



2023 SENATE BILL 456

September 29, 2023 - Introduced by Senators SPREITZER, L. JOHNSON, AGARD, CARPENTER, HESSELBEIN, LARSON, PFAFF, ROYS, TAYLOR and WIRCH, cosponsored by Representatives BARE, RIEMER, J. ANDERSON, ANDRACA, BALDEH, CABRERA, CONSIDINE, GOYKE, JACOBSON, JOERS, MADISON, OHNSTAD, ORTIZ-VELEZ, PALMERI, RATCLIFF, SHANKLAND, SINICKI, SNODGRASS, VINING, CLANCY and HAYWOOD. Referred to Committee on Universities and Revenue.

1 **AN ACT to repeal** 71.54 (1) (g) 5. and 71.54 (1) (g) 7.; **to amend** 71.54 (1) (g)
2 (intro.), 71.54 (1) (g) 4., 71.54 (1) (g) 6. (intro.), 71.54 (2) (b) 4. and 71.54 (2m);
3 and **to create** 71.54 (1) (h) and 71.54 (2) (b) 5. of the statutes; **relating to:**
4 expanding the homestead income tax credit.

Analysis by the Legislative Reference Bureau

Under current law, the homestead tax credit is a refundable income tax credit that may be claimed by homeowners and renters. The credit is based on the claimant's household income and the amount of property taxes or rent constituting property taxes on his or her Wisconsin homestead. Because the credit is refundable, if the credit exceeds the claimant's income tax liability, he or she receives the excess as a refund check. Under current law, there are three key dollar amounts used when calculating the credit:

1. If household income is \$8,060 or less, the credit is 80 percent of the property taxes or rent constituting property taxes. If household income exceeds \$8,060, the property taxes or rent constituting property taxes are reduced by 8.785 percent of the household income exceeding \$8,060, and the credit is 80 percent of the reduced property taxes or rent constituting property taxes.
2. The credit may not be claimed if household income exceeds \$24,680.
3. The maximum property taxes or rent constituting property taxes used to calculate the credit is \$1,460.

Beginning with claims filed for the 2023 tax year, this bill reduces the percentage used for household income over \$8,060 from 8.785 to 5.614 percent and

SENATE BILL 456

increases the maximum income amount from \$24,680 to \$35,000. The bill also indexes the \$8,060, \$35,000, and \$1,460 amounts for inflation during future tax years.

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.** 71.54 (1) (g) (intro.) of the statutes is amended to read:

2 71.54 (1) (g) ~~2012 and thereafter~~ to 2023. (intro.) The amount of any claim filed
3 in 2012 ~~and thereafter~~ to 2023 and based on property taxes accrued or rent
4 constituting property taxes accrued during the previous year is limited as follows:

5 **SECTION 2.** 71.54 (1) (g) 4. of the statutes is amended to read:

6 71.54 (1) (g) 4. ~~Except as provided in subds. 5. and 7., for~~ For claims filed in 2018
7 and thereafter and based on property taxes accrued or rent constituting property
8 taxes accrued during the previous year, no credit may be allowed under this
9 paragraph if the claimant has no earned income in the taxable year to which the
10 claim relates unless the claimant is disabled and provides the proof required under
11 subd. 6. or the claimant or the claimant's spouse is over the age of 61 at the close of
12 the year to which the claim relates.

13 **SECTION 3.** 71.54 (1) (g) 5. of the statutes is repealed.

14 **SECTION 4.** 71.54 (1) (g) 6. (intro.) of the statutes is amended to read:

15 71.54 (1) (g) 6. (intro.) ~~With regard to a claimant who is disabled, the~~ A claimant
16 who is disabled shall provide with his or her return proof that his or her disability
17 is in effect for the taxable year to which the claim relates. Proof of disability may be
18 demonstrated by any of the following:

19 **SECTION 5.** 71.54 (1) (g) 7. of the statutes is repealed.

SENATE BILL 456**SECTION 6**

1 **SECTION 6.** 71.54 (1) (h) of the statutes is created to read:

2 71.54 (1) (h) *2024 and thereafter*. Subject to sub. (2m), the amount of any claim
3 filed in 2024 and thereafter and based on property taxes accrued or rent constituting
4 property taxes accrued during the previous year is limited as follows:

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

8 2. If the household income was more than \$8,060 in the year to which the claim
9 relates, the claim is limited to 80 percent of the amount by which the property taxes
10 accrued or rent constituting property taxes accrued or both in that year on the
11 claimant's homestead exceeds 5.614 percent of the household income exceeding
12 \$8,060.

13 3. No credit may be allowed if the household income exceeds \$35,000.

14 4. Notwithstanding the time limitations described in par. (g) (intro.), the
15 provisions of par. (g) 4. apply to claims filed under this paragraph.

16 **SECTION 7.** 71.54 (2) (b) 4. of the statutes is amended to read:

17 71.54 (2) (b) 4. In calendar years 2011 ~~or any subsequent calendar year to 2022~~,
18 \$1,460.

19 **SECTION 8.** 71.54 (2) (b) 5. of the statutes is created to read:

20 71.54 (2) (b) 5. Subject to sub. (2m), in calendar year 2023 or any subsequent
21 calendar year, \$1,460.

22 **SECTION 9.** 71.54 (2m) of the statutes is amended to read:

23 71.54 (2m) INDEXING FOR INFLATION; ~~2010 2024 AND THEREAFTER~~. (a) For calendar
24 years beginning after December 31, 2009, ~~and before January 1, 2011~~ 2023, the dollar
25 amounts of the threshold income under sub. (1) (~~f~~) (h) 1. and 2., the maximum

SENATE BILL 456**SECTION 9**

1 household income under sub. (1) ~~(f)~~ (h) 3., and the maximum property taxes under
2 sub. (2) (b) ~~3.~~ 5. shall be increased each year by a percentage equal to the percentage
3 change between the U.S. consumer price index for all urban consumers, U.S. city
4 average, for the 12-month average of the U.S. consumer price index for the month
5 of August of the year before the previous year through the month of July of the
6 previous year and the U.S. consumer price index for all urban consumers, U.S. city
7 average, for the 12-month average of the U.S. consumer price index for August ~~2007~~
8 2021 through July ~~2008~~ 2022, as determined by the federal department of labor,
9 except that the adjustment may occur only if the percentage is a positive number.
10 Each amount that is revised under this paragraph shall be rounded to the nearest
11 multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount
12 is a multiple of \$5, such an amount shall be increased to the next higher multiple of
13 \$10. The department of revenue shall annually adjust the changes in dollar amounts
14 required under this paragraph and incorporate the changes into the income tax
15 forms and instructions.

16 (b) The department of revenue shall annually adjust the slope under sub. (1)
17 ~~(f)~~ (h) 2. ~~such so~~ that, as a claimant's income increases from the threshold income as
18 ~~calculated~~ adjusted under par. (a), to an amount that exceeds the maximum
19 household income as ~~calculated~~ adjusted under par. (a), the credit that may be
20 claimed is reduced to \$0, and the department of revenue shall incorporate the
21 changes into the income tax forms and instructions.

SECTION 10. Initial applicability.

22
23 (1) HOMESTEAD TAX CREDIT. The treatment of s. 71.54 (1) (h) first applies to
24 claims filed for taxable years beginning after December 31, 2022.

25 (END)