



State of Wisconsin
2025 - 2026 LEGISLATURE

LRB-0636/P2

KP:cdc&skw

DOA:.....Quinn, BB0016 - Homestead credit expansion

FOR 2025-2027 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Homestead tax credit expansion

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 2025 tax year, this bill increases the income phase-out threshold from \$8,060 to \$19,000, reduces the percentage used for household income above the income phase-out threshold to 7.891 percent, and increases the maximum income amount from \$24,680 to \$37,500. The bill also indexes the \$19,000, \$37,500, 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:

BILL**SECTION 1**

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

71.54 (1) (g) ~~2012 and thereafter~~ to 2025. (intro.) The amount of any claim filed in 2012 ~~and thereafter~~ to 2025 and based on property taxes accrued or rent constituting property taxes accrued during the previous year is limited as follows:

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

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

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 of the statutes is repealed.

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

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

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 of the statutes is repealed.

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

71.54 (1) (h) ~~2026 and thereafter~~. Subject to sub. (2m), the amount of any claim filed in 2026 and thereafter and based on property taxes accrued or rent constituting property taxes accrued during the previous year is limited as follows:

BILL**SECTION 6**

1. If the household income was \$19,000 or less in the year to which the claim relates, the claim is limited to 80 percent of the property taxes accrued or rent constituting property taxes accrued or both in that year on the claimant's homestead.

2. If the household income was more than \$19,000 in the year to which the claim relates, the claim is limited to 80 percent of the amount by which the property taxes accrued or rent constituting property taxes accrued or both in that year on the claimant's homestead exceeds 7.891 percent of the household income exceeding \$19,000.

3. No credit may be allowed if the household income exceeds \$37,500.

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

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

71.54 (2) (b) 4. In calendar years 2011 ~~or any subsequent calendar year to~~ 2024, \$1,460.

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

71.54 (2) (b) 5. Subject to sub. (2m), in calendar year 2025 or any subsequent calendar year, \$1,460.

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

71.54 (2m) INDEXING FOR INFLATION; ~~2010~~ 2026 AND THEREAFTER. (a) For calendar years beginning after December 31, ~~2009, and before January 1, 2011~~ 2025, the dollar amounts of the threshold income under sub. (1) (~~f~~) (h) 1. and 2., the maximum household income under sub. (1) (~~f~~) (h) 3., and the maximum property

BILL**SECTION 9**

taxes under sub. (2) (b) ~~3.~~ 5. shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, ~~for the 12-month average of the U.S. consumer price index for the month of August of the year before the previous year through the month of July of the previous year~~ and the U.S. consumer price index for all urban consumers, U.S. city average, ~~for the 12-month average of the U.S. consumer price index for August 2007 through July 2008~~ 2024, as determined by the federal department of labor, except that the adjustment may occur only if the percentage is a positive number. Each amount that is revised under this paragraph shall be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased to the next higher multiple of \$10. The department of revenue shall annually adjust the changes in dollar amounts required under this paragraph and incorporate the changes into the income tax forms and instructions.

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

SECTION 9337. Initial applicability; Revenue.

BILL

SECTION 9337

(1) HOMESTEAD TAX CREDIT. The treatment of s. 71.54 (1) (h) first applies to claims filed for taxable years beginning after December 31, 2024.

(END)