



2021 ASSEMBLY BILL 688

November 12, 2021 - Introduced by Representatives RIEMER, B. MEYERS, HEBL, SNODGRASS, MCGUIRE, NEUBAUER, CONLEY, HESSELBEIN, CONSIDINE, VRUWINK, POPE, DOYLE, CABRERA, SUBECK, SINICKI, STUBBS, SPREITZER, ANDERSON, SHANKLAND, BILLINGS, DRAKE and SHELTON, cosponsored by Senators RINGHAND, L. TAYLOR, BEWLEY, JOHNSON, CARPENTER, LARSON and WIRCH. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 71.54 (1) (g) (intro.), 71.54 (2) (b) 4. and 71.54 (2m); and **to**
2 **create** 71.54 (1) (h) and 71.54 (2) (b) 5. of the statutes; **relating to:** increasing
3 the maximum income threshold for the homestead tax credit and indexing the
4 credit's thresholds.

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.

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Beginning with claims filed in 2021, this bill increases the maximum income amount from \$24,680 to \$30,000. The bill also indexes the \$8,060, \$30,000, and \$1,460 amounts for inflation, beginning in 2023.

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 2020.* (intro.) The amount of any claim filed
3 in 2012 ~~and thereafter to 2020~~ 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) (h) of the statutes is created to read:

6 71.54 (1) (h) *2021 and thereafter.* Subject to sub. (2m), the amount of any claim
7 filed in 2021 and thereafter and based on property taxes accrued or rent constituting
8 property taxes accrued during the previous year is limited as follows:

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

12 2. If the household income was more than \$8,060 in the year to which the claim
13 relates, the claim is limited to 80 percent of the amount by which the property taxes
14 accrued or rent constituting property taxes accrued or both in that year on the
15 claimant's homestead exceeds 6.655 percent of the household income exceeding
16 \$8,060.

17 3. No credit may be allowed if the household income of a claimant exceeds
18 \$30,000.

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1 4. Notwithstanding the time limitations described in par. (g) (intro.), the
2 provisions of par. (g) 4., 5., 6., and 7. apply to claims filed under this paragraph.

3 **SECTION 3.** 71.54 (2) (b) 4. of the statutes is amended to read:

4 71.54 **(2)** (b) 4. In calendar years 2011 ~~or any subsequent calendar year to 2022~~,
5 \$1,460.

6 **SECTION 4.** 71.54 (2) (b) 5. of the statutes is created to read:

7 71.54 **(2)** (b) 5. Subject to sub. (2m), in calendar year 2023 or any subsequent
8 calendar year, \$1,460.

9 **SECTION 5.** 71.54 (2m) of the statutes is amended to read:

10 71.54 **(2m)** INDEXING FOR INFLATION; ~~2010 2023 AND THEREAFTER~~. (a) For calendar
11 years beginning after December 31, 2009, ~~and before January 1, 2011~~ 2022, the dollar
12 amounts of the threshold income under sub. (1) ~~(f)~~ (h) 1. and 2., the maximum
13 household income under sub. (1) ~~(f)~~ (h) 3., and the maximum property taxes under
14 sub. (2) (b) ~~3.~~ 5. shall be increased each year by a percentage equal to the percentage
15 change between the U.S. consumer price index for all urban consumers, U.S. city
16 average, for the 12-month average of the U.S. consumer price index for the month
17 of August of the year before the previous year through the month of July of the
18 previous year and the U.S. consumer price index for all urban consumers, U.S. city
19 average, for the 12-month average of the U.S. consumer price index for August ~~2007~~
20 2020 through July ~~2008~~ 2021, as determined by the federal department of labor,
21 except that the adjustment may occur only if the percentage is a positive number.
22 Each amount that is revised under this paragraph shall be rounded to the nearest
23 multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount
24 is a multiple of \$5, such an amount shall be increased to the next higher multiple of
25 \$10. The department of revenue shall annually adjust the changes in dollar amounts

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1 required under this paragraph and incorporate the changes into the income tax
2 forms and instructions.

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

9 **SECTION 6. Initial applicability.**

10 (1) The treatment of s. 71.54 (1) (h) first applies to claims filed for taxable years
11 beginning after December 31, 2020.

12 (END)