

## INDIVIDUAL INCOME TAX STATISTICS REPORT FOR TAX YEAR 2008

This report summarizes data from individual income tax returns for tax year 2008 that were filed by October 15, 2009.

### COMPARISON WITH TAX YEAR 2007 (Table 1)

Taxpayers filed 2.88 million tax returns for tax year 2008, a decrease of 0.4% over the 2.89 million returns filed for 2007. In 2008, there were 1.2 million single filers (42.0% of total), and 261,000 head-of-household filers (9.1%). Married joint filers numbered 1.2 million (40.3%) while married separate filers numbered around 19,000 (0.7%). In addition, there were about 229,000 dependent filers (filers who were claimed as dependents on someone else's tax return) (7.9%).

Wisconsin adjusted gross income (WAGI) was \$135.1 billion in tax year 2008, a 1.7% decrease from 2007. Total standard deductions equaled \$16.6 billion in tax year 2008, compared to \$16.1 billion for 2007, an increase of 3.1%. Personal exemptions were \$3.25 billion in 2008 compared to \$3.29 billion in 2007, a 1.1% decrease. Total income tax liability (before the minimum tax) decreased 2.5% to \$5.98 billion and the alternative minimum tax, paid by just under 9,000 filers, generated \$8.2 million in tax year 2008, a 16.2% decrease from tax year 2007. Of the 2.88 million tax returns filed for 2008, 2.04 million, or 71%, showed a net income tax liability. The average tax rate, equal to net tax divided by WAGI, was 4.43%.

Net income tax equals gross tax, calculated by applying the statutory tax rates and brackets to taxable income, less nonrefundable tax credits. Nonrefundable tax credits can only be used to offset tax liability. Since some taxpayers have low gross tax prior to credits, they are able to use only part of the credits that are claimed. Nonrefundable credits include the itemized deduction credit, the armed forces member credit, the school property tax credit, the working families credit, the married couple credit, the development zone credit, the dairy investment credit, the historic rehabilitation credit, the angel investment credit, the early stage seed investment credit, the technology zone credit, the manufacturer's sales tax credit, the internet equipment credit, the health insurance risk sharing plan assessments credit, the film production company investment credit, the film production services credit, the manufacturing investment credit, and the ethanol and biodiesel fuel pump credit. These credits decreased 0.8% to \$1.16 billion in 2008. The three largest nonrefundable credits -- the school property tax credit (\$394.1 million), the married couple credit (\$273.7 million) and the itemized deduction credit (\$343.5 million) -- accounted for 87.1% of the total used credits.

Wisconsin also allows refundable credits, with credit amounts in excess of tax liability refunded to the taxpayer. These credits include the earned income tax credit, the homestead credit, the farmland preservation credit, the farmland tax relief credit, the veterans' and surviving spouses' property tax credit, the enterprise zone jobs credit, and the dairy manufacturing facility credit. Refundable credits increased 3.8% from \$230.6 million in 2007 to \$239.3 in 2008. The largest of these credits was the homestead credit at \$115.9 million, followed by the earned income tax credit at \$95.8 million. Separate reports on certain refundable credits are available on the Department of Revenue website, [www.revenue.wi.gov](http://www.revenue.wi.gov).

**TABLE 1**  
**INDIVIDUAL INCOME TAX RETURNS AND SELECTED TAX ITEMS FOR TAX YEARS 2007 AND 2008**  
**(dollar amounts in millions)**

Tax Items	Tax Year 2007	Tax Year 2008	% Change
Count of Tax Returns	2,889,871	2,877,053	-0.4%
Single Filers	1,196,498	1,208,778	1.0
Dependent Filers	247,199	228,517	-7.6
Head of Household Filers	261,387	260,990	-0.2
Married Joint Filers	1,165,608	1,159,836	-0.5
Married Separate Filers	19,179	18,932	-1.3
Wisconsin Adjusted Gross Income (WAGI)	\$137,396.0	\$135,127.9	-1.7
Standard Deduction			
Number of Returns	2,397,806	2,385,740	-0.5
Amount	\$16,127.2	\$16,622.0	3.1
Personal Exemptions			
Number of Returns	2,160,773	2,138,278	-1.0
Amount	\$ 3,285.1	\$ 3,248.6	-1.1
Taxable Income			
Number of Returns	2,227,676	2,175,463	-2.3
Amount	\$119,002.4	\$116,465.7	-2.1
Gross Income Tax (before credits)			
Number of Returns	2,222,149	2,170,147	-2.3
Amount	\$ 7,308.2	\$ 7,143.4	-2.3
Net Income Tax			
Number of Returns	2,100,537	2,042,620	-2.8
Amount	\$6,137.2	\$5,982.0	-2.5
Alternative Minimum Tax			
Number of Returns	9,862	8,995	-8.8
Amount	\$9.8	\$8.2	-16.2
Total Tax Liability (Net + Minimum Tax)			
Number of Returns	2,101,206	2,043,441	-2.7
% of Total Returns Filed	72.7%	71.0%	
Amount	\$6,146.9	\$5,990.2	-2.6
Average Tax Rate (as % of WAGI)	4.47%	4.43%	
Total Nonrefundable Credits (Used)	\$1,171.0	\$1,161.4	-0.8
Itemized Deductions Credit			
Number of Returns	791,883	755,656	-4.6
Amount	\$366.2	\$343.5	-6.2
Armed Forces Member Credit			
Number of Returns	4,470	4,490	0.4
Amount	\$1.1	\$1.2	5.1
School Property Tax/Rent Credit			
Number of Returns	1,744,583	1,721,855	-1.3
Amount	\$395.0	\$394.1	-0.5
Working Families' Credit			
Number of Returns	3,413	2,989	-12.4
Amount	\$0.1	\$0.2	52.2
Married Couple Credit			
Number of Returns	710,739	699,389	-1.6
Amount	\$276.2	\$273.7	-0.9
Manufacturer's Sales Tax Credit			
Number of Returns	552	139	-74.8
Amount	\$0.8	\$0.3	-69.6%

**TABLE 1 (continued)**  
**INDIVIDUAL INCOME TAX RETURNS AND SELECTED TAX ITEMS FOR TAX YEARS 2007 AND 2008**  
**(dollars amounts in millions)**

Tax Items	Tax Year 2007	Tax Year 2008	% Change
Historic Rehabilitation Credit			
Number of Returns	416	448	7.7%
Amount	\$1.7	\$1.5	-10.3
Development Zone Credit			
Number of Returns	314	214	-31.8
Amount	\$2.1	\$2.6	22.9
Dairy Investment Credit			
Number of Returns	8,156	7,188	-11.9
Amount	\$17.4	\$13.9	-20.4
Angel Investment Credit			
Number of Returns	213	209	-1.9
Amount	\$1.3	\$1.5	14.1
Seed Investment Credit			
Number of Returns	208	273	31.3
Amount	\$1.0	\$1.4	41.8
Technology Zone Credit			
Number of Returns	207	96	-53.6
Amount	\$1.3	\$0.6	-53.5
Internet Equipment Credit			
Number of Returns	-	56	-
Amount	-	\$0.02	-
Health Ins. Risk Sharing Plan Assmts Credit			
Number of Returns	-	150	-
Amount	-	\$0.04	-
Film Production Company Invstmnt Credit			
Number of Returns	-	S	-
Amount	-	S	-
Film Production Services Credit			
Number of Returns	-	M	-
Amount	-	\$0.04	-
Manufacturing Investment Credit			
Number of Returns	-	150	-
Amount	-	\$0.3	-
Ethanol and Biodiesel Fuel Pump Credit			
Number of Returns	-	M	-
Amount	-	\$0.01	-
Total Refundable Credits	\$230.6	\$239.3	3.8
Earned Income Tax Credit			
Number of Returns	236,691	243,131	2.7
Amount	\$89.6	\$95.8	7.0
Homestead Credit			
Number of Returns	220,489	222,422	0.9
Amount	\$112.7	\$115.9	2.8
Farmland Preservation Credit			
Number of Returns	17,536	16,912	-3.6
Amount	\$10.9	\$11.5	5.8
Farmland Tax Relief Credit			
Number of Returns	50,931	50,110	-1.6
Amount	\$15.7	\$13.7	-13.2

**TABLE 1 (continued)**  
**INDIVIDUAL INCOME TAX RETURNS AND SELECTED TAX ITEMS FOR TAX YEARS 2007 AND 2008**  
**(dollars amounts in millions)**

Tax Items	Tax Year 2007	Tax Year 2008	% Change
Veterans' Property Tax Credit			
Number of Returns	458	577	26.0
Amount	\$1.4	\$1.7	27.3
Dairy Manufacturing Facility Credit			
Number of Returns	113	43	-61.9
Amount	\$0.4	\$0.7	71.8
Other			
Use Tax			
Number of Returns	29,218	29,729	1.7
Amount	\$1.7	\$1.8	3.9
Endangered Resources Donation			
Number of Returns	22,193	21,311	-4.0
Amount	\$0.4	\$0.4	-5.3
Packers Football Stadium Donation			
Number of Returns	7,098	5,161	-27.3
Amount	\$0.06	\$0.04	-27.4
Breast Cancer Research Donation			
Number of Returns	16,603	16,832	1.4
Amount	\$0.2	\$0.2	0.6
Veterans' Trust Fund Donation			
Number of Returns	8,646	9,179	6.2
Amount	\$0.1	\$0.1	12.1
Multiple Sclerosis Donation			
Number of Returns	7,571	8,315	9.8
Amount	\$0.1	\$0.1	11.3
Firefighters Memorial Donation			
Number of Returns	5,139	5,410	5.3
Amount	\$0.04	\$0.05	12.7
Prostate Cancer Research Donation			
Number of Returns	9,018	9,739	8.0
Amount	\$0.1	\$0.1	8.4%

Source: Wisconsin Department of Revenue, Individual Income Tax Aggregate Statistics

Notes: Details may not sum to totals because of rounding. Percent changes were calculated before rounding. All dollar amounts are in millions.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

### INDIVIDUAL INCOME TAX FOR TAX YEAR 2008 DISTRIBUTED BY INCOME CLASS

Tables 2A, 2B, 2C, 2D and Chart 1 show the distribution by income class – as measured by WAGI – of the number of tax filers, WAGI, net income tax, and alternative minimum tax liability for tax year 2008. The tables show the following:

- About 51% of tax filers had WAGI less than \$30,000, but they accounted for only 12% of total WAGI, and 5% of net tax.
- At the other end of the income scale, the 0.4% of tax filers with WAGI in excess of \$500,000 received 10% of total WAGI and paid 13% of net tax. Tax filers with WAGI between \$100,000 and \$500,000 accounted for 9% of all filers, 30% of total WAGI and 37% of net tax.

- The \$30,000 – \$50,000 income class accounted for roughly 18% of filers, 15% of total WAGI, and 12% of net tax.
- Those in the \$50,000 – \$100,000 income class were 22% of all filers, 33% of total WAGI and 34% of net tax.

It is important to note that the distribution of tax filers by WAGI, as shown in Table 2A and Chart 1, does not accurately reflect the distribution of households by total household income. In particular, the percentage of households in low-income categories is much lower than the percentage of tax filers in those categories, for several reasons. First, nontaxable income is not included in the determination of WAGI. For example, at lower income levels, public assistance payments and social security benefits are not taxable and thus do not show up in WAGI. At higher income levels, 60% of long term capital gains are exempt from state taxation and not included in the calculation of WAGI (the exemption is reduced to 30% beginning in 2009). Thus, WAGI actually understates the income available to the tax filer for his or her use. Second, some taxpayers are able to reduce their income using tax shelters. As a result, WAGI understates their true income. Finally, about 16% of tax filers with WAGI lower than \$30,000 include children who are claimed as dependents on their parents' income tax returns, but have earned income and thus must file their own tax returns.

Tables 2B, 2C, and 2D show average tax rates by WAGI class. Table 2B includes net regular tax, while Table 2C includes net minimum tax, and Table 2D includes total net tax. The regular tax is calculated by applying the statutory tax rates and brackets to taxable income and subtracting used credits. The Wisconsin alternative minimum tax (AMT) is equal to 6.5% of alternative minimum taxable income after allowing exemptions of \$45,000 for individuals who are married filing jointly (\$22,500 if married filing separately and \$33,750 if single). This calculated AMT amount is then compared with the liability under the regular income tax. An AMT is owed only if the calculated amount exceeds the regular tax.

Table 2D shows average tax rates by WAGI class. These rates, calculated by dividing net tax liability by the amount of WAGI, average 4.43% for all income classes, but rise from less than 1% for incomes below \$15,000 to 5.8% for incomes over \$200,000. The increase in the effective tax rate as income increases is the result of the progressive aspects of Wisconsin's income tax structure – specifically, a sliding scale standard deduction where the standard deduction decreases as income increases and marginal tax rates that increase as taxable income rises.

**TABLE 2A  
DISTRIBUTION OF TAX FILERS AND WAGI AND TAX BY WAGI CLASS, TAX YEAR 2008**

WAGI Class	Tax filers		Wisconsin Adjusted Gross Income (WAGI)		
	Count	%	Amount (\$)	%	Average (\$)
Less than \$0	53,964	1.9%	\$(1,208,367,647)	-0.9%	\$(22,392)
\$0 - <5,000	395,382	13.7	729,813,929	0.5	1,846
\$5,000 - <10,000	258,737	9.0	1,915,357,739	1.4	7,403
\$10,000 - <15,000	212,556	7.4	2,646,888,281	2.0	12,453
\$15,000 - <20,000	193,897	6.7	3,389,361,332	2.5	17,480
\$20,000 - <25,000	184,544	6.4	4,146,621,046	3.1	22,470
\$25,000 - <30,000	170,804	5.9	4,690,567,083	3.5	27,462
\$30,000 - <40,000	286,686	10.0	9,965,782,609	7.4	34,762
\$40,000 - <50,000	217,939	7.6	9,763,404,263	7.2	44,799
\$50,000 - <70,000	326,469	11.3	19,405,114,738	14.4	59,439
\$70,000 - <100,000	300,248	10.4	24,996,456,416	18.5	83,253
\$100,000 - <200,000	224,116	7.8	29,011,520,537	21.5	129,449
\$200,000 - <500,000	41,000	1.4	11,759,431,941	8.7	286,815
\$500,000 - <1,000,000	7,319	0.3	4,930,696,049	3.6	673,684
\$1,000,000 and over	3,392	0.1	8,985,236,330	6.6	2,648,949
<b>TOTAL</b>	<b>2,877,053</b>	<b>100.0%</b>	<b>\$135,127,884,646</b>	<b>100.0%</b>	<b>\$46,967</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

**TABLE 2B  
DISTRIBUTION OF TAX FILERS AND NET TAX BY WAGI CLASS, TAX YEAR 2008**

WAGI Class	Tax filers		Net Income Tax*			Net Income Tax Rate**
	Count	%	Amount (\$)	%	Average (\$)	
Less than \$0	23	0.0%	\$(20,939)	0.0%	\$(910)	0.0%
\$0 - <5,000	38,993	1.9	2,814,202	0.0	72	0.4
\$5,000 - <10,000	32,574	1.6	4,983,823	0.1	153	0.3
\$10,000 - <15,000	105,507	5.2	16,071,661	0.3	152	0.6
\$15,000 - <20,000	141,871	6.9	41,409,356	0.7	292	1.2
\$20,000 - <25,000	159,158	7.8	81,090,568	1.4	509	2.0
\$25,000 - <30,000	164,671	8.1	123,050,307	2.1	747	2.6
\$30,000 - <40,000	283,328	13.9	332,904,422	5.6	1,175	3.3
\$40,000 - <50,000	216,542	10.6	377,984,563	6.3	1,746	3.9
\$50,000 - <70,000	325,147	15.9	829,506,348	13.9	2,551	4.3
\$70,000 - <100,000	299,556	14.7	1,185,286,699	19.8	3,957	4.7
\$100,000 - <200,000	223,691	11.0	1,513,124,687	25.3	6,764	5.2
\$200,000 - <500,000	40,884	2.0	680,320,563	11.4	16,640	5.8
\$500,000 - <1,000,000	7,295	0.4	298,372,633	5.0	40,901	6.1
\$1,000,000 and over	3,380	0.2	495,093,792	8.3	146,477	5.5
<b>TOTAL</b>	<b>2,042,620</b>	<b>100.0%</b>	<b>\$5,981,992,685</b>	<b>100.0%</b>	<b>\$2,929</b>	<b>4.4%</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

\*After nonrefundable credits and before refundable credits. Does not include tax filers with no net tax liability.

\*\*Tax as % of WAGI.

**TABLE 2C  
DISTRIBUTION OF TAX FILERS AND MINIMUM TAX LIABILITY BY WAGI CLASS, TAX YEAR 2008**

WAGI Class	Tax filers		Minimum Tax		
	Count	%	Amount (\$)	%	Average (\$)
Less than \$0	155	1.7%	\$264,380	3.2%	\$1,706
\$0 - <5,000	1,746	19.4	751,572	9.2	430
\$5,000 - <10,000	421	4.7	153,323	1.9	364
\$10,000 - <15,000	271	3.0	117,624	1.4	434
\$15,000 - <20,000	178	2.0	75,252	0.9	423
\$20,000 - <25,000	114	1.3	76,941	0.9	675
\$25,000 - <30,000	87	1.0	64,331	0.8	739
\$30,000 - <40,000	167	1.9	139,906	1.7	838
\$40,000 - <50,000	128	1.4	139,490	1.7	1,090
\$50,000 - <70,000	186	2.1	221,677	2.7	1,192
\$70,000 - <100,000	173	1.9	417,837	5.1	2,415
\$100,000 - <200,000	403	4.5	798,265	9.8	1,981
\$200,000 - <500,000	4,448	49.4	2,761,761	33.8	621
\$500,000 - <1,000,000	377	4.2	1,029,069	12.6	2,730
\$1,000,000 and over	141	1.6	1,163,839	14.2	8,254
<b>TOTAL</b>	<b>8,995</b>	<b>100.0%</b>	<b>\$8,175,267</b>	<b>100.0%</b>	<b>\$909</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

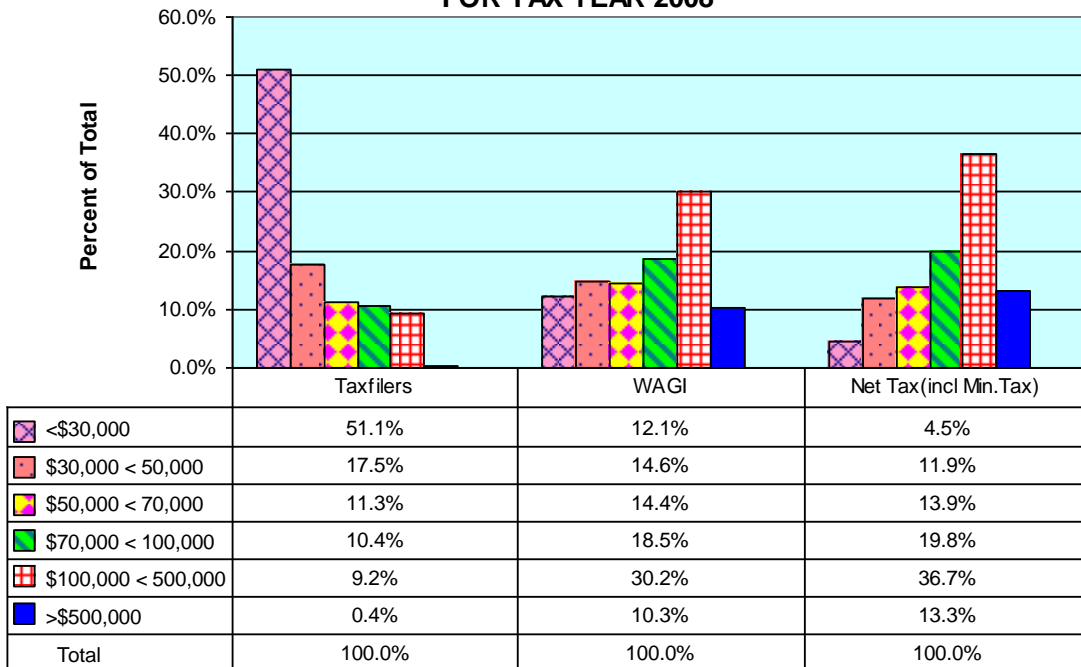
**TABLE 2D  
DISTRIBUTION OF TAX FILERS AND TOTAL NET TAX LIABILITY BY WAGI CLASS, TAX YEAR 2008**

WAGI Class	Tax filers		Total Net Tax Liability (Net + Minimum Tax)			Average Tax Rate (%)**
	Count	%	Amount (\$)	%	Average (\$)	
Less than \$0	146	0.0%	\$243,441	0.0%	\$1,667	0.0%
\$0 - <5,000	39,512	1.9	3,565,774	0.1	90	0.5
\$5,000 - <10,000	32,657	1.6	5,137,160	0.1	157	0.3
\$10,000 - <15,000	105,571	5.2	16,189,284	0.3	153	0.6
\$15,000 - <20,000	141,912	6.9	41,484,605	0.7	292	1.2
\$20,000 - <25,000	159,160	7.8	81,167,509	1.4	510	2.0
\$25,000 - <30,000	164,668	8.1	123,114,637	2.1	748	2.6
\$30,000 - <40,000	283,328	13.9	333,045,229	5.6	1,175	3.3
\$40,000 - <50,000	216,540	10.6	378,124,217	6.3	1,746	3.9
\$50,000 - <70,000	325,151	15.9	829,728,041	13.9	2,552	4.3
\$70,000 - <100,000	299,563	14.7	1,185,704,536	19.8	3,958	4.7
\$100,000 - <200,000	223,691	10.9	1,513,922,952	25.3	6,768	5.2
\$200,000 - <500,000	40,871	2.0	683,082,324	11.4	16,713	5.8
\$500,000 - <1,000,000	7,291	0.4	299,401,702	5.0	41,065	6.1
\$1,000,000 and over	3,380	0.2	496,257,631	8.3	146,822	5.5
<b>TOTAL</b>	<b>2,043,441</b>	<b>100.0%</b>	<b>\$5,990,169,042</b>	<b>100.0%</b>	<b>\$2,931</b>	<b>4.43%</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

\*\*Tax as % of WAGI.

**CHART 1  
DISTRIBUTION OF TAXFILERS, WAGI AND TAX BY INCOME CLASS  
FOR TAX YEAR 2008**



### DISTRIBUTION BY FILING STATUS

Table 3 and Chart 2 show that married couples, whether filing separately or jointly, accounted for 41% of all filers in tax year 2008. They were responsible for 70% of total WAGI and 74% of total net tax liability. In contrast, single tax filers, though accounting for about the same share of filers as married couples, -- 42% -- were responsible for 23% of WAGI and 22% of liability. Dependent filers -- those who file a return because they have income but are claimed as dependents on someone else's tax return -- accounted for 8% of filers but had an insignificant share of WAGI and tax liability. Heads of household were 9% of filers and had 6% of total WAGI and 5% of tax.

**TABLE 3  
DISTRIBUTION OF TAX FILERS, WAGI AND NET TAX LIABILITY BY FILING STATUS, TAX YEAR 2008**

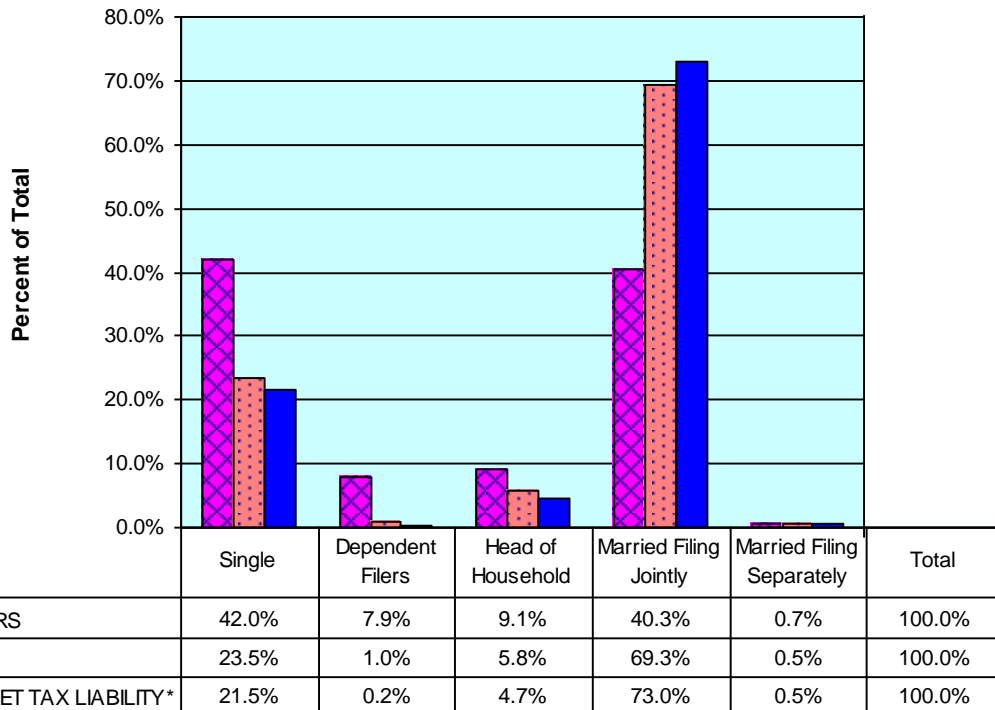
Filing Status	Tax filers		Wisconsin Adjusted Gross Income (WAGI)			Total Net Tax Liability*		Average Tax Rate** (%)
	Count	%	Total (\$ million)	%	Average (\$)	Total (\$ million)	%	
Single	1,208,778	42.0%	\$31,723.0	23.5%	\$26,244	\$1,289.8	21.5%	4.1%
Dependent Head of Household	228,517	7.9	1,347.9	1.0	5,899	12.9	0.2	1.0
Married Filing Jointly	260,990	9.1	7,841.4	5.8	30,045	282.2	4.7	3.6
Married Filing Separately	1,159,836	40.3	93,585.4	69.3	80,688	4,373.0	73.0	4.7
	18,932	0.7	630.2	0.5	33,287	32.3	0.5	5.1
<b>TOTAL</b>	<b>2,877,053</b>	<b>100.0%</b>	<b>\$135,127.9</b>	<b>100.0%</b>	<b>\$46,967</b>	<b>\$5,990.2</b>	<b>100.0%</b>	<b>4.4%</b>

\* Total net tax liability includes alternative minimum tax and nonrefundable credits, but not refundable credits.

\*\*Net tax as percentage of WAGI.

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

**CHART 2  
DISTRIBUTION OF TAX FILERS, WAGI AND NET TAX LIABILITY BY FILING STATUS, TAX YEAR 2008**



## **CREDITS**

An income tax credit is a subtraction from gross tax liability. There are two kinds of credits: nonrefundable credits and refundable credits. Nonrefundable credits can only be used to reduce tax liability; in some cases unused amounts of credits can be carried forward for up to 15 years to offset tax liability. The three largest nonrefundable credits are the itemized deduction credit, the school property tax credit, and the married couple credit.

### **Itemized Deductions Credit**

Unlike the federal income tax, the Wisconsin income tax does not allow itemized deductions. Instead, certain expenses are eligible for an itemized deduction credit. The credit equals 5% of the amount of eligible expenses in excess of the sliding scale standard deduction. Expenses qualifying for the credit include mortgage interest on a primary residence located in Wisconsin, charitable contributions, and medical expenses in excess of 7.5% of the taxpayer's federal adjusted gross income.

The distribution of the itemized deductions credit by income class is shown in Table 4. Out of a total of 2.88 million tax filers, about 778,000 (28%) claim the credit, but 756,000 have enough liability to use the credit. The percentage of filers within an income class using the credit tends to rise with income. While less than 3% of filers with incomes below \$30,000 used the itemized deductions credit, close to 100% of filers with incomes of \$100,000 or more used the credit. The total amount of the used itemized deductions credit was \$343.5 million. About 92% of the credits used were accounted for by filers with WAGI exceeding \$50,000.

The itemized deductions credit primarily benefits higher-income filers for two reasons. First, the expenses that qualify for the credit, mortgage interest and charitable contributions, tend to be larger for persons with higher incomes. Second, expenses are eligible for the credit only to the extent that they exceed the standard deduction. The design of the sliding scale standard deduction ensures that the standard deduction is reduced as income increases. Thus, lower income filers have larger standard deductions that typically exceed their qualified itemized deductions, so they seldom claim the itemized deductions credit. By contrast, higher income filers are allowed only a small or no standard deduction. These filers tend to have a large amount of eligible expenses against which the 5% itemized deductions credit is applied.

**TABLE 4  
DISTRIBUTION OF ITEMIZED DEDUCTIONS CREDIT BY WAGI CLASS FOR TAX YEAR 2008**

WAGI Class	Tax filers	Itemized Deductions Credit							
	Count	Total Claimed		Used Credit		Amount of Used Credit			% Used amounts to claimed amounts
		Count	Amount (\$)	Count	As % of filers in income class	(\$)	% of Total Used	Average (\$)	
Less than \$0	53,964	5,225	\$6,111,835	0	0.0%	\$0	0.0%	-	0.0%
\$0 - <5,000	395,382	19,508	18,611,265	7,836	2.0	123,859	0.0	\$16	0.7
\$5,000 - <10,000	258,737	8,437	2,418,494	4,923	1.9	212,555	0.1	43	8.8
\$10,000 - <15,000	212,556	8,196	3,277,309	6,883	3.2	600,601	0.2	87	18.3
\$15,000 - <20,000	193,897	8,706	3,412,331	7,787	4.0	1,248,484	0.4	160	36.6
\$20,000 - <25,000	184,544	9,722	3,565,285	9,720	5.3	2,046,553	0.6	211	57.4
\$25,000 - <30,000	170,804	12,005	4,070,652	12,005	7.0	2,846,554	0.8	237	69.9
\$30,000 - <40,000	286,686	34,857	9,657,618	34,857	12.2	8,247,655	2.4	237	85.4
\$40,000 - <50,000	217,939	48,822	12,422,873	48,822	22.4	11,525,901	3.4	236	92.8
\$50,000 - <70,000	326,469	130,421	35,315,531	130,421	39.9	34,851,950	10.1	267	98.7
\$70,000 - <100,000	300,248	226,050	84,875,730	226,050	75.3	84,757,283	24.7	375	99.9
\$100,000 - <200,000	224,116	215,857	127,865,729	215,857	96.3	127,772,369	37.2	592	99.9
\$200,000 - <500,000	41,000	40,104	41,295,620	40,104	97.8	41,254,607	12.0	1,029	99.9
\$500,000 - <1,000,000	7,319	7,118	12,359,953	7,118	97.3	12,338,997	3.6	1,733	99.8
\$1,000,000 and over	3,392	3,273	15,677,969	3,273	96.5	15,677,969	4.6	4,790	100.0
<b>TOTAL</b>	<b>2,877,053</b>	<b>778,301</b>	<b>\$380,938,194</b>	<b>755,656</b>	<b>26.3%</b>	<b>\$343,505,337</b>	<b>100.0%</b>	<b>\$455</b>	<b>90.2%</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

### **School Property Tax Credit**

The school property tax credit for tax year 2008 is equal to 12% of the first \$2,500 of property taxes (or rent equivalent) paid on a principal residence, with a maximum credit of \$300. The rent equivalent of property tax is equal to 20% of rent if heat is included in the rent and 25% if the tenant paid for heat separately from his or her rent.

The school property tax credit has the highest participation rate of all the nonrefundable credits. As Table 5 shows, out of 2.88 million tax filers, 1.98 million (or 69%) claimed a total of \$454 million in credits: \$353 million in property tax credits and \$100 million in rent credits. (The total number of claimants is less than the sum of property tax credit claimants and rent credit claimants because some filers claim both credits if they were renters for part of the year and homeowners for the remainder of the year.) Because the credit is nonrefundable, some filers who claim it may not be able to fully use it because they do not have enough tax liability. As such, 1.72 million filers were able to use the credit, and the total amount of used credit was \$394 million, or 87% of the amount claimed.

Low-income filers were less likely to fully use their credit. Credits used are less than 2% of credits claimed for filers with WAGI less than \$10,000, but close to 100% for filers with WAGI of \$20,000 or more. Of the \$394 million in total used property tax/rent credit, 43% went to those with incomes of \$30,000 - \$70,000.

The \$2,500 cap on property taxes or rent equivalent that are eligible for the credit limits the value of the credit to upper-income filers who tend to live in homes with higher property values and thus pay higher property taxes. As seen in Table 5, filers with WAGI of \$100,000 or more had average credits that approach the \$300 maximum.

**TABLE 5  
DISTRIBUTION OF SCHOOL PROPERTY TAX/RENT CREDIT BY WAGI CLASS FOR TAX YEAR 2008**

WAGI Class	Tax filers	School Property Tax/Rent Credit							
	Count	Property Tax Credit Claimed			Rent Credit Claimed			Total Credit Claimed	
		Count	Amount (\$)	Average (\$)	Count	Amount (\$)	Average (\$)	Count	Amount (\$)
Less than \$0	53,964	14,246	\$3,148,298	\$221	3,338	\$485,529	\$145	17,310	\$3,633,827
\$0 - <5,000	395,382	40,877	8,873,187	217	52,712	6,134,485	116	91,715	15,007,672
\$5,000 - <10,000	258,737	42,115	9,388,038	223	61,495	7,271,715	118	101,750	16,659,753
\$10,000 - <15,000	212,556	52,467	11,988,582	228	73,606	9,558,703	130	123,807	21,547,285
\$15,000 - <20,000	193,897	57,731	13,325,573	231	72,985	10,136,598	139	128,132	23,462,171
\$20,000 - <25,000	184,544	62,343	14,339,833	230	72,481	10,638,776	147	131,639	24,978,609
\$25,000 - <30,000	170,804	65,630	15,135,909	231	66,477	10,272,089	155	128,762	25,407,998
\$30,000 - <40,000	286,686	136,400	32,270,991	237	100,732	16,689,280	166	230,508	48,960,271
\$40,000 - <50,000	217,939	133,618	32,974,442	247	59,259	10,667,966	180	187,338	43,642,408
\$50,000 - <70,000	326,469	248,249	64,674,039	261	56,496	11,050,689	196	297,156	75,724,728
\$70,000 - <100,000	300,248	264,166	73,249,688	277	24,638	5,112,484	208	283,493	78,362,172
\$100,000 - <200,000	224,116	208,034	60,294,190	290	8,802	1,875,928	213	214,129	62,170,118
\$200,000 - <500,000	41,000	37,368	10,991,948	294	891	204,399	229	38,022	11,196,347
\$500,000 - <1,000,000	7,319	6,504	1,926,508	296	116	27,709	239	6,598	1,954,217
\$1,000,000 and over	3,392	2,932	867,303	296	41	9,509	232	2,964	876,812
<b>TOTAL</b>	<b>2,877,053</b>	<b>1,372,680</b>	<b>\$353,448,529</b>	<b>\$257</b>	<b>654,069</b>	<b>\$100,135,859</b>	<b>\$153</b>	<b>1,983,323</b>	<b>\$453,584,388</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

**TABLE 5 (continued)**  
**DISTRIBUTION OF SCHOOL PROPERTY TAX/RENT CREDIT BY WAGI CLASS FOR TAX YEAR 2008**

WAGI Class	Total Credit Used		Amount Of Used Credit			% Used amounts to claimed amounts
	Count	As % of filers in income class	(\$)	% of Total Used	Average (\$)	
Less than \$0	0	0.0%	-	0.0%	-	0.0%
\$0 - <5,000	2,856	0.7	\$46,130	0.0	\$16	0.3
\$5,000 - <10,000	9,077	3.5	206,022	0.1	23	1.2
\$10,000 - <15,000	84,340	39.7	7,599,031	1.9	90	35.3
\$15,000 - <20,000	107,916	55.7	15,640,550	4.0	145	66.7
\$20,000 - <25,000	130,390	70.7	22,987,011	5.8	176	92.0
\$25,000 - <30,000	128,090	75.0	25,128,913	6.4	196	98.9
\$30,000 - <40,000	229,917	80.2	48,751,943	12.4	212	99.6
\$40,000 - <50,000	187,138	85.9	43,576,928	11.1	233	99.8
\$50,000 - <70,000	296,992	91.0	75,672,862	19.2	255	99.9
\$70,000 - <100,000	283,450	94.4	78,347,927	19.9	276	100.0
\$100,000 - <200,000	214,109	95.5	62,163,891	15.8	290	100.0
\$200,000 - <500,000	38,019	92.7	11,195,447	2.8	294	100.0
\$500,000 - <1,000,000	6,597	90.1	1,953,917	0.5	296	100.0
\$1,000,000 and over	2,964	87.4	876,812	0.2	296	100.0
<b>TOTAL</b>	<b>1,721,855</b>	<b>59.8%</b>	<b>\$394,147,384</b>	<b>100.0%</b>	<b>\$229</b>	<b>86.9%</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

**Married Couple Credit**

A married couple credit is available to married couples filing jointly where both spouses are employed. The purpose of the credit is to offset the marriage tax penalty that may occur due to the structure of the state's income tax. In Wisconsin, a married couple may pay taxes that are higher than their combined liability would be if they had each filed as a single taxpayer.

For tax year 2008, the credit equaled 3% of the first \$16,000 of the earned income of the lower-earning spouse, with a maximum credit of \$480. Earned income includes wages, salaries, tips or other employee compensation and net earnings from self-employment, reduced by any net loss from self-employment and by deductions for Keogh or individual retirement accounts. Married couples must file jointly in order to claim the married couple credit.

About 60% of all married joint filers used the credit in 2008, as Table 6 shows. About 699,000 married couples were able to use a total of \$274 million in credits to lower their tax liability. Most of the benefits of the married couple credit go to the upper middle income class, with 88% of the used credits going to those with incomes of \$50,000 or more.

**TABLE 6  
DISTRIBUTION OF MARRIED COUPLE CREDIT BY WAGI CLASS FOR TAX YEAR 2008**

WAGI Class	Married Joint Filers	Married Couple Credit							
	Count	Total Claimed		Used Credit				% Used amounts to claimed amounts	
		Count	Amount (\$)	Count	As % of filers in income class	Amount (\$)	% of Total Used		Average (\$)
Less than \$0	12,896	1,444	\$347,704	16	0.1%	\$5,149	0.0%	\$322	1.5%
\$0 - <5,000	42,012	2,194	215,261	238	0.6	11,367	0.0	48	5.3
\$5,000 - <10,000	28,198	3,993	338,107	450	1.6	35,977	0.0	80	10.6
\$10,000 - <15,000	35,821	6,736	756,539	626	1.7	65,287	0.0	104	8.6
\$15,000 - <20,000	43,091	9,220	1,234,196	1,435	3.3	132,531	0.0	92	10.7
\$20,000 - <25,000	45,138	11,924	1,902,203	7,926	17.6	804,474	0.3	101	42.3
\$25,000 - <30,000	45,359	15,226	2,973,514	14,890	32.8	2,529,470	0.9	170	85.1
\$30,000 - <40,000	92,682	41,486	10,424,187	41,302	44.6	10,316,332	3.8	250	99.0
\$40,000 - <50,000	96,512	57,142	18,387,814	57,119	59.2	18,371,845	6.7	322	99.9
\$50,000 - <70,000	212,485	158,521	61,493,265	158,496	74.6	61,481,979	22.5	388	100.0
\$70,000 - <100,000	254,401	214,478	92,170,896	214,473	84.3	92,168,665	33.7	430	100.0
\$100,000 - <200,000	205,139	173,646	76,380,716	173,643	84.6	76,379,300	27.9	440	100.0
\$200,000 - <500,000	36,746	24,252	9,716,557	24,252	66.0	9,716,557	3.6	401	100.0
\$500,000 - <1,000,000	6,435	3,302	1,217,075	3,302	51.3	1,217,075	0.4	369	100.0
\$1,000,000 and over	2,921	1,221	437,143	1,221	41.8	437,143	0.2	358	100.0
<b>TOTAL</b>	<b>1,159,836</b>	<b>724,785</b>	<b>\$277,995,177</b>	<b>699,389</b>	<b>60.3%</b>	<b>\$273,673,151</b>	<b>100.0%</b>	<b>\$391</b>	<b>98.4%</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

## **Working Families' Credit**

The working families' credit, introduced in tax year 1998, eliminates Wisconsin income tax for single persons with \$9,000 or less of income and for married couples with income of \$18,000 or less. The credit is phased out over the next \$1,000 of income above these thresholds. In tax year 2008, while 3,600 filers claimed the credit, only 3,000 filers benefited from it, at a total cost to the state of approximately \$193,000 (see Table 7).

The credit has declined over the years as other provisions of the income tax code have made it redundant. In particular, the standard deduction, which was raised substantially in tax year 2000 and indexed for inflation for subsequent years, has had more impact on lowering the tax burden of families.

In 1998, when the working families' credit first took effect, the maximum standard deduction for singles was \$5,200, phasing down to zero at \$50,830 of income. The maximum standard deduction for married joint filers was \$8,900, phasing down to zero at \$55,000 of income. In contrast, for tax year 2008, the maximum standard deduction for singles was \$8,960 phasing down to zero at \$87,587 of income. For married joint filers the maximum standard deduction was \$16,140, phasing down to zero at \$99,736 of income. In addition, a single filer received a \$700 personal exemption and a married couple received two exemptions totaling \$1,400 in 2008. In 1998, there were no personal exemptions.

Thus, whereas a single filer with income of \$9,000 had a standard deduction of \$4,990 in tax year 1998, he or she could claim the maximum deduction of \$8,960 plus a personal exemption of \$700 in 2008, reducing taxable income to \$0. A married couple with \$18,000 of income had their standard deduction increased from \$7,268 in 1998 to \$16,140 in 2008, and received exemptions of \$1,400 in 2008 for a total reduction of \$17,540. Indexing of the maximum standard deduction and its phase-out range will continue to reduce the relevance of the working families' credit, since income thresholds and ceilings for the credit are not indexed for inflation.

The decline in the working families' credit has been dramatic. In tax year 1998, the amount of credit used totaled \$15.6 million for 140,000 tax filers. In 2000, when the standard deduction was greatly expanded and the personal exemption created, the number of filers who used the credit had dropped to 32,700 and the amount to \$1.5 million. With indexing of the standard deduction and an increase in the personal exemption, the 2008 usage of the working families' credit declined further to 3,600 filers and \$193,000.

**TABLE 7  
DISTRIBUTION OF WORKING FAMILIES' CREDIT BY WAGI CLASS FOR TAX YEAR 2008**

WAGI Class	Tax filers	Working Families Credit							
	Count	Total Claimed		Used Credit				% Used amounts to claimed amounts	
		Count	Amount (\$)	Count	As % of filers in income class	Amount (\$)	% of Total Used		Average (\$)
Less than \$0	53,964	-	-	-	0.0%	-	0.0%	-	-
\$0 - <5,000	395,382	110	\$10,073	100	0.0	\$9,762	5.1	\$98	96.9%
\$5,000 - <10,000	258,737	1,969	41,435	1,914	0.7	38,311	19.9	20	92.5
\$10,000 - <15,000	212,556	163	68,155	152	0.1	61,069	31.7	402	89.6
\$15,000 - <20,000	193,897	1,347	95,025	823	0.4	83,602	43.4	102	88.0
\$20,000 - <25,000	184,544	-	-	-	0.0	-	0.0	-	-
\$25,000 - <30,000	170,804	-	-	-	0.0	-	0.0	-	-
\$30,000 - <40,000	286,686	-	-	-	0.0	-	0.0	-	-
\$40,000 - <50,000	217,939	-	-	-	0.0	-	0.0	-	-
\$50,000 - <70,000	326,469	-	-	-	0.0	-	0.0	-	-
\$70,000 - <100,000	300,248	-	-	-	0.0	-	0.0	-	-
\$100,000 - <200,000	224,116	-	-	-	0.0	-	0.0	-	-
\$200,000 - <500,000	41,000	-	-	-	0.0	-	0.0	-	-
\$500,000 - <1,000,000	7,319	-	-	-	0.0	-	0.0	-	-
\$1,000,000 and over	3,392	-	-	-	0.0	-	0.0	-	-
<b>TOTAL</b>	<b>2,877,053</b>	<b>3,589</b>	<b>\$214,688</b>	<b>2,989</b>	<b>0.1%</b>	<b>\$192,744</b>	<b>100.0%</b>	<b>\$64</b>	<b>89.8%</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

### Other Nonrefundable Credits

Tables 8A – 8K provide information on the remaining nonrefundable credits. The film production services credit, the film production company investment credit, and the ethanol and biodiesel fuel pump credit are also available, but they are not included in the discussion. In each case fewer than 10 individuals used the credits.

The armed forces member tax credit (see Table 8A) provides up to \$300 for military pay received for service while stationed outside the United States. It benefited 4,490 filers at a cost of \$1.2 million. About 77% of the credit went to filers with incomes below \$40,000.

**TABLE 8A  
DISTRIBUTION OF ARMED FORCES MEMBER TAX CREDIT BY WAGI CLASS FOR TAX YEAR 2008**

WAGI Class	Tax filers	Used Armed Forces Member Tax Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	53,964	-	0.00%	-	0.00%	-
\$0 - <5,000	395,382	S	S	S	S	S
\$5,000 - <10,000	258,737	70	0.03	3,228	0.27	46
\$10,000 - <15,000	212,556	642	0.30	89,541	7.57	139
\$15,000 - <20,000	193,897	822	0.42	224,000	18.94	273
\$20,000 - <25,000	184,544	826	0.45	231,297	19.56	280
\$25,000 - <30,000	170,804	591	0.35	174,729	14.78	296
\$30,000 - <40,000	286,686	604	0.21	183,788	15.54	304
\$40,000 - <50,000	217,939	340	0.16	103,728	8.77	305
\$50,000 - <70,000	326,469	288	0.09	88,061	7.45	306
\$70,000 - <100,000	300,248	183	0.06	49,977	4.23	273
\$100,000 - <200,000	224,116	114	0.05	32,086	2.71	281
\$200,000 - <500,000	41,000	M	M	1,811	0.15	M
\$500,000 - <1,000,000	7,319	-	0.00	-	0.00	-
\$1,000,000 and over	3,392	-	0.00	-	0.00	-
<b>TOTAL</b>	<b>2,877,053</b>	<b>4,490</b>	<b>0.16%</b>	<b>\$1,182,402</b>	<b>100.0%</b>	<b>\$263</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

The manufacturer's sales tax credit (see Table 8B) benefited 139 filers who were able to reduce their tax liability by \$0.3 million for an average credit of \$1,822. About 87% of the credit went to filers with incomes of \$100,000 and over and about 29% went to filers with over \$1 million of income. The credit was repealed effective for tax years that begin after December 31, 2005 and was replaced with a sales tax exemption, but carryforward credit claims are still allowed.

**TABLE 8B**  
**DISTRIBUTION OF MANUFACTURER'S SALES TAX CREDIT BY WAGI CLASS FOR TAX YEAR 2008**

WAGI Class	Tax filers	Used Manufacturer's Sales Tax Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	53,964	-	0.00%	-	0.00%	-
\$0 - <5,000	395,382	M	M	\$1,278	0.50	M
\$5,000 - <10,000	258,737	S	S	S	S	S
\$10,000 - <15,000	212,556	S	S	S	S	S
\$15,000 - <20,000	193,897	S	S	S	S	S
\$20,000 - <25,000	184,544	S	S	S	S	S
\$25,000 - <30,000	170,804	S	S	S	S	S
\$30,000 - <40,000	286,686	S	S	S	S	S
\$40,000 - <50,000	217,939	S	S	S	S	S
\$50,000 - <70,000	326,469	M	M	11,012	4.35	M
\$70,000 - <100,000	300,248	15	0.00	15,722	6.21	1,048
\$100,000 - <200,000	224,116	30	0.01	33,047	13.05	1,102
\$200,000 - <500,000	41,000	29	0.07	65,258	25.77	2,250
\$500,000 - <1,000,000	7,319	17	0.23	49,817	19.67	2,930
\$1,000,000 and over	3,392	M	M	72,990	28.82	M
TOTAL	2,877,053	139	0.00%	\$253,280	100.00%	\$1,822

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

The historic credit (see Table 8C) was used by 448 tax filers, totaling \$1.5 million for an average credit of \$3,375. Filers with income of \$70,000 or more accounted for 91% of the credit amount.

**TABLE 8C  
DISTRIBUTION OF HISTORIC CREDIT BY WAGI CLASS FOR TAX YEAR 2008**

WAGI Class	Tax filers	Used Historic Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	53,964	-	0.00%	-	0.00%	-
\$0 - <5,000	395,382	0	0.00	-	0.00	-
\$5,000 - <10,000	258,737	S	S	S	S	S
\$10,000 - <15,000	212,556	S	S	S	S	S
\$15,000 - <20,000	193,897	S	S	S	S	S
\$20,000 - <25,000	184,544	11	0.01	3,284	0.22	299
\$25,000 - <30,000	170,804	11	0.01	3,921	0.26	356
\$30,000 - <40,000	286,686	20	0.01	17,171	1.14	859
\$40,000 - <50,000	217,939	21	0.01	18,253	1.21	869
\$50,000 - <70,000	326,469	43	0.01	86,815	5.74	2,019
\$70,000 - <100,000	300,248	76	0.03	175,915	11.63	2,315
\$100,000 - <200,000	224,116	145	0.06	483,284	31.96	3,333
\$200,000 - <500,000	41,000	86	0.21	458,786	30.34	5,335
\$500,000 - <1,000,000	7,319	26	0.36	217,197	14.36	8,354
\$1,000,000 and over	3,392	S	S	S	S	S
<b>TOTAL</b>	<b>2,877,053</b>	<b>448</b>	<b>0.02%</b>	<b>\$1,512,014</b>	<b>100.0%</b>	<b>\$3,375</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

The development zone credits (see Table 8D) benefited 214 tax filers at a cost of \$2.6 million for an average credit of \$12,242. About 95% of this credit went to filers with income of \$200,000 or more, and 77% of this credit went to filers with income of \$1 million or more.

**TABLE 8D  
DISTRIBUTION OF DEVELOPMENT ZONE CREDITS BY WAGI CLASS FOR TAX YEAR 2008**

WAGI Class	Tax filers	Used Development Zone Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	53,964	-	0.00%	-	0.00%	-
\$0 - <5,000	395,382	M	0.00	\$3,410	0.13	\$341
\$5,000 - <10,000	258,737	S	S	S	S	S
\$10,000 - <15,000	212,556	S	S	S	S	S
\$15,000 - <20,000	193,897	S	S	S	S	S
\$20,000 - <25,000	184,544	S	S	S	S	S
\$25,000 - <30,000	170,804	S	S	S	S	S
\$30,000 - <40,000	286,686	S	S	S	S	S
\$40,000 - <50,000	217,939	S	S	S	S	S
\$50,000 - <70,000	326,469	M	M	13,385	0.51	M
\$70,000 - <100,000	300,248	S	S	S	S	S
\$100,000 - <200,000	224,116	37	0.02	108,145	4.13	2,923
\$200,000 - <500,000	41,000	47	0.11	205,969	7.86	4,382
\$500,000 - <1,000,000	7,319	43	0.59	257,639	9.83	5,992
\$1,000,000 and over	3,392	41	1.21	2,023,746	77.25	49,360
<b>TOTAL</b>	<b>2,877,053</b>	<b>214</b>	<b>0.01%</b>	<b>\$2,619,811</b>	<b>100.0%</b>	<b>\$12,242</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

The dairy and livestock farm investment credit (see Table 8E) was used by 7,188 tax filers at a cost of \$13.9 million. The average credit was \$1,931. Filers with incomes of \$50,000 or more accounted for 81% of the credit amount. The credit was created in tax year 2004 and expanded to include livestock farms in tax year 2006. Individuals may carry forward unused credits for 15 years. Current unused credit carry forwards have accumulated to \$58.2 million.

**TABLE 8E**  
**DISTRIBUTION OF DAIRY AND LIVESTOCK FARM INVESTMENT CREDIT BY WAGI CLASS FOR TAX YEAR 2008**

WAGI Class	Tax filers	Used Dairy Investment Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	53,964	S	S	S	S	S
\$0 - <5,000	395,382	M	M	16,084	0.12	M
\$5,000 - <10,000	258,737	11	0.00	5,273	0.04	479
\$10,000 - <15,000	212,556	167	0.08	21,930	0.16	131
\$15,000 - <20,000	193,897	236	0.12	61,741	0.44	262
\$20,000 - <25,000	184,544	435	0.24	116,620	0.84	268
\$25,000 - <30,000	170,804	654	0.38	249,012	1.79	381
\$30,000 - <40,000	286,686	1,242	0.43	892,463	6.43	719
\$40,000 - <50,000	217,939	1,024	0.47	1,264,778	9.11	1,235
\$50,000 - <70,000	326,469	1,439	0.44	2,667,111	19.22	1,853
\$70,000 - <100,000	300,248	1,068	0.36	3,039,709	21.90	2,846
\$100,000 - <200,000	224,116	701	0.31	3,398,978	24.49	4,849
\$200,000 - <500,000	41,000	177	0.43	1,795,940	12.94	10,147
\$500,000 - <1,000,000	7,319	16	0.22	221,834	1.60	13,865
\$1,000,000 and over	3,392	M	M	117,262	0.84	M
<b>TOTAL</b>	<b>2,877,053</b>	<b>7,188</b>	<b>0.25%</b>	<b>\$13,878,131</b>	<b>100.0%</b>	<b>\$1,931</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

The angel investment credit (see Table 8F) benefited 209 tax filers at a cost of \$1.5 million for an average credit of \$6,948. About 96% of this credit went to filers with income of \$100,000 or more, and 61% of this credit went to filers with income of \$500,000 or more.

**TABLE 8F  
DISTRIBUTION OF ANGEL INVESTMENT CREDIT BY WAGI CLASS FOR TAX YEAR 2008**

WAGI Class	Tax filers	Used Angel Investment Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	53,964	-	0.00%	-	0.00%	-
\$0 - <5,000	395,382	S	S	S	S	S
\$5,000 - <10,000	258,737	S	S	S	S	S
\$10,000 - <15,000	212,556	-	0.00	-	0.00	-
\$15,000 - <20,000	193,897	S	S	S	S	S
\$20,000 - <25,000	184,544	-	0.00	-	0.00	-
\$25,000 - <30,000	170,804	S	S	S	S	S
\$30,000 - <40,000	286,686	S	S	S	S	S
\$40,000 - <50,000	217,939	S	S	S	S	S
\$50,000 - <70,000	326,469	12	0.00	18,267	1.26	1,522
\$70,000 - <100,000	300,248	13	0.00	38,150	2.63	2,935
\$100,000 - <200,000	224,116	46	0.02	167,163	11.51	3,634
\$200,000 - <500,000	41,000	56	0.14	339,517	23.38	6,063
\$500,000 - <1,000,000	7,319	37	0.51	303,014	20.87	8,190
\$1,000,000 and over	3,392	32	0.94	577,906	39.80	18,060
<b>TOTAL</b>	<b>2,877,053</b>	<b>209</b>	<b>0.01%</b>	<b>\$1,452,143</b>	<b>100.0%</b>	<b>\$6,948</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

The seed investment credit (see Table 8G) was used by 273 tax filers at a cost of \$1.4 million. The average credit was \$4,972. Filers with incomes of \$100,000 or more accounted for 97% of the credit amount.

**TABLE 8G  
DISTRIBUTION OF SEED INVESTMENT CREDIT BY WAGI CLASS FOR TAX YEAR 2008**

WAGI Class	Tax filers	Used Seed Investment Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	53,964	-	0.00%	-	0.00%	-
\$0 - <5,000	395,382	M	M	\$874	0.06	M
\$5,000 - <10,000	258,737	S	S	S	S	S
\$10,000 - <15,000	212,556	S	S	S	S	S
\$15,000 - <20,000	193,897	S	S	S	S	S
\$20,000 - <25,000	184,544	S	S	S	S	S
\$25,000 - <30,000	170,804	-	0.00	-	0.00	-
\$30,000 - <40,000	286,686	M	M	4,264	0.31	M
\$40,000 - <50,000	217,939	S	S	S	S	S
\$50,000 - <70,000	326,469	M	M	12,226	0.90	M
\$70,000 - <100,000	300,248	M	M	14,532	1.07	M
\$100,000 - <200,000	224,116	41	0.02	120,220	8.86	2,932
\$200,000 - <500,000	41,000	80	0.20	370,801	27.32	4,635
\$500,000 - <1,000,000	7,319	54	0.74	411,106	30.28	7,613
\$1,000,000 and over	3,392	52	1.53	412,712	30.40	7,937
TOTAL	2,877,053	273	0.01%	\$1,357,459	100.0%	\$4,972

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

The technology zone credit (see Table 8H) was used by 96 tax filers at a cost of \$0.6 million. The average credit was \$6,051. Filers with incomes of \$100,000 or more accounted for 98% of the credit amount.

**TABLE 8H  
DISTRIBUTION OF TECHNOLOGY ZONE CREDIT BY WAGI CLASS FOR TAX YEAR 2008**

WAGI Class	Tax filers	Used Technology Zone Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	53,964	-	0.00%	-	0.00%	-
\$0 - <5,000	395,382	M	M	\$567	0.10	M
\$5,000 - <10,000	258,737	-	0.00	-	0.00	-
\$10,000 - <15,000	212,556	S	S	S	S	S
\$15,000 - <20,000	193,897	-	0.00	-	0.00	-
\$20,000 - <25,000	184,544	-	0.00	-	0.00	-
\$25,000 - <30,000	170,804	-	0.00	-	0.00	-
\$30,000 - <40,000	286,686	S	S	S	S	S
\$40,000 - <50,000	217,939	S	S	S	S	S
\$50,000 - <70,000	326,469	S	S	S	S	S
\$70,000 - <100,000	300,248	S	S	S	S	S
\$100,000 - <200,000	224,116	26	0.01	57,935	9.97	2,228
\$200,000 - <500,000	41,000	27	0.07	146,813	25.27	5,438
\$500,000 - <1,000,000	7,319	16	0.22	167,779	28.88	10,486
\$1,000,000 and over	3,392	M	M	198,074	34.10	M
TOTAL	2,877,053	96	0.00%	\$580,907	100.0%	\$6,051

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

The Internet Equipment credit (see Table 8I) was used by 56 tax filers at a cost of \$24,725. The average credit was \$442. Filers with incomes of \$30,000 to \$50,000 accounted for 47% of the credit amount.

**TABLE 8I**  
**DISTRIBUTION OF INTERNET EQUIPMENT CREDIT BY WAGI CLASS FOR TAX YEAR 2008**

WAGI Class	Tax filers	Used Internet Equipment Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	53,964	-	0.00%	-	0.00%	-
\$0 - <5,000	395,382	0	0.00	-	0.00	-
\$5,000 - <10,000	258,737	0	0.00	-	0.00	-
\$10,000 - <15,000	212,556	S	S	S	S	S
\$15,000 - <20,000	193,897	S	S	S	S	S
\$20,000 - <25,000	184,544	S	S	S	S	S
\$25,000 - <30,000	170,804	S	S	S	S	S
\$30,000 - <40,000	286,686	15	0.01	6,185	25.02	412
\$40,000 - <50,000	217,939	M	M	5,440	22.00	M
\$50,000 - <70,000	326,469	M	M	2,445	9.89	M
\$70,000 - <100,000	300,248	S	S	S	S	S
\$100,000 - <200,000	224,116	M	M	4,714	19.07	M
\$200,000 - <500,000	41,000	S	S	S	S	S
\$500,000 - <1,000,000	7,319	0	0.00	-	0.00	-
\$1,000,000 and over	3,392	0	0.00	-	0.00	-
<b>TOTAL</b>	<b>2,877,053</b>	<b>56</b>	<b>0.00%</b>	<b>\$24,725</b>	<b>100.0%</b>	<b>\$442</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

The health insurance risk-sharing assessments credit (see Table 8J) was used by 150 tax filers at a cost of \$44,733. The average credit was \$298. Filers with incomes of \$20,000 to \$70,000 accounted for 61% of the credit amount.

**TABLE 8J  
DISTRIBUTION OF HEALTH INSURANCE RISK-SHARING ASSESSMENTS CREDIT  
BY WAGI CLASS FOR TAX YEAR 2008**

WAGI Class	Tax filers	Used Health Insurance Risk-Sharing Assessments Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	53,964	-	0.00%	-	0.00%	-
\$0 - <5,000	395,382	S	S	S	S	S
\$5,000 - <10,000	258,737	M	M	141	0.32	M
\$10,000 - <15,000	212,556	M	M	961	2.15	M
\$15,000 - <20,000	193,897	M	M	1,162	2.60	M
\$20,000 - <25,000	184,544	24	0.01	5,682	12.70	237
\$25,000 - <30,000	170,804	14	0.01	3,657	8.18	261
\$30,000 - <40,000	286,686	20	0.01	6,522	14.58	326
\$40,000 - <50,000	217,939	13	0.01	5,140	11.49	395
\$50,000 - <70,000	326,469	23	0.01	6,122	13.69	266
\$70,000 - <100,000	300,248	23	0.01	5,402	12.08	235
\$100,000 - <200,000	224,116	M	M	9,921	22.18	M
\$200,000 - <500,000	41,000	S	S	S	S	S
\$500,000 - <1,000,000	7,319	-	0.00	-	0.00	-
\$1,000,000 and over	3,392	-	0.00	-	0.00	-
<b>TOTAL</b>	<b>2,877,053</b>	<b>150</b>	<b>0.01%</b>	<b>\$44,733</b>	<b>100.00%</b>	<b>\$298</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

The manufacturing investment credit (see Table 8K) was used by 150 tax filers at a cost of \$306,200. The average credit was \$2,041. Filers with incomes of \$100,000 or more accounted for 97% of the credit amount.

**TABLE 8K  
DISTRIBUTION OF MANUFACTURING INVESTMENT CREDIT BY WAGI CLASS FOR TAX YEAR 2008**

WAGI Class	Tax filers	Used Manufacturing Investment Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	53,964	-	0.00%	-	0.00%	-
\$0 - <5,000	395,382	S	S	S	S	S
\$5,000 - <10,000	258,737	-	0.00	-	0.00	-
\$10,000 - <15,000	212,556	S	S	S	S	S
\$15,000 - <20,000	193,897	-	0.00	-	0.00	-
\$20,000 - <25,000	184,544	S	S	S	S	S
\$25,000 - <30,000	170,804	S	S	S	S	S
\$30,000 - <40,000	286,686	-	0.00	-	0.00	-
\$40,000 - <50,000	217,939	S	S	S	S	S
\$50,000 - <70,000	326,469	M	M	4,687	1.53	M
\$70,000 - <100,000	300,248	14	0.00	2,069	0.68	148
\$100,000 - <200,000	224,116	31	0.01	22,686	7.41	732
\$200,000 - <500,000	41,000	32	0.08	37,210	12.15	1,163
\$500,000 - <1,000,000	7,319	26	0.36	34,388	11.23	1,323
\$1,000,000 and over	3,392	32	0.94	202,673	66.19	6,334
TOTAL	2,877,053	150	0.01%	\$306,200	100.0%	\$2,041

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

## REFUNDABLE CREDITS

Wisconsin income tax law allows for several refundable credits. These are the Earned Income Tax Credit, the Homestead Credit, the Farmland Preservation Credit, the Farmland Tax Relief Credit, the Veterans' and Surviving Spouses' Property Tax Credit, the Dairy Manufacturing Facility Credit, and Enterprise Zone Jobs Credit. The underlined credits are discussed in greater detail in separate reports which can be found on the Department of Revenue's website using the links above.

Tables 9A and 9B provide information on the Veterans' and Surviving Spouses' Property Tax Credit and the Dairy Manufacturing Facility Credit.<sup>1</sup>

The Veterans' and Surviving Spouses' Property Tax Credit was created in tax year 2005. As shown in table 9A the credit is targeted at a relatively small number of taxpayers. Only 577 tax filers claimed the credit in tax year 2008 at a total cost to the state of \$1.7 million. Seventy-eight percent of the credit was used by claimants with income below \$40,000. The average credit was \$2,970. These numbers will not reflect ongoing participation and costs for this credit as awareness of the credit increases and credit expansions take effect.

**TABLE 9A  
DISTRIBUTION OF VETERANS' AND SURVIVING SPOUSES' PROPERTY TAX CREDIT  
BY WAGI CLASS FOR TAX YEAR 2008**

WAGI Class	Count	Count	As % of filers in income class	Amount (\$)	%	Average Credit (\$)
Less than \$0	53,964	11	0.02%	\$30,439	1.78%	\$2,767
\$0 - <5,000	395,382	127	0.03	319,467	18.64	2,515
\$5,000 - <10,000	258,737	87	0.03	231,725	13.52	2,664
\$10,000 - <15,000	212,556	65	0.03	175,270	10.23	2,696
\$15,000 - <20,000	193,897	52	0.03	155,247	9.06	2,986
\$20,000 - <25,000	184,544	48	0.03	142,016	8.29	2,959
\$25,000 - <30,000	170,804	40	0.02	115,712	6.75	2,893
\$30,000 - <40,000	286,686	48	0.02	161,279	9.41	3,360
\$40,000 - <50,000	217,939	32	0.01	104,254	6.08	3,258
\$50,000 - <70,000	326,469	33	0.01	136,018	7.94	4,122
\$70,000 - <100,000	300,248	23	0.01	88,514	5.17	3,848
\$100,000 - <200,000	224,116	M	M	37,204	2.17	M
\$200,000 - <500,000	41,000	S	S	S	S	S
\$500,000 - <1,000,000	7,319	0	0.00	0	0.00	-
\$1,000,000 and over	3,392	0	0.00	0	0.00	-
TOTAL	2,877,053	577	0.02%	\$1,713,587	100.0%	\$2,970

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

<sup>1</sup> The Enterprise Zone Jobs Credit is also available, but it is not included in the discussion. Fewer than 10 individuals used the credit in tax year 2008.

The Dairy Manufacturing Facility Credit was created in tax year 2007. As shown in table 9B the credit is targeted at a relatively small number of taxpayers. Only 43 tax filers claimed the credit in tax year 2008 at a total cost to the state of \$0.7 million. The average credit was \$16,304.

**TABLE 9B  
DISTRIBUTION OF DAIRY MANUFACTURING FACILITY CREDIT  
BY WAGI CLASS FOR TAX YEAR 2008**

WAGI Class	Count	Count	As % of filers in income class	Amount (\$)	%	Average Credit (\$)
Less than \$0	53,964	S	S	S	S	S
\$0 - <5,000	395,382	S	S	S	S	S
\$5,000 - <10,000	258,737	S	S	S	S	S
\$10,000 - <15,000	212,556	S	S	S	S	S
\$15,000 - <20,000	193,897	0	0.00	0	0.00	-
\$20,000 - <25,000	184,544	0	0.00	0	0.00	-
\$25,000 - <30,000	170,804	0	0.00	0	0.00	-
\$30,000 - <40,000	286,686	0	0.00	0	0.00	-
\$40,000 - <50,000	217,939	S	S	S	S	S
\$50,000 - <70,000	326,469	S	S	S	S	S
\$70,000 - <100,000	300,248	S	S	S	S	S
\$100,000 - <200,000	224,116	S	S	S	S	S
\$200,000 - <500,000	41,000	17	0.04	158,576	22.62	9,328
\$500,000 - <1,000,000	7,319	S	S	S	S	S
\$1,000,000 and over	3,392	S	S	S	S	S
TOTAL	2,877,053	43	0.00%	\$701,061	100.0%	\$16,304

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

## OTHER ITEMS

### Sales and Use Tax on Out-of-State Purchases

The income tax form provides a line for taxpayers to report any state and local sales tax on purchases from out-of-state firms on which the sales tax was not charged. Use taxes are taxes paid by Wisconsin residents to the state of Wisconsin on purchases from out-of-state firms. As seen in Table 10A, about 1% of filers (29,729) report use tax. Total use tax collected through the income tax return amounted to \$1.79 million, for an average of \$60. The reporting rate increases with income.

**TABLE 10A  
USE TAX FOR TAX YEAR 2008**

WAGI Class	Tax filers		Use Tax On Income Tax Form			Average Use Tax (\$)
	Count	Count	As % of filers in income class	Amount (\$)	%	
Less than \$0	53,964	157	0.29%	\$13,711	0.77%	\$87
\$0 - <5,000	395,382	939	0.24	36,356	2.03	39
\$5,000 - <10,000	258,737	969	0.37	31,888	1.78	33
\$10,000 - <15,000	212,556	982	0.46	35,567	1.99	36
\$15,000 - <20,000	193,897	1,043	0.54	37,298	2.08	36
\$20,000 - <25,000	184,544	1,168	0.63	52,414	2.93	45
\$25,000 - <30,000	170,804	1,217	0.71	48,225	2.69	40
\$30,000 - <40,000	286,686	2,526	0.88	102,528	5.73	41
\$40,000 - <50,000	217,939	2,467	1.13	107,068	5.98	43
\$50,000 - <70,000	326,469	4,514	1.38	212,328	11.86	47
\$70,000 - <100,000	300,248	5,295	1.76	270,696	15.12	51
\$100,000 - <200,000	224,116	5,885	2.63	371,677	20.77	63
\$200,000 - <500,000	41,000	1,819	4.44	252,279	14.10	139
\$500,000 - <1,000,000	7,319	472	6.45	62,683	3.50	133
\$1,000,000 and over	3,392	276	8.14	155,097	8.67	562
<b>TOTAL</b>	<b>2,877,053</b>	<b>29,729</b>	<b>1.03%</b>	<b>\$1,789,815</b>	<b>100.0%</b>	<b>\$60</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

Table 10B shows the history of collections of the use tax. Since its inception in 1988, the reporting of use tax on the income tax form has increased from 0.5% of all filers to 1.01%, with the average reported use tax gradually increasing from \$20 to nearly \$60. Total use tax collected has risen from \$245,000 to \$1.79 million.

**TABLE 10B  
USE TAX FOR TAX YEARS 1988-2008**

Tax Year	Tax filers	Use Tax On Income Tax Form			
	Count	Count	As % of all filers	Amount (\$)	Average Amount (\$)
1988	2,267,716	12,319	0.54%	\$245,099	\$20
1989	2,346,343	14,202	0.61	336,831	24
1990	2,383,933	15,426	0.65	377,908	24
1991	2,402,512	16,533	0.69	441,350	27
1992	2,414,541	17,686	0.73	503,372	28
1993	2,441,280	18,711	0.77	635,806	34
1994	2,489,322	20,201	0.81	728,294	36
1995	2,529,204	22,218	0.88	1,046,592	47
1996	2,567,895	24,333	0.95	1,245,718	51
1997	2,614,735	23,912	0.91	1,235,273	52
1998	2,651,683	25,044	0.94	1,328,636	53
1999	2,693,792	23,601	0.88	1,347,424	57
2000	2,738,421	25,050	0.91	1,393,659	56
2001	2,715,633	24,706	0.91	1,335,969	54
2002	2,698,475	25,126	0.93	1,346,426	54
2003	2,702,716	24,769	0.92	1,418,742	57
2004	2,729,381	25,007	0.92	1,357,845	54
2005	2,767,910	24,968	0.90	1,408,668	56
2006	2,756,028	29,262	1.06	1,555,643	53
2007	2,889,871	29,218	1.01	1,722,567	59
2008	2,877,053	29,729	1.03%	\$1,789,815	\$60

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics, various years.

## Endangered Resources Donation

The individual income tax form allows tax filers to donate money for the preservation and management of threatened and endangered species. The donation either reduces the taxpayer's refund or increases tax due. As shown in Table 11, in tax year 2008, 21,311 filers donated a total of about \$371,000 or an average of \$17 for every donor. The average ranged from below \$10 for incomes below \$10,000 to \$110 at incomes above \$500,000. The participation rate was highest for the \$70,000 - \$200,000 income range.

**TABLE 11  
ENDANGERED RESOURCES DONATION FOR TAX YEAR 2008**

WAGI Class	Tax filers	Endangered Resources Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	53,964	79	0.15%	\$1,165	0.3%	\$15
\$0 - <5,000	395,382	686	0.17	4,378	1.2	6
\$5,000 - <10,000	258,737	1,058	0.41	9,439	2.5	9
\$10,000 - <15,000	212,556	1,042	0.49	10,683	2.9	10
\$15,000 - <20,000	193,897	1,096	0.57	11,781	3.2	11
\$20,000 - <25,000	184,544	1,131	0.61	12,283	3.3	11
\$25,000 - <30,000	170,804	1,191	0.70	13,282	3.6	11
\$30,000 - <40,000	286,686	2,278	0.79	31,408	8.5	14
\$40,000 - <50,000	217,939	2,060	0.95	30,103	8.1	15
\$50,000 - <70,000	326,469	3,326	1.02	58,523	15.8	18
\$70,000 - <100,000	300,248	3,497	1.16	70,522	19.0	20
\$100,000 - <200,000	224,116	3,353	1.50	85,729	23.1	26
\$200,000 - <500,000	41,000	451	1.10	25,058	6.7	56
\$500,000 - <1,000,000	7,319	45	0.61	2,959	0.8	66
\$1,000,000 and over	3,392	18	0.53	3,990	1.1	222
<b>TOTAL</b>	<b>2,877,053</b>	<b>21,311</b>	<b>0.74%</b>	<b>\$371,303</b>	<b>100.0%</b>	<b>\$17</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

The endangered resources donation was first introduced in 1984. Throughout the 1990s participation declined gradually, dropping to 41,472 by 1999. The declining trend reversed itself in 2000 and 2001 with participation around 46,450. Participation in 2008, 21,311, is the lowest since the donation's inception. While participation remains below what it was at the beginning, average donations have increased—from \$10 in 1990 to \$17 in 2008.

**TABLE 12  
ENDANGERED RESOURCES DONATION 1990-2008**

Tax Year	Tax filers	Endangered Resources Donation			
	Count	Count	Participation Rate (%)	Amount (\$)	Average (\$)
1990	2,383,933	64,281	2.7%	\$652,944	\$10
1991	2,402,512	60,235	2.5	642,543	11
1992	2,414,541	56,785	2.4	611,426	11
1993	2,441,280	53,084	2.2	593,476	11
1994	2,489,322	50,206	2.0	595,615	12
1995	2,529,204	48,749	1.9	604,506	12
1996	2,567,895	44,767	1.7	572,572	13
1997	2,614,735	41,576	1.6	536,418	13
1998	2,651,683	44,107	1.7	636,979	14
1999	2,693,792	41,472	1.5	563,627	14
2000	2,738,421	46,458	1.7	697,328	15
2001	2,715,633	46,438	1.7	690,574	15
2002	2,698,475	41,350	1.5	658,774	16
2003	2,702,716	39,005	1.4	626,056	16
2004	2,729,381	33,019	1.2	522,007	16
2005	2,767,910	29,491	1.1	487,196	17
2006	2,756,028	24,967	0.9	423,627	17
2007	2,889,871	22,193	0.8	391,978	18
2008	2,877,053	21,311	0.7%	\$371,303	\$17

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics, various years.

### Packers Football Stadium Donation

This donation, first available in tax year 2001, allows the taxpayer to make a donation towards the renovation of the Packers' football stadium in Green Bay. For tax year 2008, 5,161 filers gave a total of about \$39,940, for an average of \$8. Donors with income below \$100,000 gave \$7 on average, while donors with income \$100,000 or more donated \$12 on average.

**TABLE 13  
PACKERS FOOTBALL STADIUM DONATION FOR TAX YEAR 2008**

WAGI Class	Tax filers		Packers Stadium Donation			Average (\$)
	Count	Count	As % of filers in income class	Amount (\$)	%	
Less than \$0	53,964	26	0.05%	\$166	0.4%	\$6
\$0 - <5,000	395,382	243	0.06	1,142	2.9	5
\$5,000 - <10,000	258,737	334	0.13	1,958	4.9	6
\$10,000 - <15,000	212,556	330	0.16	2,426	6.1	7
\$15,000 - <20,000	193,897	346	0.18	2,429	6.1	7
\$20,000 - <25,000	184,544	339	0.18	1,987	5.0	6
\$25,000 - <30,000	170,804	322	0.19	1,820	4.6	6
\$30,000 - <40,000	286,686	596	0.21	4,407	11.0	7
\$40,000 - <50,000	217,939	488	0.22	3,523	8.8	7
\$50,000 - <70,000	326,469	669	0.20	5,335	13.4	8
\$70,000 - <100,000	300,248	720	0.24	5,719	14.3	8
\$100,000 - <200,000	224,116	654	0.29	7,036	17.6	11
\$200,000 - <500,000	41,000	81	0.20	1,471	3.7	18
\$500,000 - <1,000,000	7,319	M	M	206	0.5	M
\$1,000,000 and over	3,392	S	S	S	S	S
<b>TOTAL</b>	<b>2,877,053</b>	<b>5,161</b>	<b>0.18%</b>	<b>\$39,940</b>	<b>100.0%</b>	<b>\$8</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

## Breast Cancer Research Donation

This donation, first available in tax year 2004, allows taxpayers to make a donation towards breast cancer research. The donation either reduces a taxpayer's refund, or adds to tax due. As table 14 reports, approximately 17,000 filers gave a total of \$215,000 for an average of \$13. Donors with income below \$100,000 gave \$11 on average, while donors with income \$100,000 or more donated \$22 on average.

**TABLE 14  
BREAST CANCER RESEARCH DONATION FOR TAX YEAR 2008**

WAGI Class	Tax filers		Breast Cancer Research Donation			Average (\$)
	Count	Count	As % of filers in income class	Amount (\$)	%	
Less than \$0	53,964	75	0.14%	\$793	0.4%	\$11
\$0 - <5,000	395,382	649	0.16	3,846	1.8	6
\$5,000 - <10,000	258,737	1,084	0.42	7,648	3.6	7
\$10,000 - <15,000	212,556	1,142	0.54	10,907	5.1	10
\$15,000 - <20,000	193,897	1,093	0.56	11,279	5.2	10
\$20,000 - <25,000	184,544	1,096	0.59	11,045	5.1	10
\$25,000 - <30,000	170,804	1,097	0.64	11,042	5.1	10
\$30,000 - <40,000	286,686	1,856	0.65	20,780	9.7	11
\$40,000 - <50,000	217,939	1,532	0.70	17,616	8.2	11
\$50,000 - <70,000	326,469	2,312	0.71	31,010	14.4	13
\$70,000 - <100,000	300,248	2,488	0.83	36,779	17.1	15
\$100,000 - <200,000	224,116	2,125	0.95	40,709	18.9	19
\$200,000 - <500,000	41,000	254	0.62	8,463	3.9	33
\$500,000 - <1,000,000	7,319	19	0.26	2,265	1.1	119
\$1,000,000 and over	3,392	M	M	1,095	0.5	M
<b>TOTAL</b>	<b>2,877,053</b>	<b>16,832</b>	<b>0.59%</b>	<b>\$215,277</b>	<b>100.0%</b>	<b>\$13</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

### Veterans' Trust Fund Donation

This donation was first available in tax year 2005 and allows taxpayers to make donations towards the Veterans' Trust Fund. A donation either reduces a taxpayer's refund, or adds to tax due. There were 9,200 filers who gave a total of \$115,000 for an average of \$12 per return (See Table 15). Donors with income above \$200,000 donated the most on average at about \$55 per return. Filers with income of less than \$200,000 had average donations of about \$12.

**TABLE 15  
VETERANS' TRUST FUND DONATION FOR TAX YEAR 2008**

WAGI Class	Tax filers	Veterans' Trust Fund Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	53,964	58	0.11%	\$634	0.6%	\$11
\$0 - <5,000	395,382	351	0.09	3,065	2.7	9
\$5,000 - <10,000	258,737	528	0.20	4,135	3.6	8
\$10,000 - <15,000	212,556	547	0.26	5,083	4.4	9
\$15,000 - <20,000	193,897	602	0.31	5,525	4.8	9
\$20,000 - <25,000	184,544	581	0.31	4,831	4.2	8
\$25,000 - <30,000	170,804	613	0.36	5,773	5.0	9
\$30,000 - <40,000	286,686	1,102	0.38	12,690	11.1	12
\$40,000 - <50,000	217,939	936	0.43	10,716	9.3	11
\$50,000 - <70,000	326,469	1,311	0.40	17,174	15.0	13
\$70,000 - <100,000	300,248	1,288	0.43	16,755	14.6	13
\$100,000 - <200,000	224,116	1,078	0.48	18,142	15.8	17
\$200,000 - <500,000	41,000	161	0.39	8,761	7.6	54
\$500,000 - <1,000,000	7,319	14	0.19	790	0.7	56
\$1,000,000 and over	3,392	M	M	565	0.5	M
<b>TOTAL</b>	<b>2,877,053</b>	<b>9,179</b>	<b>0.32%</b>	<b>\$114,639</b>	<b>100.0%</b>	<b>\$12</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

### Multiple Sclerosis Research Donation

This donation was new for tax year 2006 and allows taxpayers to make donations towards multiple sclerosis research. A donation either reduces a taxpayer's refund, or adds to tax due. As Table 16 reports, there were 8,315 filers who gave a total of \$97,000 for an average of \$12 per return. Donors with income above \$50,000 donated the most on average at about \$15 per return. Filers with income of less than \$50,000 had average donations of about \$9.

**TABLE 16**  
**MULTIPLE SCLEROSIS RESEARCH DONATION FOR TAX YEAR 2008**

WAGI Class	Tax filers	Multiple Sclerosis Research Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	53,964	38	0.07%	\$301	0.3%	\$8
\$0 - <5,000	395,382	319	0.08	1,800	1.9	6
\$5,000 - <10,000	258,737	518	0.20	3,415	3.5	7
\$10,000 - <15,000	212,556	533	0.25	4,416	4.6	8
\$15,000 - <20,000	193,897	518	0.27	3,929	4.1	8
\$20,000 - <25,000	184,544	539	0.29	4,409	4.5	8
\$25,000 - <30,000	170,804	526	0.31	4,601	4.7	9
\$30,000 - <40,000	286,686	961	0.34	10,288	10.6	11
\$40,000 - <50,000	217,939	822	0.38	9,379	9.7	11
\$50,000 - <70,000	326,469	1,196	0.37	15,198	15.7	13
\$70,000 - <100,000	300,248	1,191	0.40	17,389	17.9	15
\$100,000 - <200,000	224,116	1,000	0.45	17,023	17.6	17
\$200,000 - <500,000	41,000	131	0.32	3,435	3.5	26
\$500,000 - <1,000,000	7,319	17	0.23	738	0.8	43
\$1,000,000 and over	3,392	M	M	645	0.7	M
<b>TOTAL</b>	<b>2,877,053</b>	<b>8,315</b>	<b>0.29%</b>	<b>96,966</b>	<b>100.0%</b>	<b>\$12</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

## Firefighters Memorial Donation

This donation was new for tax year 2006 and allows taxpayers to make donations towards the Firefighters Memorial. A donation either reduces a taxpayer's refund, or adds to tax due. There were 5,400 filers who gave a total of \$46,000 for an average of \$9 per return (See Table 17). Donors with income above \$50,000 donated the most on average at about \$12 per return. Filers with income of less than \$50,000 had average donations of about \$6.

**TABLE 17  
FIREFIGHTERS MEMORIAL DONATION FOR TAX YEAR 2008**

WAGI Class	Tax filers	Firefighters Memorial Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	53,964	28	0.05%	\$196	0.4%	\$7
\$0 - <5,000	395,382	213	0.05	1,196	2.6	6
\$5,000 - <10,000	258,737	323	0.12	1,836	4.0	6
\$10,000 - <15,000	212,556	360	0.17	2,278	4.9	6
\$15,000 - <20,000	193,897	380	0.20	2,063	4.5	5
\$20,000 - <25,000	184,544	370	0.20	2,212	4.8	6
\$25,000 - <30,000	170,804	357	0.21	1,873	4.1	5
\$30,000 - <40,000	286,686	627	0.22	4,956	10.8	8
\$40,000 - <50,000	217,939	531	0.24	3,852	8.4	7
\$50,000 - <70,000	326,469	766	0.23	7,731	16.8	10
\$70,000 - <100,000	300,248	745	0.25	7,839	17.0	11
\$100,000 - <200,000	224,116	617	0.28	7,736	16.8	13
\$200,000 - <500,000	41,000	79	0.19	1,858	4.0	24
\$500,000 - <1,000,000	7,319	M	M	226	0.5	M
\$1,000,000 and over	3,392	M	M	195	0.4	M
<b>TOTAL</b>	<b>2,877,053</b>	<b>5,410</b>	<b>0.19%</b>	<b>\$46,047</b>	<b>100.0%</b>	<b>\$9</b>

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

### Prostate Cancer Research Donation

This donation was new for tax year 2006 and allows taxpayers to make donations towards prostate cancer research. A donation either reduces a taxpayer's refund, or adds to tax due. There were 9,700 filers who gave a total of \$93,000 for an average of \$10 per return (See Table 18). Donors with income above \$100,000 donated the most on average at about \$17 per return. Filers with income of less than \$100,000 had average donations of about \$8.

**TABLE 18**  
**PROSTATE CANCER RESEARCH DONATION FOR TAX YEAR 2008**

WAGI Class	Tax filers	Prostate Cancer Research Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	53,964	43	0.08%	\$344	0.4%	\$8
\$0 - <5,000	395,382	343	0.09	1,497	1.6	4
\$5,000 - <10,000	258,737	578	0.22	3,237	3.5	6
\$10,000 - <15,000	212,556	575	0.27	3,773	4.1	7
\$15,000 - <20,000	193,897	588	0.30	3,543	3.8	6
\$20,000 - <25,000	184,544	583	0.32	4,292	4.6	7
\$25,000 - <30,000	170,804	591	0.35	3,964	4.3	7
\$30,000 - <40,000	286,686	1,086	0.38	8,558	9.2	8
\$40,000 - <50,000	217,939	915	0.42	7,650	8.3	8
\$50,000 - <70,000	326,469	1,382	0.42	13,523	14.6	10
\$70,000 - <100,000	300,248	1,517	0.51	16,825	18.2	11
\$100,000 - <200,000	224,116	1,343	0.60	19,417	21.0	14
\$200,000 - <500,000	41,000	172	0.42	4,980	5.4	29
\$500,000 - <1,000,000	7,319	18	0.25	770	0.8	43
\$1,000,000 and over	3,392	S	S	S	S	S
TOTAL	2,877,053	9,739	0.34%	\$92,583	100.0%	\$10

Source: WI Department of Revenue, Individual Income Tax Aggregate Statistics.

S indicates that the line was suppressed because the count was less than six.

M indicates a minimal count was suppressed because it was in the range of six to ten (inclusive).

## **APPENDIX A MAJOR PROVISIONS OF 2008 WISCONSIN INDIVIDUAL INCOME TAX LAW**

For a more detailed description of the Wisconsin individual income tax structure and history, see the Department of Revenue's report on [The Wisconsin Individual Income Tax](#) on our website.

### **Wisconsin Adjusted Gross Income**

Wisconsin adjusted gross income (WAGI) is the base for the state individual income tax. It follows closely the base for the federal individual income tax, federal adjusted gross income (FAGI), but is modified by additions and subtractions. Additions account for income exempt from federal tax but subject to state tax and subtractions account for income taxed federally but not by Wisconsin and allow expenses permitted by Wisconsin but not by federal law.

FAGI is equal to gross income after adjustments. Gross income includes all types of income subject to tax, e.g., wages and salaries, net business and farm income (or loss), interest, dividends, rents, retirement income, alimony received, capital gains, unemployment compensation, and a portion of social security benefits.

Adjustments are subtractions from gross income to arrive at FAGI. Examples of adjustments include contributions to Individual Retirement Accounts and self-employed retirement plans, health insurance premiums paid by the self-employed, one-half of the self-employment tax for Social Security and Medicare, a portion of student loan interest, moving expenses, and alimony paid.

Modifications, both additions and subtractions, are then made to FAGI to determine WAGI. Additions to FAGI include income that is exempt from federal tax but is subject to state tax. Major examples include:

- State and municipal bond interest. There is some state and local interest that remains exempt from state taxation (e.g., interest on bonds issued by municipal housing, community development authorities, cultural and sports stadium districts, the Wisconsin Housing and Economic Development Authority, and the governments of Guam, Puerto Rico and the Virgin Islands.)
- Capital losses in excess of \$500 (federal law allows a \$3,000 capital loss deduction but Wisconsin limits the loss to \$500).
- A certain portion of farm losses for those not actively engaged in farming when non-farm WAGI exceeds \$55,000 (\$27,500 if married filing separately).

Subtractions to FAGI are for income that is taxable for federal purposes but not for state purposes. Examples for tax year 2008 include:

- An exclusion for 60% of capital gains on assets held for more than one year which Wisconsin allows in tax year 2008, but are taxed in full at the federal level. (the exemption is reduced to 30% beginning in 2009)
- Interest on U.S. government bonds, which states are prohibited from taxing.

- Pensions received by persons who were members of or retired from Milwaukee city and county retirement plans, the state teachers' retirement plan and the civil service retirement system prior to January 1, 1964.
- Social Security benefits that are taxable for federal purposes. Up to 85% of social security benefits are subject to federal tax, but beginning in tax year 2008 Wisconsin does not tax these benefits.
- A portion of unemployment compensation, which is fully taxable for federal purposes but only taxed by Wisconsin when income exceeds \$18,000 for married couples and \$12,000 for most other filers.
- Railroad retirement benefits, railroad unemployment insurance, and sickness benefits, which are taxable under federal law but which states are not permitted to tax.
- State income tax refunds.
- Health insurance premiums paid by employed persons whose employer does not contribute to their health insurance and a portion of premiums paid by employed persons whose employer pays part of their health insurance.
- A portion of health insurance premiums paid by individuals with no self employment income and no employer.
- Premiums paid for long-term care insurance.
- Tuition payments, up to \$5,114 per student, to post-secondary institutions in Wisconsin and to schools in Minnesota covered under Minnesota-Wisconsin tuition reciprocity.
- Contributions to and distributions from the Wisconsin EdVest College Savings Program that are included in FAGI. Subtractions are limited to \$3,000 per beneficiary.
- Adoption expenses of up to \$5,000.

### **Standard Deduction**

Wisconsin has a sliding scale standard deduction, which means that as WAGI rises, the amount of the standard deduction phases out to zero. Table A1 shows the 2008 standard deduction schedule by filing status. The maximum standard deduction amounts and the phase-out ranges for WAGI are indexed annually for inflation.

**TABLE A1  
STANDARD DEDUCTIONS FOR TAX YEAR 2008**

Filing Status	Wisconsin Adjusted Gross Income (WAGI) (\$)	Standard Deduction (\$)
Single	<12,920	8,960
	12,920 to 87,587	8,960 – 12% (WAGI – 12,920)
	> 87,587	0
Head of Household	<12,920	11,570
	12,920 to 37,742	11,570 – 22.515% (WAGI – 12,920)
	>37,742 to 87,587	8,960 – 12% (WAGI – 12,920)
	>87,587	0
Married Filing Jointly	<18,130	16,140
	18,130 to 99,736	16,140 – 19.778% (WAGI – 18,130)
	>99,736	0
Married Filing Separately	<8,610	7,660
	8,610 to 47,340	7,660 – 19.778% (WAGI – 8,610)
	>47,340	0

Source: WI Department of Revenue.

### Personal Exemptions

Personal exemptions are subtracted from WAGI to arrive at taxable income. For tax year 2008, a personal exemption of \$700 is allowed for each taxpayer, spouse and dependent. An additional \$250 exemption is allowed for each taxpayer or spouse who is 65 years of age or older. Thus, an elderly couple filing jointly has a total of \$1,900 in personal exemptions.

### Taxable Income

Taxable income is determined by subtracting the standard deduction and personal exemptions from Wisconsin adjusted gross income.

### Income Tax Rates and Brackets

Wisconsin has a graduated rate structure where tax rates increase as taxable income increases. Table A2 shows the 2008 tax rate schedule. The brackets for married taxpayers filing separately are approximately half of that for married joint filers. Tax brackets are indexed annually.

**TABLE A2  
INDIVIDUAL INCOME TAX RATES FOR TAX YEAR 2008**

Marginal Tax Rates (%)	Taxable Income Brackets (\$)		
	Single	Married Filing Jointly	Married Filing Separately
4.60	>0 – 9,700	>0 – 12,930	>0 – 6,470
6.15	>9,700 – 19,400	>12,930 – 25,860	>6,470 – 12,930
6.50	>19,400 – 145,460	>25,860 – 193,950	>12,930 – 96,980
6.75	>145,460	>193,950	>96,980

Source: WI Department of Revenue.

## Alternative Minimum Tax

The Wisconsin alternative minimum tax (AMT) is equal to 6.5% of alternative minimum taxable income after allowing exemptions of \$45,000 for individuals that are married filing jointly (\$22,500 if married filing separately and \$33,750 if single). This calculated AMT amount is then compared with the liability under the regular income tax. An AMT is owed only if the calculated amount exceeds the regular tax.

## Nonrefundable Credits

Nonrefundable credits are those credits that are limited to the amount of income tax otherwise due.

- The itemized deductions credit is 5% of the excess of qualified itemized deductions over the sliding scale standard deduction. Expenses qualifying for the credit include mortgage interest on a primary residence located in Wisconsin, charitable contributions, and medical expenses in excess of 7.5% of the taxpayer's FAGI.
- The school property tax credit is equal to 12% of the first \$2,500 of property taxes or rent constituting property taxes paid on a person's primary residence and contiguous land (maximum credit of \$300.) For renters, the rent equivalent of property tax is 25% of rent if heat is not included and 20% of rent if heat is included.
- The armed forces member tax credit is a credit for full year Wisconsin residents for up to \$300 for military pay received for service while stationed outside the U.S. If both spouses of a married couple filing jointly receive pay for military service outside the U.S., both may claim the \$300 credit.
- The working families' credit is equal to a taxpayer's net tax liability (defined as gross tax less the itemized deduction credit, school property tax credit and historic rehabilitation credit) when income is \$18,000 or less for married couples filing jointly and \$9,000 or less for other tax filers. Essentially, this credit eliminates tax liability when income is below these levels. The credit is phased out over the next \$1,000 of income above these ceilings. The credit is available only to full-year residents and it is not available to persons who are claimed as a dependent on someone else's tax return.
- The married couple credit is available only when both spouses work. The credit is equal to 3% of the first \$16,000 of the earned income of the lower-earning spouse (or a maximum credit of \$480).
- The manufacturer's sales tax credit is for owners of non-corporate businesses (e.g., sole proprietorships, partnerships). They may claim a credit for the amount of sales taxes paid on fuel and electricity used in manufacturing tangible personal property in Wisconsin. The credit has been repealed and replaced with a sales tax exemption, so only carry forward claims are allowed beginning in 2006.
- The development zone credit, technology zone credit, Internet equipment credit, film production services credit, the film production company investment credit, and manufacturing investment credit are available to taxpayers as certified by the

Department of Commerce. Unused amounts of the credit can be carried forward for up to 15 years.

- There are two historic rehabilitation credits provided to encourage the rehabilitation of historic buildings in Wisconsin:
  - Supplement to the federal historic rehabilitation credit equal to 5% of qualified rehabilitation expenditures for historic buildings used in a trade or business that qualify for the federal credit and are located in Wisconsin. Unused amounts of the credit can be carried forward 15 years.
  - State historic rehabilitation credit, which applies to owner-occupied personal residences and is equal to 25% of qualified expenditures to rehabilitate certified historic buildings for noncommercial use that are located in Wisconsin. The maximum credit is \$10,000 (\$5,000 for married persons filing separately). Unused amounts of the credit can be carried forward for up to 15 years.
- The dairy and livestock farm investment credit is available for 10% of certain expenditures to modernize or expand a dairy or livestock farm. The maximum amount of the credit that can be claimed is \$50,000.
- The angel investment credit is available for qualified new business ventures certified by the Department of Commerce. The credit is equal to 12.5% of the investment and is limited to \$500,000 per investment per year, \$5.5 million total per year, and \$47.5 million for all taxable years.
- The early stage seed investment credit is available for 25% of qualified new business ventures certified by the Department of Commerce. The credit is limited to \$6.0 million per taxable year.
- The health insurance risk-sharing plan assessments credit may be passed through to an individual claimant. The credit is for insurers who are required to participate in the cost of administering the Health Insurance Risk-Sharing Plan. The credit is based on the assessment by the Commissioner of Insurance for the insurers' proportion of participation based on the total assessments estimated by the Health Insurance Risk-Sharing Plan Authority.
- The ethanol and biodiesel fuel pump credit is available for a portion of the amount paid to install or retrofit pumps that dispense certain motor vehicle fuel. The motor vehicle fuel must consist of at least 85% ethanol or at least 20% biodiesel fuel.

### **Credit for Taxes Paid to Other States**

Wisconsin residents may reduce their Wisconsin income tax by the amount of income taxes paid to other states or to the District of Columbia. The credit is not allowed if wages are earned in states having reciprocity agreements with Wisconsin. The credit is nonrefundable.

## Refundable Credits

Refundable credits are credits that can exceed tax liability otherwise due. When that happens, a refund check for the excess is issued to the claimant.

- The Wisconsin earned income tax credit (EITC) is equal to a percentage of the federal EITC, based on the number of children in the household: 4% for one child, 14% for two children, and 43% of the federal credit for 3 or more children. For tax year 2008, the maximum federal credit is 34% of earnings not exceeding \$8,580 for persons with one child and 40% of earnings not exceeding \$12,060 for persons with two or more children. These credits are phased out as income rises. The phase-out ranges for FAGI are as follows:
  - for one child, the phase-out range for joint filers is \$18,740 - \$36,995, for singles it is \$15,740 - \$33,995.
  - for 2 or more children the phase-out range for joint filers is \$18,740 - \$41,646, and for singles it is \$15,740 - \$38,646.

Thus, the maximum federal credit for tax year 2008 is \$2,917 for one child and \$4,824 for two or more children, and the maximum state credit is \$117 for one child, \$675 for two children, and \$2,074 for 3 or more children.

- The homestead credit is based on household income and property taxes (or rent equivalent), and is available to low income homeowners and renters (those with household incomes below \$24,500). The maximum amount of property tax that qualifies for the credit is \$1,450. For renters, property tax is assumed to be 20% of rent if heat is included and 25% if heat is not included. The credit is computed as follows:
  - if household income is \$8,000 or less, the credit is 80% of property taxes up to \$1,450 (or a maximum credit of \$1,160);
  - if household income is more than \$8,000 but not more than \$24,500, the credit is equal to 80% of the amount by which the property tax exceeds 8.778% of household income in excess of \$8,000;
  - if household income exceeds \$24,500, no Homestead credit is allowed.
  - In computing household income, a claimant may deduct \$250 for each dependent living with the claimant.
- The farmland preservation credit is available to owners of farmland covered by an exclusive agricultural zoning or a farmland preservation agreement. The credit is based on the claimant's household income and property taxes on farmland. The maximum potential credit is \$4,200 for claimants with incomes below \$5,000, and the credit is reduced as income rises above \$5,000. However, the actual credit is 70%, 80%, or 100% of the potential credit, depending on whether the claimant has a farmland preservation agreement or participates in the program through zoning, and on the type of action the county and municipality have taken on the agricultural preservation plan or zoning ordinance. To qualify for the credit, the farmland must be at least 35 acres, and

be part of a farm that produces gross profits of at least \$6,000 in the year the credit is claimed, or \$18,000 in total for the years the credit is claimed and the two prior years.

- The farmland tax relief credit in tax year 2008 was equal to 19% of up to \$7,895 of property taxes on farmland, for a maximum credit of \$1,500. Each year the Wisconsin Department of Revenue sets the credit percentage so that expenditures on the credit for all claimants – individuals as well as corporations – total \$15 million, adjusted for expenditures in excess or less than the \$15 million in the prior fiscal year. To qualify for the credit, the farmland must be at least 35 acres, and be part of a farm that produces gross profits of at least \$6,000 in the year the credit is claimed, or \$18,000 in total for the years the credit is claimed and the two prior years.
- The veterans' and surviving spouses' property tax credit was first available in tax year 2005. Eligible veterans and surviving spouses may claim this credit in the amount of property taxes paid during the year on the claimant's principal dwelling in Wisconsin. To be eligible for the credit, veterans must be at least 65 years of age and verified by the Wisconsin Department of Veterans Affairs as having served in the U.S. armed forces, having been a Wisconsin resident at the time of entry into service, currently being a Wisconsin resident for the purpose of veterans benefits, and having a service-connected disability rating of 100%. An eligible surviving spouse must be an un-remarried widow of an individual who was a Wisconsin resident at the time of entry into service, was a Wisconsin resident at the time of death, and died while on active duty or would be otherwise considered an eligible veteran at the time of death.
- The enterprise zone jobs credit is available to persons doing business in an enterprise zone. The Department of Commerce must certify the business as eligible for the credit and determine the amount of credit.
- The dairy manufacturing facility investment credit is available for dairy manufacturing modernization or expansion. The Department of Commerce must certify eligible taxpayers and allocate the amount of credit.

**APPENDIX B  
CHANGES AFFECTING TAX YEAR 2008 RETURNS**

The following significant changes affected tax year 2008 returns:

- Social Security income was fully exempted from taxation.
- The health insurance risk-sharing credit was created and individuals used \$44,733 of the credit.
- The film production company investment credit was created and individuals used \$7,228 of the credit.
- The manufacturing investment credit was created and individuals used \$306,200 of the credit.
- The ethanol and biodiesel credit was created and individuals used \$6,930 of the credit.
- The film production services credit was created for and individuals used \$39,627 of the credit.
- The maximum subtraction for tuition paid was increased to \$5,114 from \$4,843 per student.
- The medical care insurance subtraction was expanded to include 66.7% of the premiums paid by individuals during a period in which they had no employer and were not self-employed and 10% of the premiums paid by individuals whose employer paid a portion of the cost of insurance.
- The following items were increased due to indexing for inflation:
  - The income levels for each tax bracket.
  - The maximum standard deduction amounts and the income phase-out ranges for the standard deduction.

See Tables B1 and B2 for the tax brackets and standard deductions for tax year 2007. (Tax year 2008 amounts are in Tables A1 and A2.)

**TABLE B1  
STANDARD DEDUCTIONS FOR TAX YEAR 2007**

Filing Status	Wisconsin Adjusted Gross Income (WAGI) (\$)	Standard Deduction (\$)
Single	<12,670	8,790
	12,670 to 85,920	8,790 – 12% (WAGI – 12,670)
	> 85,920	0
Head of Household	<12,670	11,350
	12,670 to 37,016	11,350 – 22.515% (WAGI – 12,670)
	>37,016 to 85,920	8,790 – 12% (WAGI – 12,670)
	>85,920	0
Married Filing Jointly	<17,780	15,830
	17,780 to 97,818	15,830 – 19.778% (WAGI – 17,780)
	>97,818	0
Married Filing Separately	<8,440	7,520
	8,440 to 46,462	7,520 – 19.778% (WAGI – 8,440)
	>46,462	0

Source: WI Department of Revenue.

**TABLE B2  
INDIVIDUAL INCOME TAX RATES FOR TAX YEAR 2007**

Marginal Tax Rates (%)	Taxable Income Brackets (\$)		
	Single	Married Filing Jointly	Married Filing Separately
4.60	>0 – 9,510	>0 – 12,680	>0 – 6,340
6.15	>9,510 – 19,020	>12,680 – 25,360	>6,340 – 12,680
6.50	>19,020 – 142,650	>25,360 – 190,210	>12,680 – 95,100
6.75	>142,650	>190,210	>95,100

Source: WI Department of Revenue.