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Homestead Tax Credit

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# Homestead Tax Credit

## Introduction

The homestead tax credit program directs property tax relief to low-income homeowners and renters. The program is often referred to as a "circuit breaker" since it is intended to provide relief once property taxes exceed a taxpayer's ability to pay them. Relief is provided as a credit reducing individual income tax liability or as a cash refund if the credit exceeds income tax due; the homestead credit is referred to as a refundable credit due to this characteristic. Credits are limited to Wisconsin residents 18 years of age or older. Homestead credits of \$121.9 million were paid in 2006 for property taxes or rent accrued in 2005. These credits were provided to approximately 239,000 households.

The homestead credit was increased as part of the 1999-01 biennial budget (1999 Act 9). The increase first applied to claims for property taxes or rent accrued in 1999. Act 9 also provided for an additional credit increase for 2000 and thereafter.

This paper provides the following: (1) a description of the formula used to determine the credit and eligibility requirements; (2) historical data regarding annual claims and program expenditures; (3) information regarding characteristics of program participants; and (4) a discussion of the program's effectiveness as a means for providing property tax relief.

## Homestead Tax Credit Formula

The homestead credit received by eligible claimants depends on the interaction of household income and allowable property taxes. For claimants with household income of \$8,000 or less,

the credit is equal to 80% of property taxes or rent constituting property taxes to a maximum of \$1,450 in property taxes or rent. The maximum credit is \$1,160 (80% of \$1,450).

For claimants with household income exceeding \$8,000, the credit is calculated by first taking 8.788% of income in excess of \$8,000 and subtracting it from allowable property taxes. The credit, then, is 80% of this amount. In the form of a mathematical equation, the homestead credit formula is as follows:

$$\text{Credit} = 80\% \times [\text{Property Taxes} - 8.788\% \times (\text{Household Income} - \$8,000)]$$

For households with property taxes or rent equal to or exceeding the \$1,450 maximum, the credit becomes zero when income reaches \$24,500. For households with property taxes or rent less than \$1,450, the credit will become zero at a lower income level.

Figure 1 provides examples of the computation of the homestead tax credit for two hypothetical households. Table 1 shows the homestead tax credit available to claimants at various levels of income and property taxation.

## Application Requirements

A claimant must meet each of the following eligibility conditions to qualify for the homestead credit:

**Figure 1: Homestead Tax Credit Computation**

**Example A: For a claimant with household income less than the income threshold (\$8,000).**

Calculation of homestead tax credit for a claimant with \$6,000 of household income and property taxes of \$800.

$$\begin{aligned} \text{Homestead tax credit} &= \text{Property taxes} \times 80\% \\ &= \$800 \times 80\% \\ &= \$640^* \end{aligned}$$

**Example B: For a claimant with household income greater than the income threshold (\$8,000).**

Calculation of homestead tax credit for a claimant with \$12,000 of household income and property taxes of \$1,450.

$$\begin{aligned} \text{Homestead tax credit} &= 80\% \times [\text{Property taxes} - 8.788\% \times (\text{Income} - \$8,000)] \\ &= 80\% \times [\$1,450 - 8.788\% \times (\$12,000 - \$8,000)] \\ &= 80\% \times [\$1,450 - 8.788\% \times \$4,000] \\ &= 80\% \times [\$1,450 - \$351] \\ &= 80\% \times \$1,099 \\ &= \$879^* \end{aligned}$$

\*The actual credit received may be slightly different because the credit is read off of a table supplied with the homestead tax credit form rather than being computed by formula for every income and property tax combination.

**Table 1: 2006 Homestead Tax Credit (Based on Various Levels of Income and Taxes)**

| Household Income | Homeowners' Property Taxes |       |       |         |         |         |         |          | Renters' Monthly Rent** |       |       |       |        |
|------------------|----------------------------|-------|-------|---------|---------|---------|---------|----------|-------------------------|-------|-------|-------|--------|
|                  | \$700                      | \$800 | \$900 | \$1,000 | \$1,100 | \$1,200 | \$1,300 | \$1,450* | \$100                   | \$200 | \$300 | \$400 | \$500* |
| \$0 to 8,000     | 560                        | 640   | 720   | 800     | 880     | 960     | 1,040   | 1,160    | 240                     | 480   | 720   | 960   | 1,160  |
| 9,000            | 490                        | 570   | 650   | 730     | 810     | 890     | 970     | 1,090    | 170                     | 410   | 650   | 890   | 1,090  |
| 10,000           | 419                        | 499   | 579   | 659     | 739     | 819     | 899     | 1,019    | 99                      | 339   | 579   | 819   | 1,019  |
| 11,000           | 349                        | 429   | 509   | 589     | 669     | 749     | 829     | 949      | 29                      | 269   | 509   | 749   | 949    |
| 12,000           | 279                        | 359   | 439   | 519     | 599     | 679     | 759     | 879      | 0                       | 199   | 439   | 679   | 879    |
| 13,000           | 208                        | 288   | 368   | 448     | 528     | 608     | 688     | 808      | 0                       | 128   | 368   | 608   | 808    |
| 14,000           | 138                        | 218   | 298   | 378     | 458     | 538     | 618     | 738      | 0                       | 58    | 298   | 538   | 738    |
| 15,000           | 68                         | 148   | 228   | 308     | 388     | 468     | 548     | 668      | 0                       | 0     | 228   | 468   | 668    |
| 16,000           | 0                          | 78    | 158   | 238     | 318     | 398     | 478     | 598      | 0                       | 0     | 158   | 398   | 598    |
| 17,000           | 0                          | 10    | 87    | 167     | 247     | 327     | 407     | 527      | 0                       | 0     | 87    | 327   | 527    |
| 18,000           | 0                          | 0     | 17    | 97      | 177     | 257     | 337     | 457      | 0                       | 0     | 17    | 257   | 457    |
| 19,000           | 0                          | 0     | 0     | 27      | 107     | 187     | 267     | 387      | 0                       | 0     | 0     | 187   | 387    |
| 20,000           | 0                          | 0     | 0     | 0       | 36      | 116     | 196     | 316      | 0                       | 0     | 0     | 116   | 316    |
| 21,000           | 0                          | 0     | 0     | 0       | 0       | 46      | 126     | 246      | 0                       | 0     | 0     | 46    | 246    |
| 22,000           | 0                          | 0     | 0     | 0       | 0       | 0       | 56      | 176      | 0                       | 0     | 0     | 0     | 176    |
| 23,000           | 0                          | 0     | 0     | 0       | 0       | 0       | 0       | 105      | 0                       | 0     | 0     | 0     | 105    |
| 24,000           | 0                          | 0     | 0     | 0       | 0       | 0       | 0       | 35       | 0                       | 0     | 0     | 0     | 35     |
| Over 24,500      | 0                          | 0     | 0     | 0       | 0       | 0       | 0       | 0        | 0                       | 0     | 0     | 0     | 0      |

\*Only the first \$1,450 of property taxes or rent constituting property taxes is considered in determining the amount of the credit.

\*\*Assumes no heat included in rent; rent constituting property taxes equals 25% of gross rent for the year.

Note: If the amount of credit determined by the formula is more than \$0 and less than \$10, the amount of the credit equals \$10.

**1. Age.** The claimant must have been 18 years of age or older by December 31 of the year for which the claim is filed. For example, an applicant must have reached 18 years of age by December 31, 2006, in order to file a claim based on 2006 taxes.

**2. Dependent Status.** The claimant cannot have been claimed as a dependent for federal income tax purposes in the year to which the claim relates, except for persons 62 years of age or older.

**3. Residency.** The claimant must have been a legal resident of Wisconsin for all of the preceding year.

**4. Nursing Home Residents.** At the time of filing the claim, the claimant may not be a nursing home resident participating in the medical assistance program.

**5. Public Assistance Recipients.** A credit cannot be received for any month that the claimant received \$400 or more of cash benefits under a county relief program. Further, a credit cannot be received for any month that the claimant participated in a community service job or transitional placement or received a grant as the custodial parent of an infant under the Wisconsin Works (W-2) program. A claimant can receive a prorated credit for each month not affected by these restrictions.

**6. Farmland Preservation Participants.** The claimant cannot receive a homestead tax credit in a year in which a farmland preservation tax credit is received.

**7. Tax-Exempt Housing Residents.** The claimant cannot have lived the entire year in housing that is exempt from property taxes (unless the housing is owned and operated by a housing authority that makes payments in lieu of property taxes). Persons who live in tax-exempt housing and who still own their former home may claim a credit based on property taxes accrued on their former

home for up to one year if the claimant has attempted to sell the home, but has not rented or leased the home. A prorated credit can be received for the portion of the year that a claimant resided in housing subject to property taxation.

**8. Due Date for Filing Claims, Penalties, and Administration.** Eligible households are required to file a claim for the homestead credit with the Department of Revenue. Claims are generally due on the 15<sup>th</sup> of April four years after the 15<sup>th</sup> of April following the year to which the claim relates (for example, the deadline for filing a 2006 homestead credit form is April 15, 2011). State law specifies that individuals who file fraudulent or excessive claims could be found guilty of a Class H felony and may be fined not more than \$10,000 or imprisoned for not more than six years (three years in prison and three years of extended supervision), or both, and would be required to pay the costs of prosecution. Income tax provisions related to assessments, appeals, and collection apply to the homestead credit.

## **Household Income and Property Taxes**

**Household Income.** Household income includes only the income of the claimant and his or her spouse. There is no test for total wealth or assets owned by claimants.

Household income is broadly defined to reflect most cash resources available to claimants, and includes all income that is taxable for Wisconsin income tax purposes. It also includes the full amount of income sources that are only partially taxable by Wisconsin, such as social security benefits, unemployment compensation, and capital gains. Finally, certain items that are excluded from taxation are included in the definition of household income, such as excluded dividends and interest, contributions to IRAs, and child support. The Appendix lists all of the income sources included in household income.

A downward adjustment is made to household

income for family size. The adjustment equals \$250 for each dependent who lives with the claimant for more than six months during the year. This provision helps target funds to families with dependents.

**Property Taxes.** In determining the homestead credit, eligible households can claim up to a maximum of \$1,450 in property taxes or rent constituting property taxes. This is the claimant's property tax levy or rent, exclusive of special assessments, delinquent interest, and charges for services. For farmers, the credit can be claimed on property taxes or rent accrued on up to 120 acres of land contiguous to the claimant's principal residence. For renters, rent constituting property taxes is equal to 25% of actual rent if payment for heat is not included in the rent payment and 20% of actual rent if payment for heat is included. This rent may include the value of utilities if utility payments are included in gross rent paid to the landlord. A certificate filed by the landlord documents rent payments and adjusts gross rent to exclude nonoccupancy services.

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### **Program Expenditures and Participation**

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The annual cost of the homestead program grew from \$2 million at its inception in 1964 to \$10 million by 1972-73. In 1973, the program was expanded to include any person age 18 or older who satisfied income and other eligibility requirements. Lowering the age restriction more than doubled the program participants and contributed to an increase in program costs to \$35 million in 1973-74 (changes in formula factors also increased program costs). The program experienced steady growth throughout the rest of the 1970s, reflecting further increases in the formula factors. By 1980, the annual cost exceeded \$90 million.

The credit's parameters remained unchanged

from 1990 through 1998. During this time, the number of claimants fell by 35% and expenditures declined by 32%. This trend reflected growth in personal income compared to constant formula factors. In other words, the value of the maximum income amount (\$19,154 at that time) became smaller each year in real terms leaving fewer individuals eligible for the credit. The decrease also occurred due to significant increases in state support for public schools which had a stabilizing or downward effect on property taxes in many jurisdictions.

1999 Act 9 increased the maximum income level for claims under the credit from \$19,154 to \$20,290 for tax year 1999 and to \$24,500 for tax year 2000 and thereafter. Credit expenditures and the number of claimants have increased in recent years, initially due to the expanded credit under Act 9. In 2001-02, the credit and number of claims increased further due to lower income levels resulting from the recession of 2001. Despite stronger income levels statewide and no change in the formula factors, the number of claimants and the total amount of claims increased each year from 2001 through 2005. It is generally believed that these increases were due to greater outreach efforts on the part of DOR relative to the credit, and due to increased electronic filing of taxes, which prompts filers to apply for the credit. However, in 2006, both the number of claims and the total amount of credits paid decreased due to a decline in the amount of property taxes paid by recipients in that year.

Table 2 shows homestead credit expenditures, by fiscal year, since 1996-97. Table 3 shows the number of credit claimants, amount claimed, average credit, and major formula factors for the homestead program since 1996. Total expenditures in Table 2 differ from the amounts shown in Table 3 because Table 2 shows fiscal year data and Table 3 shows expenditures by tax year, using annual, aggregate statistics.

The number of claimants decreased each tax



**Table 2: Homestead Tax Credit Expenditures**

| Fiscal Year | Amount (Millions) | % Change |
|-------------|-------------------|----------|
| 1996-97     | \$86.8            |          |
| 1997-98     | 79.8              | -8.1%    |
| 1998-99     | 77.2              | -3.3     |
| 1999-00     | 80.0              | 3.6      |
| 2000-01     | 99.6              | 24.5     |
| 2001-02     | 104.4             | 4.8      |
| 2002-03     | 113.4             | 8.6      |
| 2003-04     | 119.8             | 5.6      |
| 2004-05     | 126.9             | 5.9      |
| 2005-06     | 122.4             | -3.5     |

year from 1996 through 1998, and then increased each subsequent year through 2004, before declining again in 2005. The average credit amount has increased from a low of \$448 in 1996 and 1997 to \$509 in 2005.

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### Characteristics of Program Participants

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Tables 4 and 5 provide descriptive information about characteristics of homestead credit claimants, based on 2005 aggregate statistics. Table 4 shows the distribution of homestead credits by household income. The majority of claimants were in the

middle of the homestead income distribution (53.9% had household income between \$5,000 and \$15,000). This group received 65.6% of the total credits claimed and generally had higher average credits than the average for all claimants (the highest average credits went to claimants in the very lowest income groups). Although not shown in the table, the claimants with incomes below the income threshold (\$8,000) represented 18.1% of total claimants and received 26.5% of the total credits.

In 2005, the amount of credits received by renters exceeded the amount of credits received by homeowners. Renters totaled 132,283 (55.2%) claims and received a total of \$63.2 million (51.9%) in credits. Homeowners totaled 107,263 (44.8%) claims and received a total of \$58.6 million (48.1%) in credits.

Table 5 shows the distribution of homestead credits by age for 2005. Claimants over age 65 represented 36.9% of total claimants and received 33.9% of total credits. Conversely, only 9.3% of all claimants were 25 years old or younger and these individuals received 8.6% of total credits.

Although not shown in the tables, social security, supplemental security income (SSI), and railroad retirement payments made up 44.6% of total household income for all homestead credit

**Table 3: Homestead Tax Credit Participation and Formula Factors by Tax Year**

| Tax Year | Count   | % Change | Amount (Millions) | % Change | Average Credit | % Change | Maximum Income* | Maximum Property Taxes | Income Threshold |
|----------|---------|----------|-------------------|----------|----------------|----------|-----------------|------------------------|------------------|
| 1996     | 193,600 |          | \$86.8            |          | \$448          |          | \$19,154        | \$1,450                | \$8,000          |
| 1997     | 178,800 | -7.6%    | 80.1              | -7.7%    | 448            | 0.0%     | 19,154          | 1,450                  | 8,000            |
| 1998     | 166,300 | -7.0     | 76.6              | -4.4     | 461            | 2.9      | 19,154          | 1,450                  | 8,000            |
| 1999     | 171,700 | 3.2      | 79.0              | 3.1      | 460            | -0.2     | 20,290          | 1,450                  | 8,000            |
| 2000     | 203,700 | 18.6     | 99.2              | 25.6     | 487            | 5.9      | 24,500          | 1,450                  | 8,000            |
| 2001     | 212,900 | 4.5      | 103.9             | 4.7      | 488            | 0.2      | 24,500          | 1,450                  | 8,000            |
| 2002     | 226,605 | 6.4      | 112.8             | 8.6      | 498            | 2.0      | 24,500          | 1,450                  | 8,000            |
| 2003     | 235,807 | 4.1      | 118.7             | 5.2      | 504            | 1.2      | 24,500          | 1,450                  | 8,000            |
| 2004     | 249,097 | 5.6      | 125.7             | 5.9      | 504            | 0.0      | 24,500          | 1,450                  | 8,000            |
| 2005     | 239,546 | -3.8     | 121.9             | -3.0     | 509            | 1.0      | 24,500          | 1,450                  | 8,000            |

\* Beginning with claims filed for property taxes or rent accruing in 1989, household income is reduced by \$250 for each dependent.

**Table 4: Distribution of Total Homestead Tax Credit Payments by Household Income (Tax Year 2005)**

| Household Income  | Count of Claimants | Percent of Claimants | Cumulative Percent of Claimants | Total Credits    | Percent of Credits | Cumulative Percent of Credits | Average Credit |
|-------------------|--------------------|----------------------|---------------------------------|------------------|--------------------|-------------------------------|----------------|
| Less than \$2,500 | 8,611              | 3.6%                 | 3.1%                            | \$7,377,704      | 6.1%               | 6.1%                          | \$857          |
| 2,500 - 5,000     | 7,551              | 3.2                  | 6.7                             | 5,596,402        | 4.6                | 10.6                          | 741            |
| 5,000 - 7,500     | 18,261             | 7.6                  | 14.4                            | 13,242,456       | 10.9               | 21.5                          | 725            |
| 7,500 - 10,000    | 41,441             | 17.3                 | 31.7                            | 27,048,514       | 22.2               | 43.7                          | 653            |
| 10,000 - 12,500   | 35,567             | 14.8                 | 46.5                            | 21,464,020       | 17.6               | 61.3                          | 603            |
| 12,500 - 15,000   | 33,877             | 14.1                 | 60.7                            | 18,237,624       | 15.0               | 76.3                          | 538            |
| 15,000 - 17,500   | 30,798             | 12.9                 | 73.5                            | 13,875,444       | 11.4               | 87.7                          | 451            |
| 17,500 - 20,000   | 27,145             | 11.3                 | 84.8                            | 9,139,260        | 7.5                | 95.2                          | 337            |
| 20,000 - 22,500   | 23,270             | 9.7                  | 94.6                            | 4,892,240        | 4.0                | 99.2                          | 210            |
| 22,500 - 24,500   | <u>13,025</u>      | <u>5.4</u>           | 100.0                           | <u>1,018,098</u> | <u>0.8</u>         | 100.0                         | 78             |
| Total             | 239,546            | 100.0%               |                                 | \$121,891,762    | 100.0%             |                               | \$509          |

**Table 5: Homestead Tax Credits by Age (Tax Year 2005)**

| Age     | Claimants     |             | Credits Claimed   |             |                |
|---------|---------------|-------------|-------------------|-------------|----------------|
|         | Count         | % of Total  | Amount            | % of Total  | Average Credit |
| Unknown | 5,317         | 2.2%        | \$2,717,788       | 2.2%        | \$511          |
| 18 - 25 | 22,165        | 9.3         | 10,440,180        | 8.6         | 471            |
| 26 - 35 | 28,268        | 11.8        | 15,119,268        | 12.4        | 535            |
| 36 - 45 | 30,819        | 12.9        | 17,195,066        | 14.1        | 558            |
| 46 - 55 | 34,900        | 14.6        | 19,499,344        | 16.0        | 559            |
| 56 - 65 | 29,739        | 12.4        | 15,570,216        | 12.8        | 524            |
| Over 65 | <u>88,338</u> | <u>36.9</u> | <u>41,349,900</u> | <u>33.9</u> | 468            |
| Total   | 239,546       | 100.0%      | \$121,891,762     | 100.0%      | \$509          |

claimants combined. Overall, nontaxable income (income not included in adjustable gross income) comprised 59.8% of total household income. The remaining 40.2% of household income was taxed.

**Formula Changes and Program Participation**

Assuming no formula changes, homestead participation and credit amounts change over time in three major ways. First, rising income will cause some claimants to exceed the maximum income level (fixed at \$24,500 for 2000 and thereafter). Second, other claimants' income will rise above the income threshold (\$8,000), resulting in diminished credits or no credits. Third, rising property taxes or rents will increase credits, until the tax bill or rent

exceeds the \$1,450 limit. Increases above \$1,450 will not increase credits.

The net impact on a claimant's credit depends on the interaction of changes in the claimant's income and property taxes. Over time, as overall income and property tax levels change, policymakers have responded by making or proposing changes in the five formula factors:

**Percent of Property Taxes Reimbursed.** Increasing this percentage (currently 80%) will increase credits for all claimants. This will not affect the distribution of benefits or the number of claimants.

**Property Tax Limit.** Increasing this limit (currently \$1,450) targets the expansion to those claimants with property taxes, or rent constituting property taxes, that exceed the current limit. Claimants with relatively low property tax amounts will either be unaffected or experience a decrease in their homestead credits depending on changes to the other formula factors.

**Reduction Rate for Excessive Income.** If the reduction percentage (8.788% for 2000 and thereafter) in the phase-out range for the credit is lowered and the maximum property tax and income threshold are left unchanged (this would

also imply an increase in the maximum income level due to the interdependence of the formula factors), benefits to all claimants with incomes above the income threshold (\$8,000) will increase. Also, there will be an increase in the number of eligible claimants.

**Maximum Income Level.** Increasing this level (\$24,500 for 2000 and thereafter) while holding the maximum property tax and income threshold constant (this would imply a lower reduction rate for excessive income) will also expand benefits to all claimants above the threshold factor and will increase the number of eligible claimants.

**Income Threshold.** Increasing this factor (currently \$8,000) along with the maximum income level, while holding the maximum property tax and reduction rate constant, will extend maximum benefits (80% of eligible property taxes) to all claimants between the old and new thresholds. All claimants above the new threshold will also receive increased credits.

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### **Homestead as a Mechanism for Property Tax Relief**

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In 1964, Wisconsin pioneered the circuit breaker approach to property tax relief by establishing the homestead tax credit to relieve low-income homeowners and renters aged 65 or older of excessive property taxes. The homestead tax credit program targets property tax relief to low-income households through the income-based formula. The program attempts to address the property tax "burden" on an individual household. For affected households, the homestead credit introduces an ability-to-pay factor into the property tax system. Property tax relief programs paid directly or indirectly to municipalities cannot achieve such income-based targeting.

In 1966, the Wisconsin Supreme Court ruled that the homestead program was a relief program, since it considered the individual's income and needs, was available to renters as well as homeowners, and was not linked to the property tax administrative system. This finding was central to the Court's decision that the program did not violate uniformity requirements of the State Constitution (Harvey v. Morgan, 1966). This ruling has not been subsequently changed.

The homestead program grants relief solely to residential property owners and renters, unlike property tax relief programs paid directly or indirectly to municipalities. Credits paid to local governments benefit all property owners, but do not directly benefit renters. Renters may indirectly benefit from these credits (lower property taxes may result in smaller rent increases), but landlords are not required to pass along these savings.

Since homestead credits are paid directly to individuals and are not provided to all property owners, it is more difficult for local governments to increase spending to "capture" these credits. Taxpayers who receive these credits may offer less resistance to property tax increases, but spending increases would result in higher gross property tax levies and taxpayers not receiving homestead credits would pay higher net taxes.

The homestead program cannot address other objectives frequently cited in property tax relief discussions. For example, it cannot reduce overall municipal tax rates or levies, or equalize tax bases among municipalities. If funds are distributed through the homestead program rather than through credits to local governments, the net nonresidential property tax will increase, although this type of property may also need relief. Finally, since homestead credits are not automatically applied to tax bills, but must be claimed on an individual basis, it is likely that some individuals who are eligible for these credits will not receive relief.



## APPENDIX

### Sources of Income Included in "Household Income" Under the Homestead Tax Credit Program

Household income means Wisconsin adjusted gross income (AGI) plus the following amounts to the extent not included in Wisconsin AGI:

- Support money
- Cash public assistance (not including credits from this program or amounts granted under the community options program for long-term support) and cash benefits paid under county relief programs
- Maintenance payments (except that foster care maintenance and supplementary foster care payments are excludable)
- Gross amount of any pension or annuity
- Railroad retirement benefits
- Social security benefits
- Veterans disability pensions
- Nontaxable interest received from the federal government, or any of its instrumentalities
- Nontaxable interest received on state and municipal bonds
- Worker's compensation
- Unemployment compensation
- Gross amount of "loss of time" insurance
- Compensation and other cash benefits received from the United States for past or present services in the armed forces
- Scholarship and fellowship gifts or income
- Capital gains
- Gain on the sale of a personal residence that is excluded from taxable income
- Dividends
- Income of a nonresident or part-year resident who is married to a full-year resident
- Housing allowances provided to members of the clergy
- Amount by which a resident manager's rent is reduced
- Nontaxable income of an American Indian
- Nontaxable income from sources outside this state
- Nontaxable deferred compensation
- Intangible drilling costs
- Depletion allowances and depreciation
- Amortization
- Contributions to individual retirement accounts
- Contributions to Keogh plans
- Net operating loss carry-forwards
- Capital loss carry-forwards