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# Legislative Briefs

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## SALES TAX REBATE

1999 Wisconsin Act 10, passed by the legislature in an October special session and signed by Governor Tommy Thompson, to take effect November 19, 1999, provides for a one-time sales tax rebate for individuals. It also repeals the school property tax and rent credit, and reduces the school levy tax credit. Through a veto, the governor deleted the school property tax and rent credit, stating that the legislature had not identified specific expenditure reductions to cover the \$410 million shortfall it would create in reduced revenues.

### REBATE ELIGIBILITY

The Department of Revenue (DOR) has announced it will mail rebate checks by January 31, 2000, but for security reasons, it will not give a specific mailing date. All Wisconsin residents who filed a 1998 individual state income tax return or a homestead credit claim will automatically receive the sales tax rebate, if their returns or claims were filed by October 15, 1999. Individuals whose spouses were nonresidents and those who were part-year residents are also automatically eligible. Rebates for deceased filers will be paid to their estates.

Wisconsin residents who did not file a return or claim will have to file a separate rebate claim with DOR by June 30, 2000. Nonresidents also may be eligible if they file a claim by December 20, 1999.

Residents who were claimed as a dependent on another person's 1998 federal income tax return are eligible only if they had a Wisconsin adjusted gross income of \$5,000 or more and a state income tax liability in 1998.

### OTHER PROVISIONS

Act 10 prohibits DOR from considering any adjustments or amendments to 1998 income tax returns made after October 15, 1999, in calculating rebates, and the right to the rebate will lapse by December 31, 2000, if DOR is unable to locate the individual or if the rebate check is not cashed.

Individuals who owe debts to other state agencies or local governments, delinquent taxes, or delinquent child or family support will have their rebates applied to those debts. Any remainder will be sent to the individual.

Act 10 specifies the rebate will not be counted as income in determining eligibility for W-2 programs. It also directs the Department of Health and Family Services to seek a waiver from the federal government to allow Wisconsin to disregard the rebate in determining eligibility for medical assistance. To the extent allowed under federal law, state agencies must disregard the sales tax rebate in determining eligibility or benefits under federal assistance programs.

### AMOUNT OF REBATE

The rebate an individual receives will be based on the amount of 1998 Wisconsin adjusted gross income and the individual's income tax filing status. Persons who filed a homestead

credit claim only and residents who did not file either a 1998 tax return or homestead credit claim will receive the minimum amounts, based on their filing status.

Married couples who filed joint returns may request separate checks for 50% of a joint rebate after the check is issued but before it is cashed.

Nonresidents who file a claim must document consumer sales taxes they paid to Wisconsin in 1998. The amount must be at least \$20, and the rebate will be calculated at 30.4% of the amount up to a maximum rebate of \$267.

**AMOUNT OF REBATE**

<b>Married Filing Jointly</b>		<b>Single, Head-of-Household and Married Filing Separately</b>	
Wisconsin Adjusted Gross Income		Wisconsin Adjusted Gross Income	
	Rebate		Rebate
\$25,000 and under	\$360	\$25,000 and under	\$184
25,001 to 50,000	368	25,001 to 37,500	193
50,001 to 75,000	385	37,501 to 50,000	203
75,001 to 100,000	405	50,001 to 100,000	221
100,001 to 200,000	442	100,001 to 250,000	244
200,001 to 500,000	487	250,001 and over	267
500,001 and over	534		

**TAX IMPACT OF REBATE**

Since state sales taxes are not deductible for federal income tax purposes, no federal tax is owed for refunds of sales tax payments. Based on the experiences of Colorado and Minnesota in providing sales tax rebates, DOR will not issue a federal informational return for the Wisconsin rebate.

**FOR FURTHER INFORMATION**

Taxpayers who did not file a 1998 return or homestead credit and nonresidents may obtain application forms from the Department of Revenue by calling (608) 266-2772 or (608) 267-9420, from the Madison area, or (877) 973-2283 toll-free outside the Madison area. Forms may be downloaded from the Internet at <http://www.dor.state.wi.us/ise/rebforms.html>. The department's website also includes more detailed information about who qualifies, and it answers frequently asked questions. Persons who qualify for an automatic rebate and do not receive their checks by January 31, 2000, should contact the Department of Revenue at [rebate@dor.state.wi.us](mailto:rebate@dor.state.wi.us) or at P.O. Box 8937, Madison, WI 53708-8937.

Copies of Act 10 may be obtained from the Legislative Reference Bureau at (608) 266-0342, or on the Internet at <http://www.legis.state.wi.us/billtext/acts/99acts.html>.