOWNER'S TAX CREDIT.

17           **SECTION 39.** 79.10 (10) (a) of the statutes, as affected by 2003 Wisconsin Act 33,  
18 is amended to read:

19           79.10 **(10)** (a) Beginning with property taxes levied in ~~1999~~ 2004, the owner of  
20 a principal dwelling may claim the credit under sub. (9) (bm) by applying for the  
21 credit on a form prescribed by the department of revenue. A claimant shall attest  
22 that, as of the certification date, the claimant is an owner of property and that such  
23 property is used by the owner in the manner specified under sub. (1) (dm). The  
24 certification date is January 1 of the year in which the property taxes are levied. The  
25 claimant shall file the application for the ~~lottery and gaming~~ homeowner's tax credit

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1 with the treasurer of the county in which the property is located or, if the property  
2 is located in a city that collects taxes under s. 74.87, with the treasurer of the city in  
3 which the property is located. Subject to review by the department of revenue, a  
4 treasurer who receives a completed application shall direct that the property  
5 described in the application be identified on the next tax roll as property for which  
6 the owner is entitled to receive a ~~lottery and gaming~~ homeowner's tax credit. A claim  
7 that is made under this paragraph is valid for as long as the property is eligible for  
8 the credit under sub. (9) (bm).

9 **SECTION 40.** 79.10 (10) (bm) 1. of the statutes, as affected by 2003 Wisconsin  
10 Act 33, is amended to read:

11 79.10 (10) (bm) 1. A person who is eligible for a credit under sub. (9) (bm) but  
12 whose property tax bill does not reflect the credit may claim the credit by applying  
13 to the treasurer of the taxation district in which the property is located for the credit  
14 under par. (a) by January 31 following the issuance of the person's property tax bill.  
15 The treasurer shall compute the amount of the credit; subtract the amount of the  
16 credit from the person's property tax bill; notify the person of the reduced amount of  
17 the property taxes due; issue a refund to the person if the person has paid the  
18 property taxes in full; and enter the person's property on the next tax roll as property  
19 that qualifies for a ~~lottery and gaming~~ homeowner's tax credit. Claims made under  
20 this subdivision are valid for as long as the property is eligible for the credit under  
21 sub. (9) (bm).

22 **SECTION 41.** 79.10 (10) (bm) 2. of the statutes, as affected by 2003 Wisconsin  
23 Act 33, is amended to read:

24 79.10 (10) (bm) 2. A person who may apply for a credit under subd. 1. but who  
25 does not timely apply for the credit under subd. 1. may apply to the department of

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1 revenue no later than October 1 following the issuance of the person's property tax  
2 bill. Subject to review by the department, the department shall compute the amount  
3 of the credit; issue a check to the person in the amount of the credit; and notify the  
4 treasurer of the county in which the person's property is located or the treasurer of  
5 the taxation district in which the person's property is located, if the taxation district  
6 collects taxes under s. 74.87. The treasurer shall enter the person's property on the  
7 next tax roll as property that qualifies for a ~~lottery and gaming~~ homeowner's tax  
8 credit. Claims made under this subdivision are valid for as long as the property is  
9 eligible for the credit under sub. (9) (bm).

10 **SECTION 42.** 79.10 (11) (title) of the statutes is amended to read:

11 79.10 (11) (title) ~~LOTTERY AND GAMING~~ HOMEOWNER'S TAX CREDIT ESTIMATED FAIR  
12 MARKET VALUE.

13 **SECTION 43.** 79.10 (11) (b) of the statutes, as affected by 2003 Wisconsin Act 33,  
14 is amended to read:

15 79.10 (11) (b) Before October 16, the department of administration shall  
16 determine the total funds available for distribution under the ~~lottery and gaming~~  
17 homeowner's tax credit in the following year and shall inform the joint committee on  
18 finance of that total. Total funds available for distribution shall be \$469,305,000  
19 from s. 20.835 (3) (bm) plus all moneys projected to be transferred to the lottery fund  
20 under ss. 20.455 (2) (g) and 20.505 (8) (am), (g) and (jm) and all existing and projected  
21 lottery proceeds and interest for the fiscal year of the distribution, less the amount  
22 estimated to be expended under ss. 20.455 (2) (r), 20.566 (2) (r), and 20.835 (2) (q) and  
23 less the required reserve under s. 20.003 (5). The joint committee on finance may  
24 revise the total amount to be distributed if it does so at a meeting that takes place  
25 before November 1. If the joint committee on finance does not schedule a meeting

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1 to take place before November 1, the total determined by the department of  
2 administration shall be the total amount estimated to be distributed under the  
3 ~~lottery and gaming~~ homeowner's tax credit in the following year.

4 **SECTION 44.** 79.10 (11) (c) of the statutes is amended to read:

5 79.10 (11) (c) Before November 1, the department of administration shall  
6 inform the department of revenue of the total amount available for distribution  
7 under the ~~lottery and gaming~~ homeowner's tax credit in the following year. Before  
8 December 1, the department of revenue shall calculate, to the nearest \$100, the  
9 estimated fair market value necessary to distribute the total amount available for  
10 distribution under the ~~lottery and gaming~~ homeowner's tax credit in the following  
11 year.

12 **SECTION 45.** 79.11 (3) (b) of the statutes is amended to read:

13 79.11 (3) (b) Notwithstanding ss. 74.11 (2) (b) and 74.12 (2) (b), the ~~lottery and~~  
14 ~~gaming~~ homeowner's tax credit shall be deducted in its entirety from the first  
15 installment. This paragraph does not apply to the payment of taxes in installments  
16 under s. 74.87.

17 **SECTION 46.** 79.14 of the statutes is repealed.

18 **SECTION 47.** 565.02 (7) of the statutes is amended to read:

19 565.02 (7) Not later than March 1 of each year, the department shall submit  
20 to the joint committee on finance a report that includes an estimate for that fiscal  
21 year and for the subsequent fiscal year of the gross revenues from the sale of lottery  
22 tickets and lottery shares, the total amount paid as prizes and the prize payout ratio  
23 for each type of lottery game offered, and an evaluation of the effect of prize payout  
24 ratios of lottery games on lottery sales, lottery operating costs and on maximizing the  
25 revenue available for the ~~lottery and gaming property~~ homeowner's tax credit. If,



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1 within 14 working days after the date on which the committee receives the report,  
2 the cochairpersons of the committee notify the department that the committee has  
3 scheduled a meeting for the purpose of reviewing the department's proposed prize  
4 payouts, the department may proceed with its plans for the prize payouts for the  
5 subsequent fiscal year only upon approval of the plans by the committee. If the  
6 cochairpersons of the committee do not notify the department within 14 working  
7 days after the date on which the committee receives the report that the committee  
8 has scheduled a meeting for the purpose of reviewing the department's proposed  
9 prize payouts, the department's plans for the prize payouts for the subsequent fiscal  
10 year are considered approved by the committee.

**SECTION 48. Nonstatutory provisions.**

11  
12 (1) HOMEOWNER'S TAX CREDIT. An application for the lottery and gaming credit  
13 under section 79.10 (10) of the statutes, 2001 stats., shall be considered to be an  
14 application for the homeowner's tax credit under section 79.10 (10) of the statutes,  
15 as affected by this act, and any valid claim for the lottery and gaming credit under  
16 section 79.10 (10) of the statutes, 2001 stats., shall be considered to be a valid claim  
17 for the homeowner's tax credit under section 79.10 (10) of the statutes, as affected  
18 by this act.

**SECTION 49. Initial applicability.**

19  
20 (1) HOMEOWNER'S TAX CREDIT. The treatment of sections 20.566 (2) (am) and (r),  
21 20.835 (3) (b), (bm), (q), and (s), 74.09 (3) (b) 3., 79.10 (1) (b) and (e), (1m) (b), (2), (4),  
22 (5), (6m) (a), (7m) (a) and (b) (title) and 1., (9) (b), (bm), and (c) 1. and 2., (10) (title)  
23 and (a), (bm) 1. and 2., and (11) (title), (b), and (c), 79.11 (3) (b), 79.14, and 565.02 (7)  
24 of the statutes first applies to property taxes levied in 2004.

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1 (2) COMPUTERS. The treatment of sections 70.11 (39) of the statutes first applies  
2 to the property tax assessments as of January 1, 2004.

3 (3) SCHOOL PROPERTY INCOME TAX CREDIT. The treatment of section 71.07 (9) (b)  
4 5. of the statutes first applies to taxable years beginning on January 1,, 2004.

5 (4) RELATED ENTITIES. The treatment of sections 71.01 (5p) and (9b), 71.05 (6)  
6 (a) 21., 71.22 (3m) and (9b), 71.26 (2) (a) (intro.) and 6., 71.34 (1) (j), 71.42 (1p) and  
7 (4m), 71.45 (2) (a) 16., 71.738 (3m), and 71.80 (23) of the statutes first applies to  
8 taxable years beginning on January 1, 2004.

9 **SECTION 50. Effective date.**

10 (1) LUXURY BOXES. The treatment of sections 77.52 (2) (a) 13. of the statutes  
11 takes effect on the first day of the 2nd month beginning after publication.

12 (END)