



State of Wisconsin
2023 - 2024 LEGISLATURE

LRBs0338/1
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**SENATE SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 1020**

February 20, 2024 - Offered by Senators PFAFF, AGARD, HESSELBEIN, L. JOHNSON,
LARSON, ROYS, SMITH, SPREITZER and WIRCH.

1 **AN ACT** *to amend* 71.10 (4) (i); and *to create* 20.835 (2) (ce) and 71.07 (9c) of the
2 statutes; **relating to:** a refundable income tax credit based on property taxes
3 paid and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill creates a refundable income tax credit for individuals whose property taxes, or rent that constitutes property taxes, exceed 4 percent of household income. The property taxes or rent must be for the individual's principal dwelling. The bill defines "rent constituting property taxes" to mean 20 percent of the rent if heat is included and 25 percent of the rent if heat is not included.

Under the bill, if the claimant's household income is less than \$100,000, the credit equals a percentage of the amount by which the property taxes, or rent constituting property taxes, exceed 4 percent of household income. The percentage is 10 percent for tax year 2024, 15 percent for tax year 2025, and 40 percent for tax year 2026 and for each tax year thereafter. The credit is phased out for claimants whose household income is at least \$100,000 but less than \$150,000, and may not be claimed if household income is \$150,000 or more.

The credit is reduced by the amount of homestead credit claimed by the individual and no credit may be claimed if the individual or the individual's spouse claims the veterans and surviving spouses property tax credit. The credit may be claimed only by full-year Wisconsin residents who cannot be claimed as a dependent

by another taxpayer. In addition, no individual may claim the credit for any taxable year in which the assessed value of the individual's property exceeds \$1,000,000.

Because the credit is refundable, if an individual is eligible to claim an amount as a credit that exceeds his or her income tax liability, the individual receives the excess as a refund.

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

1 **SECTION 1.** 20.835 (2) (ce) of the statutes is created to read:

2 20.835 (2) (ce) *Property tax credit.* A sum sufficient to make the payments
3 under s. 71.07 (9c) (c).

4 **SECTION 2.** 71.07 (9c) of the statutes is created to read:

5 71.07 (9c) **PROPERTY TAX CREDIT.** (a) *Definitions.* In this subsection:

6 1. "Claimant" means an individual whose household income is less than
7 \$125,000 and who files a claim under this subsection.

8 2. "Household" means a claimant and an individual related to the claimant as
9 husband or wife.

10 3. "Household income" means all income received by all persons of a household
11 in a calendar year while members of the household, less \$500 for each of the
12 claimant's dependents, as defined in 26 USC 152, who have the same principal abode
13 as the claimant for more than 6 months during the year to which the claim relates.

14 4. "Income" has the meaning given in s. 71.52 (6).

15 5. "Principal dwelling" has the meaning given in sub. (9) (a) 2.

16 6. "Property taxes" has the meaning given in sub. (9) (a) 3.

17 7. "Rent constituting property taxes" has the meaning given in sub. (9) (a) 4.

18 (b) *Filing claims.* For taxable years beginning after December 31, 2023, subject
19 to the limitations provided in this subsection, a claimant may claim as a credit

1 against the tax imposed under s. 71.02, up to the amount of those taxes, one of the
2 following amounts:

3 1. If the claimant's household income is less than \$100,000 in the year to which
4 the claim relates, an amount equal to the following percentage of the amount by
5 which the claimant's property taxes or rent constituting property taxes or both
6 exceed 4 percent of the claimant's household income:

7 a. For taxable years beginning after December 31, 2023, and before January
8 1, 2025, 10 percent.

9 b. For taxable years beginning after December 31, 2024, and before January
10 1, 2026, 15 percent.

11 c. For taxable years beginning after December 31, 2025, 40 percent.

12 2. If the claimant's household income is at least \$100,000 but less than
13 \$150,000 in the year to which the claim relates, an amount that is calculated as
14 follows:

15 a. Calculate the value of a fraction, the denominator of which is \$50,000 and
16 the numerator of which is the difference between the claimant's household income
17 and \$75,000.

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

19 c. Multiply the amount that is calculated under subd. 2. b. by an amount equal
20 to 50 percent of the amount by which the claimant's property taxes or rent
21 constituting property taxes or both exceed 4 percent of the claimant's household
22 income.

23 (c) *Refundability.* If the allowable amount of the claim exceeds the income taxes
24 otherwise due on the claimant's income, the amount of the claim not used as an offset
25 against those taxes shall be certified by the department of revenue to the department

1 of administration for payment to the claimant by check, share draft, or other draft
2 from the appropriation under s. 20.835 (2) (ce).

3 (d) *Limitations.* 1. The credit under this subsection shall be reduced by the
4 amount claimed by the claimant under s. 71.53 for the same taxable year to which
5 the claim under this subsection relates.

6 2. No credit is allowed under this subsection if the claimant or the claimant's
7 spouse files a claim under sub. (6e) for the same taxable year to which the claim
8 under this subsection relates.

9 3. No credit is allowed under this subsection unless it is claimed within the time
10 period under s. 71.75 (2).

11 4. Part-year residents and nonresidents of this state may not claim the credit
12 under this subsection.

13 5. The credit under this subsection may not be claimed by a person who may
14 be claimed as a dependent on the individual income tax return of another taxpayer.

15 6. If a principal dwelling is rented by a person from another person under
16 circumstances determined by the department of revenue to not be at arm's length,
17 the department may determine rent at arm's length and the determination shall be
18 final for purposes of this subsection.

19 7. Only one claimant per household per year shall be entitled to claim a credit
20 under this subsection.

21 8. No credit is allowed under this subsection if the assessed value of the
22 claimant's property for the taxable year for which the claim under this subsection
23 relates exceeds \$1,000,000.

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

