



## 2017 ASSEMBLY BILL 172

March 20, 2017 - Introduced by Representatives RIEMER, ANDERSON, BOWEN, CROWLEY, GENRICH, GOYKE, KOLSTE, SARGENT, YOUNG and ZAMARRIPA, cosponsored by Senator JOHNSON. Referred to Committee on Ways and Means.

1     **AN ACT to amend** 71.06 (1q) (intro.), 71.06 (2) (i) (intro.), 71.06 (2) (j) (intro.),  
2             71.06 (2e) (a), 71.06 (2e) (b), 71.06 (2m), 71.06 (2s) (d), 71.125 (1), 71.125 (2),  
3             71.17 (6), 71.64 (9) (b) (intro.), 71.67 (5) (a) and 71.67 (5m); and **to create** 71.06  
4             (1r), 71.06 (2) (k), 71.06 (2) (L), 71.06 (2e) (bg), 71.07 (6i) and 71.10 (4) (cs) of the  
5             statutes; **relating to:** creating a nonrefundable individual income tax credit for  
6             certain taxpayers and a new top individual income tax bracket.

---

### *Analysis by the Legislative Reference Bureau*

This bill creates a nonrefundable individual income tax credit for taxpayers with Wisconsin taxable income (WTI) below certain income thresholds. The credit phases out for taxpayers with WTI above these thresholds. Income thresholds and phase-out rates vary by filing status as follows:

1. For an individual who files as a single individual or head of household, the maximum credit amount is \$200 if the claimant's WTI in the year to which the claim relates is less than \$75,000. The maximum credit phases out from \$200 to zero as the claimant's WTI increases from \$75,000 to \$112,500.

2. For a married couple that files a joint return, the maximum credit amount is \$200 if the sum of the claimant's WTI and his or her spouse's WTI in the year to which the claim relates is less than \$100,000. The maximum credit phases out from \$200 to zero as the couple's household WTI increases from \$100,000 to \$150,000. For a married couple that files separately, the maximum credit amount is \$100 if the

**ASSEMBLY BILL 172**

claimant's WTI in the year to which the claim relates is less than \$50,000. The maximum credit phases out from \$100 to zero as the claimant's WTI increases from \$50,000 to \$75,000. Generally, both spouses of a married couple may claim the credit if they file separate returns.

Because the credit is nonrefundable, no refund is paid if the amount of the credit exceeds the taxpayer's tax liability. Part-year and nonresidents of this state may not claim the credit.

The bill also creates a fifth individual income tax bracket and a new tax rate for this bracket. For those who file as a single individual, fiduciary, or head of household, the new top rate is 8.88 percent on taxable income above \$750,000. For married joint filers, the new 8.88 percent rate applies to taxable income above \$1,000,000, and this new rate applies to married separate filers on taxable income above \$500,000. As is the case under the current law brackets, the new bracket amounts are indexed for inflation.

The bill first applies to taxable years beginning on January 1, 2017.

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.** 71.06 (1q) (intro.) of the statutes is amended to read:

2           71.06 **(1q)** FIDUCIARIES, SINGLE INDIVIDUALS, AND HEADS OF HOUSEHOLDS; ~~AFTER~~  
3           2012 TO 2016. (intro.) The tax to be assessed, levied, and collected upon the taxable  
4           incomes of all fiduciaries, except fiduciaries of nuclear decommissioning trust or  
5           reserve funds, and single individuals and heads of households shall be computed at  
6           the following rates for taxable years beginning after December 31, 2012, and before  
7           January 1, 2017:

8           **SECTION 2.** 71.06 (1r) of the statutes is created to read:

9           71.06 **(1r)** FIDUCIARIES, SINGLE INDIVIDUALS, AND HEADS OF HOUSEHOLDS; AFTER  
10          2016. The tax to be assessed, levied, and collected upon the taxable incomes of all  
11          fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and  
12          single individuals and heads of households shall be computed at the following rates  
13          for taxable years beginning after December 31, 2016:

**ASSEMBLY BILL 172**

1 (a) On all taxable income from \$0 to \$11,230, 4.0 percent.

2 (b) On all taxable income exceeding \$11,230 but not exceeding \$22,470, 5.84  
3 percent.

4 (c) On all taxable income exceeding \$22,470 but not exceeding \$247,350, 6.27  
5 percent.

6 (d) On all taxable income exceeding \$247,350 but not exceeding \$750,000, 7.65  
7 percent.

8 (e) On all taxable income exceeding \$750,000, 8.88 percent.

9 **SECTION 3.** 71.06 (2) (i) (intro.) of the statutes is amended to read:

10 71.06 (2) (i) (intro.) For joint returns, for taxable years beginning after  
11 December 31, 2012, and before January 1, 2017:

12 **SECTION 4.** 71.06 (2) (j) (intro.) of the statutes is amended to read:

13 71.06 (2) (j) (intro.) For married persons filing separately, for taxable years  
14 beginning after December 31, 2012, and before January 1, 2017:

15 **SECTION 5.** 71.06 (2) (k) of the statutes is created to read:

16 71.06 (2) (k) For joint returns, for taxable years beginning after  
17 December 31, 2016:

18 1. On all taxable income from \$0 to \$14,980, 4.0 percent.

19 2. On all taxable income exceeding \$14,980 but not exceeding \$29,960, 5.84  
20 percent.

21 3. On all taxable income exceeding \$29,960 but not exceeding \$329,810, 6.27  
22 percent.

23 4. On all taxable income exceeding \$329,810 but not exceeding \$1,000,000, 7.65  
24 percent.

25 5. On all taxable income exceeding \$1,000,000, 8.88 percent.

**ASSEMBLY BILL 172****SECTION 6**

1           **SECTION 6.** 71.06 (2) (L) of the statutes is created to read:

2           71.06 (2) (L) For married persons filing separately, for taxable years beginning  
3 after December 31, 2016:

4           1. On all taxable income from \$0 to \$7,490, 4.0 percent.

5           2. On all taxable income exceeding \$7,490 but not exceeding \$14,980, 5.84  
6 percent.

7           3. On all taxable income exceeding \$14,980 but not exceeding \$164,900, 6.27  
8 percent.

9           4. On all taxable income exceeding \$164,900 but not exceeding \$500,000, 7.65  
10 percent.

11           5. On all taxable income exceeding \$500,000, 8.88 percent.

12           **SECTION 7.** 71.06 (2e) (a) of the statutes is amended to read:

13           71.06 (2e) (a) For taxable years beginning after December 31, 1998, and before  
14 January 1, 2000, the maximum dollar amount in each tax bracket, and the  
15 corresponding minimum dollar amount in the next bracket, under subs. (1m) and (2)  
16 (c) and (d), and for taxable years beginning after December 31, 1999, and before  
17 January 1, 2017, the maximum dollar amount in each tax bracket, and the  
18 corresponding minimum dollar amount in the next bracket, under subs. (1n), (1p) (a)  
19 to (c), (1q) (a) and (b), and (2) (e), (f), (g) 1. to 3., (h) 1. to 3., (i) 1. and 2., and (j) 1. and  
20 2., shall be increased each year by a percentage equal to the percentage change  
21 between the U.S. consumer price index for all urban consumers, U.S. city average,  
22 for the month of August of the previous year and the U.S. consumer price index for  
23 all urban consumers, U.S. city average, for the month of August 1997, as determined  
24 by the federal department of labor, except that for taxable years beginning after  
25 December 31, 2000, and before January 1, 2002, the dollar amount in the top bracket

**ASSEMBLY BILL 172**

1 under subs. (1p) (c) and (d), (2) (g) 3. and 4. and (h) 3. and 4. shall be increased by a  
2 percentage equal to the percentage change between the U.S. consumer price index  
3 for all urban consumers, U.S. city average, for the month of August of the previous  
4 year and the U.S. consumer price index for all urban consumers, U.S. city average,  
5 for the month of August 1999, as determined by the federal department of labor,  
6 except that for taxable years beginning after December 31, 2011, the adjustment may  
7 occur only if the resulting amount is greater than the corresponding amount that was  
8 calculated for the previous year.

9 **SECTION 8.** 71.06 (2e) (b) of the statutes is amended to read:

10 71.06 (2e) (b) For taxable years beginning after December 31, 2009, and before  
11 January 1, 2017, the maximum dollar amount in each tax bracket, and the  
12 corresponding minimum dollar amount in the next bracket, under subs. (1p) (d), (1q)  
13 (c), and (2) (g) 4., (h) 4., (i) 3., and (j) 3., and the dollar amount in the top bracket under  
14 subs. (1p) (e), (1q) (d), and (2) (g) 5., (h) 5., (i) 4., and (j) 4., shall be increased each year  
15 by a percentage equal to the percentage change between the U.S. consumer price  
16 index for all urban consumers, U.S. city average, for the month of August of the  
17 previous year and the U.S. consumer price index for all urban consumers, U.S. city  
18 average, for the month of August 2008, as determined by the federal department of  
19 labor, except that for taxable years beginning after December 31, 2011, the  
20 adjustment may occur only if the resulting amount is greater than the corresponding  
21 amount that was calculated for the previous year.

22 **SECTION 9.** 71.06 (2e) (bg) of the statutes is created to read:

23 71.06 (2e) (bg) For taxable years beginning after December 31, 2016, the dollar  
24 amount in each tax bracket under subs. (1r) and (2) (k) and (L) shall be increased each  
25 year by a percentage equal to the percentage change between the U.S. consumer

**ASSEMBLY BILL 172****SECTION 9**

1 price index for all urban consumers, U.S. city average, for the month of August of the  
2 previous year and the U.S. consumer price index for all urban consumers, U.S. city  
3 average, for the month of August 2015, as determined by the federal department of  
4 labor, except that for taxable years beginning after December 31, 2017, the  
5 adjustment may occur only if the resulting amount is greater than the corresponding  
6 amount that was calculated for the previous year.

7 **SECTION 10.** 71.06 (2m) of the statutes is amended to read:

8 71.06 **(2m)** RATE CHANGES. If a rate under sub. (1), (1m), (1n), (1p), (1q), (1r),  
9 or (2) changes during a taxable year, the taxpayer shall compute the tax for that  
10 taxable year by the methods applicable to the federal income tax under section 15 of  
11 the Internal Revenue Code.

12 **SECTION 11.** 71.06 (2s) (d) of the statutes is amended to read:

13 71.06 **(2s)** (d) For taxable years beginning after December 31, 2000, with  
14 respect to nonresident individuals, including individuals changing their domicile  
15 into or from this state, the tax brackets under subs. (1p), (1q), (1r), and (2) (g), (h),  
16 (i), ~~and (j), (k), and (L)~~ shall be multiplied by a fraction, the numerator of which is  
17 Wisconsin adjusted gross income and the denominator of which is federal adjusted  
18 gross income. In this paragraph, for married persons filing separately “adjusted  
19 gross income” means the separate adjusted gross income of each spouse, and for  
20 married persons filing jointly “adjusted gross income” means the total adjusted gross  
21 income of both spouses. If an individual and that individual’s spouse are not both  
22 domiciled in this state during the entire taxable year, the tax brackets under subs.  
23 (1p), (1q), (1r), and (2) (g), (h), (i), ~~and (j), (k), and (L)~~ on a joint return shall be  
24 multiplied by a fraction, the numerator of which is their joint Wisconsin adjusted

**ASSEMBLY BILL 172**

1 gross income and the denominator of which is their joint federal adjusted gross  
2 income.

3 **SECTION 12.** 71.07 (6i) of the statutes is created to read:

4 71.07 (6i) LOW- AND MODERATE-INCOME TAX CREDIT. (a) *Definitions.* In this  
5 subsection:

6 1. "Claimant" means an individual who claims a credit under this subsection.

7 2. "Household income" means the sum of the income of a claimant and the  
8 income of an individual related to the claimant as husband or wife.

9 3. "Income" means Wisconsin taxable income in the year to which the claim  
10 relates.

11 (b) *Filing claims.* Subject to the limitations provided in this subsection, for  
12 taxable years beginning after December 31, 2016, a claimant may claim as a credit  
13 against the tax imposed under s. 71.02, up to the amount of those taxes, one of the  
14 following amounts:

15 1. If the claimant files as a single individual or a head of household and the  
16 claimant's income is less than \$75,000, \$200

17 2. If the claimant files as a single individual or a head of household and the  
18 claimant's income is at least \$75,000, but less than \$112,500, an amount that is  
19 calculated as follows:

20 a. Calculate the value of a fraction, the denominator of which is \$37,500 and  
21 the numerator of which is the difference between the claimant's income and \$75,000.

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

23 c. Multiply \$200 by the amount that is calculated under subd. 2. b.

24 3. If the claimant is married and files a joint return and the claimant's  
25 household income is less than \$100,000, \$200.

**ASSEMBLY BILL 172****SECTION 12**

1           4. If the claimant is married and files a joint return and the claimant's  
2 household income is at least \$100,000 but less than \$150,000, an amount that is  
3 calculated as follows:

4           a. Calculate the value of a fraction, the denominator of which is \$50,000 and  
5 the numerator of which is the difference between the claimant's household income  
6 and \$100,000.

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

8           c. Multiply \$200 by the amount that is calculated under subd. 4. b.

9           5. If the claimant is married and files a separate return and the claimant's  
10 household income less than \$50,000, \$100.

11           6. If the claimant is married and files a separate return and the claimant's  
12 household income at least \$50,000, but less than \$75,000, an amount that is  
13 calculated as follows:

14           a. Calculate the value of a fraction, the denominator of which is \$25,000 and  
15 the numerator of which is the difference between the claimant's household income  
16 and \$50,000.

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

18           c. Multiply \$100 by the amount that is calculated under subd. 6. b.

19           (c) *Limitations.* 1. An individual may not claim the credit under this subsection  
20 if any of the following applies:

21           a. The individual files as a single individual or a head of household and the  
22 individual's income is at least \$112,500.

23           b. The individual is married and files a joint return and the individual's  
24 household income is at least \$150,000.



**ASSEMBLY BILL 172**

1 c. The individual is married and files a separate return and the individual's  
2 income is at least \$75,000.

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

5 3. No credit may be allowed under this subsection unless it is claimed within  
6 the time period under s. 71.75 (2).

7 4. If a married couple files separately, each spouse may claim the credit  
8 calculated under par. (b) 5. or 6., except a married person living apart from the other  
9 spouse and treated as single under section 7703 (b) of the Internal Revenue Code may  
10 claim the credit under par. (b) 1. or 2.

11 5. No credit may be allowed under this subsection for a taxable year covering  
12 a period of less than 12 months, except for a taxable year closed by reason of the death  
13 of the taxpayer.

14 (d) *Administration.* Subsection (9e) (d), to the extent that it applies to the credit  
15 under that subsection, applies to the credit under this subsection

16 **SECTION 13.** 71.10 (4) (cs) of the statutes is created to read:

17 71.10 (4) (cs) Low- and moderate-income tax credit under s. 71.07 (6i).

18 **SECTION 14.** 71.125 (1) of the statutes is amended to read:

19 71.125 (1) Except as provided in sub. (2), the tax imposed by this chapter on  
20 individuals and the rates under s. 71.06 (1), (1m), (1n), (1p), (1q), (1r), and (2) shall  
21 apply to the Wisconsin taxable income of estates or trusts, except nuclear  
22 decommissioning trust or reserve funds, and that tax shall be paid by the fiduciary.

23 **SECTION 15.** 71.125 (2) of the statutes is amended to read:

24 71.125 (2) Each electing small business trust, as defined in section 1361 (e) (1)  
25 of the Internal Revenue Code, is subject to tax at the highest rate under s. 71.06 (1),

**ASSEMBLY BILL 172****SECTION 15**

1 (1m), (1n), (1p), ~~or~~ (1q), or (1r), whichever taxable year is applicable, on its income  
2 as computed under section 641 of the Internal Revenue Code, as modified by s. 71.05  
3 (6) to (12), (19) and (20).

4 **SECTION 16.** 71.17 (6) of the statutes is amended to read:

5 71.17 (6) FUNERAL TRUSTS. If a qualified funeral trust makes the election under  
6 section 685 of the Internal Revenue Code for federal income tax purposes, that  
7 election applies for purposes of this chapter and each trust shall compute its own tax  
8 and shall apply the rates under s. 71.06 (1), (1m), (1n), (1p), ~~or~~ (1q), or (1r).

9 **SECTION 17.** 71.64 (9) (b) (intro.) of the statutes is amended to read:

10 71.64 (9) (b) (intro.) The department shall from time to time adjust the  
11 withholding tables to reflect any changes in income tax rates, any applicable surtax  
12 or any changes in dollar amounts in s. 71.06 (1), (1m), (1n), (1p), (1q), (1r), and (2)  
13 resulting from statutory changes, except as follows:

14 **SECTION 18.** 71.67 (5) (a) of the statutes is amended to read:

15 71.67 (5) (a) *Wager winnings.* A person holding a license to sponsor and  
16 manage races under s. 562.05 (1) (b) or (c) shall withhold from the amount of any  
17 payment of pari-mutuel winnings under s. 562.065 (3) (a) or (3m) (a) an amount  
18 determined by multiplying the amount of the payment by the highest rate applicable  
19 to individuals under s. 71.06 (1) (a) to (c), (1m), (1n), (1p), ~~or~~ (1q), or (1r) if the amount  
20 of the payment is more than \$1,000.

21 **SECTION 19.** 71.67 (5m) of the statutes is amended to read:

22 71.67 (5m) WITHHOLDING FROM PAYMENTS TO PURCHASE ASSIGNMENT OF LOTTERY  
23 PRIZE. A person that purchases an assignment of a lottery prize shall withhold from  
24 the amount of any payment made to purchase the assignment the amount that is  
25 determined by multiplying the amount of the payment by the highest rate applicable

**ASSEMBLY BILL 172**

1 to individuals under s. 71.06 (1) (a) to (c), (1m), (1n), (1p), ~~or (1q)~~, or (1r). Subsection  
2 (5) (b), (c) and (d), as it applies to the amounts withheld under sub. (5) (a), applies  
3 to the amount withheld under this subsection.

4 **(END)**