

## INDIVIDUAL INCOME TAX STATISTICS REPORT FOR TAX YEAR 2009

This report summarizes data from individual income tax returns for tax year 2009 that were filed by October 15, 2010.

### COMPARISON WITH TAX YEAR 2008 (Table 1)

Taxpayers filed 2.83 million tax returns for tax year 2009, a decrease of 1.6% over the 2.88 million returns filed for 2008. In 2009, there were 1.2 million single filers (42.0% of total), and 262,000 head-of-household filers (9.1%). Married joint filers numbered 1.2 million (41%) while married separate filers numbered around 19,000 (0.7%). In addition, there were about 194,000 dependent filers (filers who were claimed as dependents on someone else's tax return) (6.9%).

Wisconsin adjusted gross income (WAGI) was \$128.6 billion in tax year 2009, a 1.05% decrease from 2008. Total standard deductions equaled \$17.6 billion in tax year 2009, compared to \$16.6 billion for 2008, an increase of 5.6%. Personal exemptions were \$3.1 billion in 2009 compared to \$3.2 billion in 2008, a 4.1% decrease. Total income tax liability (before the minimum tax) decreased 4.2% to \$5.73 billion and the alternative minimum tax, paid by just under 4,500 filers, generated \$5.3 million in tax year 2009, a 34.8% decrease from tax year 2008. Of the 2.83 million tax returns filed for 2009, 1.93 million, or 68.2%, showed a net income tax liability. The average tax rate, equal to net tax divided by WAGI, was 4.46%.

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, the economic development tax credit and the ethanol and biodiesel fuel pump credit. These credits decreased 7.0% to \$1.08 billion in 2009. The three largest nonrefundable credits -- the school property tax credit (\$382.6 million), the married couple credit (\$261.6 million) and the itemized deduction credit (\$298.8 million) -- accounted for 87.3% 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, the dairy manufacturing facility credit, the meat processing facility investment credit, the film production company investment credit and the film production services credit. Refundable credits increased 20.4% from \$239.3 million in 2008 to \$288.1 in 2009. The largest of these credits was the homestead credit at \$121.1 million, followed by the earned income tax credit at \$127.9 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 2008 AND 2009**  
**(dollar amounts in millions)**

	Tax Year 2008	Tax Year 2009	Percent Change
Count of Tax Returns	2,877,053	2,831,473	-1.6%
Single	1,208,778	1,195,734	-1.1%
Dependent filers	228,517	194,283	-15.0%
Head of Household	260,990	261,526	0.2%
Married Filing Jointly	1,159,836	1,160,896	0.1%
Married Filing Separately	18,932	19,034	0.5%
Wisconsin Adjusted Gross Income (WAGI)	135,127.93	128,591.98	-4.8%
Standard Deduction			
Number of returns	2,385,740	2,364,607	-0.9%
Amount	16,621.97	17,554.28	5.6%
Personal Exemptions			
Number of returns	2,138,278	2,026,628	-5.2%
Amount	3,248.59	3,114.03	-4.1%
Taxable Income			
Number of returns	2,175,463	2,045,669	-6.0%
Amount	116,465.69	109,657.02	-5.8%
Gross Income Tax (before credits)			
Number of returns	2,170,147	2,041,202	-5.9%
Amount	7,143.42	6,807.78	-4.7%
Net Income Tax			
Number of returns	2,042,620	1,929,667	-5.5%
Amount	5,981.99	5,727.83	-4.2%
Alternative Minimum Tax			
Number of returns	8,995	4,451	-50.5%
Amount	8.18	5.33	-34.8%
Total Tax Liability (Net Tax + Minimum Tax)			
Number of returns	2,043,441	1,930,377	-5.5%
Percent of total returns filed	71.0%	68.2%	
Amount	5,990.17	5,733.17	-4.3%
Aver. Tax Rate (as % of WAGI)	4.43%	4.46%	

**TABLE 1 (continued)**  
**INDIVIDUAL INCOME TAX RETURNS AND SELECTED TAX ITEMS FOR TAX YEARS 2008 AND 2009**  
**(dollar amounts in millions)**

	Tax Year 2008	Tax Year 2009	Percent Change
<b>Total Nonrefundable Credits (Used)</b>	1,161.43	1,079.94	-7.0%
Itemized Deductions Credit			
Number of returns	755,656	671,756	-11.1%
Amount	343.51	298.80	-13.0%
Armed Forces Credit			
Number of returns	4,490	4,872	8.5%
Amount	1.18	1.30	10.2%
School Property Tax/Rent Credit			
Number of returns	1,721,855	1,635,633	-5.0%
Amount	394.15	382.57	-2.9%
Working Families Credit			
Number of returns	2,989	790	-73.6%
Amount	0.19	0.18	-6.5%
Married Couple Credit			
Number of returns	699,389	673,935	-3.6%
Amount	273.67	261.60	-4.4%
Manufacturer's Sales Tax Credit			
Number of returns	139	26	-81.3%
Amount	0.25	0.07	-73.5%
Historic Rehabilitation Credits			
Number of returns	448	418	-6.7%
Amount	1.51	1.41	-6.5%
Development Zone Credit			
Number of returns	214	155	-27.6%
Amount	2.62	2.05	-21.9%
Dairy and Livestock Investment Credit			
Number of returns	7,188	4,615	-35.8%
Amount	13.88	5.93	-57.3%
Angel Investment Credit			
Number of returns	209	469	124.4%
Amount	1.45	3.83	163.8%
Seed Investment Credit			
Number of returns	273	260	-4.8%
Amount	1.36	0.95	-30.1%
Technology Zone Credit			
Number of returns	96	95	-1.0%
Amount	0.58	0.67	14.7%
Internet Equipment Credit			
Number of returns	56	22	-60.7%
Amount	0.02	0.01	-61.9%
Health Insurance Risk Sharing Plan Assessments Credit			
Number of returns	150	S	S
Amount	0.04	S	S

**TABLE 1 (continued)**  
**INDIVIDUAL INCOME TAX RETURNS AND SELECTED TAX ITEMS FOR TAX YEARS 2008 AND 2009**  
**(dollar amounts in millions)**

	Tax Year 2008	Tax Year 2009	Percent Change
Film Production Company Investment Credit			
Number of returns	S	S	S
Amount	S	S	S
Film Production Services Credit			
Number of returns	<i>M</i>	<i>M</i>	<i>M</i>
Amount	0.04	0.04	0.0%
Manufacturing Investment Credit			
Number of returns	150	178	18.7%
Amount	0.31	0.28	-9.1%
Ethanol and Biodiesel Fuel Pump Credit			
Number of returns	<i>M</i>	27	<i>M</i>
Amount	0.01	0.03	280.8%
Economic Development Tax Credit			
Number of returns	-	<i>M</i>	-
Amount	-	0.10	-
<b>Refundable Credits</b>	239.31	288.14	20.4%
Earned Income Credit			
Number of returns	243,131	273,936	12.7%
Amount	95.85	127.87	33.4%
Homestead Credit			
Number of returns	222,422	235,094	5.7%
Amount	115.85	121.09	4.5%
Farmland Preservation Credit			
Number of returns	16,912	16,414	-2.9%
Amount	11.54	14.12	22.4%
Farmland Tax Relief Credit			
Number of returns	50,110	49,255	-1.7%
Amount	13.66	13.67	0.1%
Veterans Property Tax Credit			
Number of returns	577	3,665	535.2%
Amount	1.71	10.92	537.3%
Enterprise Zone Jobs Credit			
Number of returns	S	S	S
Amount	S	S	S
Dairy Manufacturing Facility Credit			
Number of returns	43	85	97.7%
Amount	0.70	0.27	-61.5%
Dairy Cooperatives Credit			
Number of returns	-	109	-
Amount	-	0.06	-
Meat Processing Facility Investment			
Number of returns	-	13	-
Amount	-	0.08	-

**TABLE 1 (continued)**  
**INDIVIDUAL INCOME TAX RETURNS AND SELECTED TAX ITEMS FOR TAX YEARS 2008 AND 2009**  
**(dollar amounts in millions)**

	Tax Year 2008	Tax Year 2009	Percent Change
Film Production Company Investment Credit			
Number of returns	-	<i>M</i>	-
Amount	-	0.02	-
Film Production Services Credit			
Number of returns	-	<i>S</i>	-
Amount	-	<i>S</i>	-
<b>Other</b>			
Use Tax			
Number of returns	29,729	29,200	-1.8%
Amount	1.79	1.72	-3.8%
Endangered Resources Donation			
Number of returns	21,311	18,309	-14.1%
Amount	0.37	0.33	-9.9%
Packers Football Stadium Donation			
Number of returns	5,161	4,921	-4.7%
Amount	0.04	0.04	-8.5%
Breast Cancer Research Donation			
Number of returns	16,832	14,541	-13.6%
Amount	0.22	0.19	-10.7%
Veterans Trust Fund Donation			
Number of returns	9,179	7,342	-20.0%
Amount	0.11	0.09	-18.7%
Multiple Sclerosis Donation			
Number of returns	8,315	6,678	-19.7%
Amount	0.10	0.08	-14.5%
Firefighters Memorial Donation			
Number of returns	5,410	4,371	-19.2%
Amount	0.05	0.04	-18.3%
Prostate Cancer Research Donation			
Number of returns	9,739	7,538	-22.6%
Amount	0.09	0.07	-21.7%
Military Family Relief Fund			
Number of returns	-	8,479	-
Amount	-	0.11	-
Second Harvest Food Bank			
Number of returns	-	10,049	-
Amount	-	0.17	-

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

Note: Details may not sum to totals due to rounding. Percent changes were calculated before rounding.

*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 2009. The tables show the following:

- About 52.1% of tax filers had WAGI less than \$30,000, but they accounted for only 11.7% of total WAGI, and 4.1% of net tax.
- At the other end of the income scale, the 0.3% of tax filers with WAGI in excess of \$500,000 received 10% of total WAGI and paid 14% of net tax. Tax filers with WAGI between \$100,000 and \$500,000 accounted for 9% of all filers, 31% of total WAGI and 37% of net tax.
- The \$30,000 – \$50,000 income class accounted for roughly 17% of filers, 15% of total WAGI, and 11% of net tax.
- Those in the \$50,000 – \$100,000 income class were 21% of all filers, 33% of total WAGI and 33% 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, 30% of long term capital gains are exempt from state taxation and not included in the calculation of WAGI. 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 13% of tax filers with WAGI lower than \$30,000 are 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 4.46% for all income classes, but rise from less than 1% for incomes below \$15,000 to 6.2% 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 2009**

WAGI Class	Tax filers		Wisconsin Adjusted Gross Income (WAGI)		
	Count	%	Amount (\$)	%	Average (\$)
Less than \$0	71,111	2.5%	(1,733,354,672)	-1.3%	(24,375)
\$0 - <5,000	416,296	14.7	742,182,887	0.6	1,783
\$5,000 - <10,000	261,270	9.2	1,929,863,369	1.5	7,386
\$10,000 - <15,000	203,534	7.2	2,533,183,334	2.0	12,446
\$15,000 - <20,000	185,755	6.6	3,243,912,341	2.5	17,463
\$20,000 - <25,000	171,672	6.1	3,858,847,650	3.0	22,478
\$25,000 - <30,000	164,216	5.8	4,513,470,933	3.5	27,485
\$30,000 - <40,000	276,668	9.8	9,621,267,369	7.5	34,775
\$40,000 - <50,000	210,829	7.4	9,445,845,511	7.3	44,803
\$50,000 - <70,000	315,934	11.2	18,763,988,059	14.6	59,392
\$70,000 - <100,000	287,139	10.1	23,896,365,607	18.6	83,222
\$100,000 - <200,000	218,708	7.7	28,364,480,024	22.1	129,691
\$200,000 - <500,000	38,654	1.4	11,040,890,059	8.6	285,634
\$500,000 - <1,000,000	6,738	0.2	4,550,057,147	3.5	675,283
\$1,000,000 and over	2,949	0.1	7,820,983,733	6.1	2,652,080
<b>TOTAL</b>	<b>2,831,473</b>	<b>100.0%</b>	<b>128,591,983,351</b>	<b>100.0%</b>	<b>45,415</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 2009**

WAGI Class	Tax filers		Net Income Tax*			Net Income Tax Rate**
	Count	%	Amount (\$)	%	Average (\$)	
Less than \$0	22	0.0%	(22,192)	0.0%	(1,009)	0.0%
\$0 - <5,000	32,635	1.7	2,352,273	0.0	72	0.3
\$5,000 - <10,000	21,401	1.1	4,150,470	0.1	194	0.2
\$10,000 - <15,000	90,196	4.7	12,622,559	0.2	140	0.5
\$15,000 - <20,000	131,471	6.8	35,077,017	0.6	267	1.1
\$20,000 - <25,000	145,842	7.6	70,021,936	1.2	480	1.8
\$25,000 - <30,000	157,005	8.1	109,441,254	1.9	697	2.4
\$30,000 - <40,000	273,038	14.1	302,649,188	5.3	1,108	3.1
\$40,000 - <50,000	209,587	10.9	351,333,550	6.1	1,676	3.7
\$50,000 - <70,000	314,999	16.3	785,225,987	13.7	2,493	4.2
\$70,000 - <100,000	286,756	14.9	1,126,279,474	19.7	3,928	4.7
\$100,000 - <200,000	218,478	11.3	1,481,834,891	25.9	6,783	5.2
\$200,000 - <500,000	38,578	2.0	649,775,801	11.3	16,843	5.9
\$500,000 - <1,000,000	6,721	0.3	300,902,915	5.3	44,771	6.6
\$1,000,000 and over	2,938	0.2	496,189,868	8.7	168,887	6.3
<b>TOTAL</b>	<b>1,929,667</b>	<b>100.0%</b>	<b>5,727,834,991</b>	<b>100.0%</b>	<b>2,968</b>	<b>4.5%</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 2009**

WAGI Class	Tax filers		Minimum Tax		
	Count	%	Amount (\$)	%	Average (\$)
Less than \$0	134	3.0%	194,537	3.6%	1,452
\$0 - <5,000	1,468	33.0	737,456	13.8	502
\$5,000 - <10,000	303	6.8	139,063	2.6	459
\$10,000 - <15,000	203	4.6	99,125	1.9	488
\$15,000 - <20,000	173	3.9	95,789	1.8	554
\$20,000 - <25,000	98	2.2	71,354	1.3	728
\$25,000 - <30,000	95	2.1	76,432	1.4	805
\$30,000 - <40,000	139	3.1	127,238	2.4	915
\$40,000 - <50,000	101	2.3	103,632	1.9	1,026
\$50,000 - <70,000	147	3.3	188,320	3.5	1,281
\$70,000 - <100,000	149	3.3	270,145	5.1	1,813
\$100,000 - <200,000	371	8.3	847,686	15.9	2,285
\$200,000 - <500,000	1,011	22.7	1,352,519	25.4	1,338
\$500,000 - <1,000,000	45	1.0	659,234	12.4	14,650
\$1,000,000 and over	14	0.3	370,543	6.9	26,467
<b>TOTAL</b>	<b>4,451</b>	<b>100.0%</b>	<b>5,333,073</b>	<b>100.0%</b>	<b>1,198</b>

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

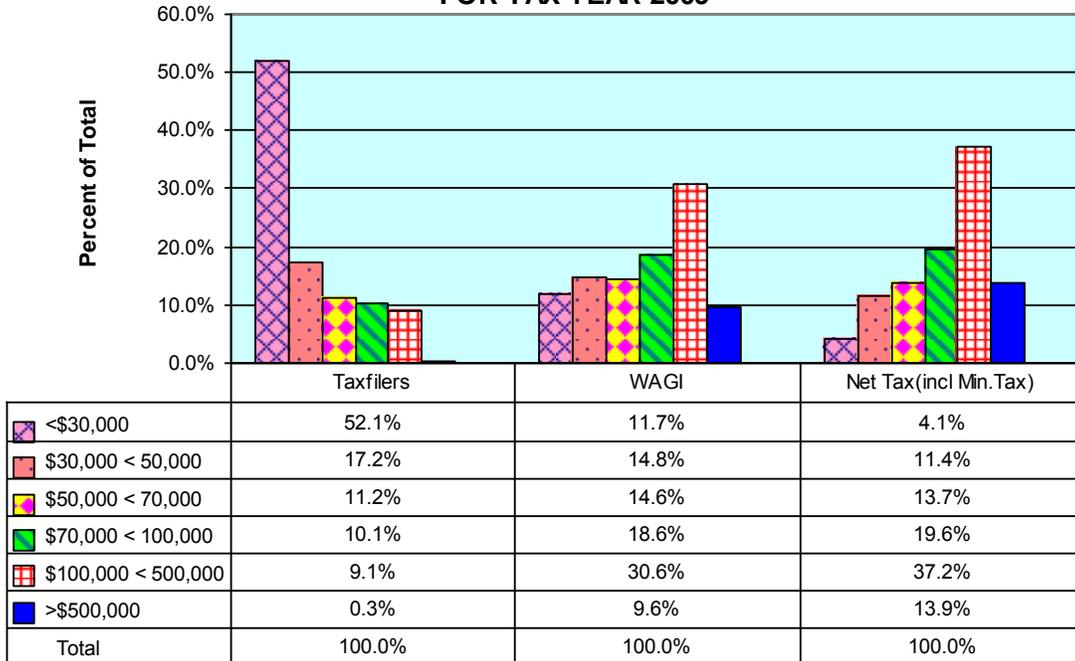
**TABLE 2D  
DISTRIBUTION OF TAX FILERS AND TOTAL NET TAX LIABILITY BY WAGI CLASS, TAX YEAR 2009**

WAGI Class	Tax filers		Total Net Tax Liability (Net + Minimum Tax)			Average Tax Rate (%)**
	Count	%	Amount (\$)	%	Average (\$)	
Less than \$0	129	0.0%	172,345	0.0%	1,336	0.0%
\$0 - <5,000	33,039	1.7	3,089,733	0.1	94	0.4
\$5,000 - <10,000	21,474	1.1	4,289,550	0.1	200	0.2
\$10,000 - <15,000	90,260	4.7	12,721,735	0.2	141	0.5
\$15,000 - <20,000	131,519	6.8	35,172,816	0.6	267	1.1
\$20,000 - <25,000	145,845	7.6	70,093,330	1.2	481	1.8
\$25,000 - <30,000	157,001	8.1	109,517,681	1.9	698	2.4
\$30,000 - <40,000	273,036	14.1	302,776,445	5.3	1,109	3.1
\$40,000 - <50,000	209,587	10.9	351,437,171	6.1	1,677	3.7
\$50,000 - <70,000	315,008	16.3	785,414,346	13.7	2,493	4.2
\$70,000 - <100,000	286,762	14.9	1,126,549,840	19.6	3,929	4.7
\$100,000 - <200,000	218,484	11.3	1,482,685,384	25.9	6,786	5.2
\$200,000 - <500,000	38,574	2.0	651,128,312	11.4	16,880	5.9
\$500,000 - <1,000,000	6,721	0.3	301,562,144	5.3	44,869	6.6
\$1,000,000 and over	2,938	0.2	496,560,411	8.7	169,013	6.3
<b>TOTAL</b>	<b>1,930,377</b>	<b>100.0%</b>	<b>5,733,171,243</b>	<b>100.0%</b>	<b>2,970</b>	<b>4.46%</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 2009**



### DISTRIBUTION BY FILING STATUS

Table 3 and Chart 2 show that married couples, whether filing separately or jointly, accounted for 42% of all filers in tax year 2009. 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 21% 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 7% 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 2009**

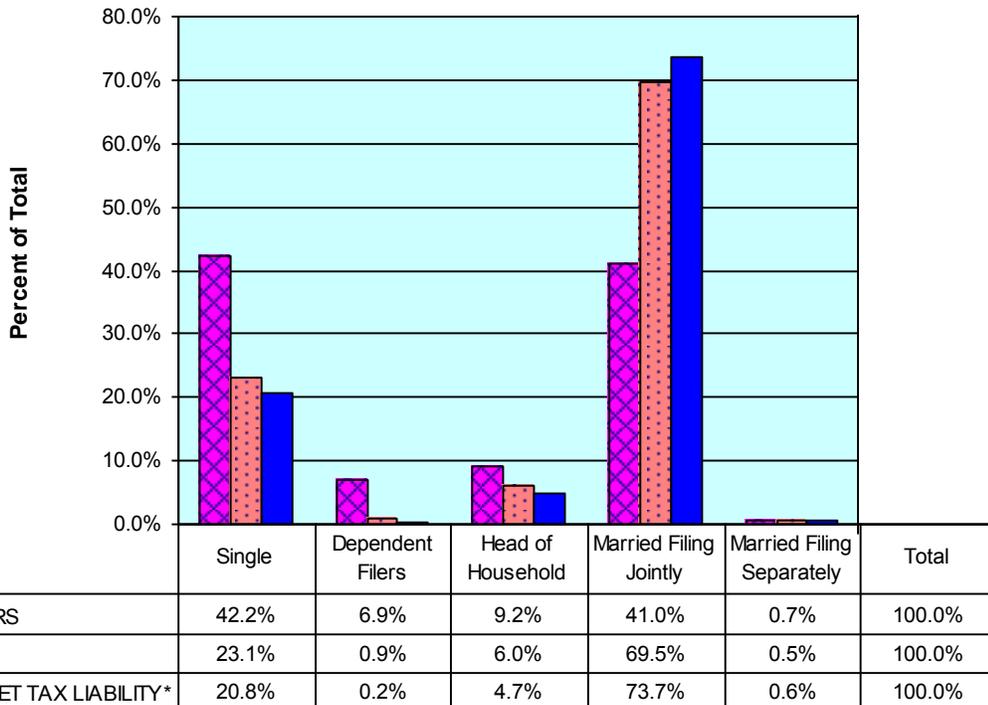
Filing Status	Tax filers		Wisconsin Adjusted Gross Income (WAGI)			Total Net Tax Liability*		Average Tax Rate** (%)
	Count	%	Total (\$ million)	%	Average (\$)	Total (\$ million)	%	
Single	1,195,734	42.2%	29,690.8	23.1%	24,831	1,194.5	20.8%	4.0%
Dependent	194,283	6.9	1,152.6	0.9	5,932	10.3	0.2	0.9
Head of Household	261,526	9.2	7,703.0	6.0	29,454	270.4	4.7	3.5
Married Filing Jointly	1,160,896	41.0	89,400.6	69.5	77,010	4,224.8	73.7	4.7
Married Filing Separately	19,034	0.7	645.0	0.5	33,885	33.2	0.6	5.2
<b>TOTAL</b>	<b>2,831,473</b>	<b>100.0%</b>	<b>128,592.0</b>	<b>100.0%</b>	<b>45,415</b>	<b>5,733.2</b>	<b>100.0%</b>	<b>4.5%</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 2009**



## **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 2.83 million tax filers, about 697,000 (25%) claim the credit, but 672,000 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 \$298.8 million. About 93% 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 2009**

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	71,111	5,646	7,897,753	0	0.0%	0	0.0%	-	0.0%
\$0 - <5,000	416,296	21,095	22,952,149	7,851	1.9	121,547	0.0	15	0.5
\$5,000 - <10,000	261,270	8,592	3,776,751	4,518	1.7	186,629	0.1	41	4.9
\$10,000 - <15,000	203,534	6,652	2,582,722	5,161	2.5	401,227	0.1	78	15.5
\$15,000 - <20,000	185,755	7,334	3,216,960	6,356	3.4	994,523	0.3	156	30.9
\$20,000 - <25,000	171,672	7,895	3,436,375	7,877	4.6	1,630,761	0.5	207	47.5
\$25,000 - <30,000	164,216	9,491	3,562,251	9,490	5.8	2,312,758	0.8	244	64.9
\$30,000 - <40,000	276,668	27,296	7,865,700	27,295	9.9	6,445,703	2.2	236	81.9
\$40,000 - <50,000	210,829	39,178	9,601,361	39,178	18.6	9,044,884	3.0	231	94.2
\$50,000 - <70,000	315,934	106,626	26,996,924	106,625	33.7	26,628,821	8.9	250	98.6
\$70,000 - <100,000	287,139	199,860	68,142,106	199,860	69.6	68,032,765	22.8	340	99.8
\$100,000 - <200,000	218,708	210,413	120,817,163	210,413	96.2	120,685,657	40.4	574	99.9
\$200,000 - <500,000	38,654	37,761	37,995,842	37,761	97.7	37,980,388	12.7	1,006	100.0
\$500,000 - <1,000,000	6,738	6,540	11,227,192	6,540	97.1	11,225,943	3.8	1,717	100.0
\$1,000,000 and over	2,949	2,831	13,112,900	2,831	96.0	13,112,900	4.4	4,632	100.0
<b>TOTAL</b>	<b>2,831,473</b>	<b>697,210</b>	<b>343,184,149</b>	<b>671,756</b>	<b>23.7%</b>	<b>298,804,506</b>	<b>100.0%</b>	<b>445</b>	<b>87.1%</b>

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

### **School Property Tax Credit**

The school property tax credit for tax year 2009 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 2.83 million tax filers, 1.96 million (or 70%) claimed a total of \$457 million in credits: \$357 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, 1.64 million filers were able to use the credit, and the total amount of used credit was \$383 million, or 84% of the amount claimed.

Low-income filers were less likely to fully use their credit. Credits used are less than 1% of credits claimed for filers with WAGI less than \$10,000, but close to 100% for filers with WAGI of \$25,000 or more. Of the \$383 million in total used property tax/rent credit, 44% 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 2009**

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	71,111	24,437	5,524,764	226	5,769	901,588	156	29,768	6,426,352
\$0 - <5,000	416,296	62,713	14,486,320	231	61,983	7,890,926	127	122,316	22,377,246
\$5,000 - <10,000	261,270	51,211	11,946,052	233	62,566	7,713,802	123	111,827	19,659,854
\$10,000 - <15,000	203,534	49,735	11,568,540	233	69,922	9,144,863	131	117,520	20,713,403
\$15,000 - <20,000	185,755	54,618	12,743,315	233	70,205	10,006,392	143	122,369	22,749,707
\$20,000 - <25,000	171,672	55,728	12,813,488	230	68,542	10,330,707	151	121,253	23,144,195
\$25,000 - <30,000	164,216	64,726	15,160,613	234	62,552	9,970,446	159	123,999	25,131,059
\$30,000 - <40,000	276,668	135,877	32,681,553	241	94,846	16,191,579	171	224,148	48,873,132
\$40,000 - <50,000	210,829	132,063	33,052,359	250	55,874	10,339,059	185	182,567	43,391,418
\$50,000 - <70,000	315,934	242,869	64,022,759	264	53,421	10,711,670	201	288,736	74,734,429
\$70,000 - <100,000	287,139	252,952	70,711,211	280	23,417	4,992,755	213	271,216	75,703,966
\$100,000 - <200,000	218,708	203,079	59,094,123	291	8,546	1,853,915	217	209,022	60,948,038
\$200,000 - <500,000	38,654	35,192	10,395,093	295	837	194,773	233	35,832	10,589,866
\$500,000 - <1,000,000	6,738	5,982	1,775,309	297	114	26,692	234	6,076	1,802,001
\$1,000,000 and over	2,949	2,504	742,930	297	33	8,010	243	2,534	750,940
<b>TOTAL</b>	<b>2,831,473</b>	<b>1,373,686</b>	<b>356,718,429</b>	<b>260</b>	<b>638,627</b>	<b>100,277,177</b>	<b>157</b>	<b>1,969,183</b>	<b>456,995,606</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 2009**

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%
\$0 - <5,000	2,343	0.6	39,414	0.0	17	0.2
\$5,000 - <10,000	4,397	1.7	131,399	0.0	30	0.7
\$10,000 - <15,000	68,342	33.6	5,621,978	1.5	82	27.1
\$15,000 - <20,000	98,233	52.9	14,748,791	3.9	150	64.8
\$20,000 - <25,000	119,865	69.8	20,735,568	5.4	173	89.6
\$25,000 - <30,000	123,377	75.1	24,858,775	6.5	201	98.9
\$30,000 - <40,000	223,549	80.8	48,656,700	12.7	218	99.6
\$40,000 - <50,000	182,330	86.5	43,314,787	11.3	238	99.8
\$50,000 - <70,000	288,597	91.3	74,689,825	19.5	259	99.9
\$70,000 - <100,000	271,161	94.4	75,686,300	19.8	279	100.0
\$100,000 - <200,000	209,001	95.6	60,942,238	15.9	292	100.0
\$200,000 - <500,000	35,829	92.7	10,588,966	2.8	296	100.0
\$500,000 - <1,000,000	6,075	90.2	1,801,701	0.5	297	100.0
\$1,000,000 and over	2,534	85.9	750,940	0.2	296	100.0
<b>TOTAL</b>	<b>1,635,633</b>	<b>57.8%</b>	<b>382,567,382</b>	<b>100.0%</b>	<b>234</b>	<b>83.7%</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 2009, 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 58% of all married joint filers used the credit in 2009, as Table 6 shows. About 674,000 married couples were able to use a total of \$262 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 2009**

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	19,914	1,744	402,384	17	0.1%	5,337	0.0%	314	1.3%
\$0 - <5,000	54,498	2,565	231,665	225	0.4	13,669	0.0	61	5.9
\$5,000 - <10,000	38,055	4,923	391,331	396	1.0	31,166	0.0	79	8.0
\$10,000 - <15,000	41,284	7,469	804,765	477	1.2	50,794	0.0	106	6.3
\$15,000 - <20,000	39,597	9,550	1,306,362	896	2.3	92,302	0.0	103	7.1
\$20,000 - <25,000	38,666	11,745	1,911,759	6,257	16.2	596,707	0.2	95	31.2
\$25,000 - <30,000	45,122	15,161	2,906,191	14,757	32.7	2,304,518	0.9	156	79.3
\$30,000 - <40,000	93,156	41,458	10,245,858	41,272	44.3	10,105,749	3.9	245	98.6
\$40,000 - <50,000	96,851	57,414	17,981,788	57,367	59.2	17,958,155	6.0	313	99.9
\$50,000 - <70,000	207,643	153,679	58,916,399	153,658	74.0	58,906,968	22.5	383	100.0
\$70,000 - <100,000	242,765	202,627	86,376,962	202,618	83.5	86,372,940	33.0	426	100.0
\$100,000 - <200,000	200,229	169,163	74,466,706	169,161	84.5	74,466,182	28.5	440	100.0
\$200,000 - <500,000	34,654	22,922	9,240,998	22,922	66.1	9,240,998	3.5	403	100.0
\$500,000 - <1,000,000	5,929	2,881	1,071,603	2,881	48.6	1,071,603	0.4	372	100.0
\$1,000,000 and over	2,533	1,031	381,163	1,031	40.7	381,163	0.1	370	100.0
TOTAL	1,160,896	704,332	266,635,934	673,935	58.1%	261,598,251	100.0%	388	98.1%

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 2009, while 844 filers claimed the credit, only 790 filers benefited from it, at a total cost to the state of approximately \$180,000 (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 2009, the maximum standard deduction for singles was \$9,440 phasing down to zero at \$92,500 of income. For married joint filers the maximum standard deduction was \$17,010, phasing down to zero at \$105,105 of income. In addition, a single filer received a \$700 personal exemption and a married couple received two exemptions totaling \$1,400 in 2009. In 1998, there were no personal exemptions.

Thus, whereas a single filer with income of \$10,000 had a standard deduction of \$4,990 in tax year 1998, he or she could claim the maximum deduction of \$9,440 plus a personal exemption of \$700 in 2009, reducing taxable income to \$0. A married couple with \$18,000 of income had their standard deduction increased from \$7,268 in 1998 to \$17,010 in 2009, and received exemptions of \$1,400 in 2009 for a total reduction of \$18,410. 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 2009 usage of the working families' credit declined further to 790 filers and \$180,000.

**TABLE 7  
DISTRIBUTION OF WORKING FAMILIES' CREDIT BY WAGI CLASS FOR TAX YEAR 2009**

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	71,111	-	-	-	-	-	-	-	-
\$0 - <5,000	416,296	118	9,892	102	0.0%	9,243	5.1%	91	93.4%
\$5,000 - <10,000	261,270	267	34,086	251	0.1	32,442	18.0	129	95.2
\$10,000 - <15,000	203,534	142	61,936	128	0.1	53,938	29.9	421	87.1
\$15,000 - <20,000	185,755	317	90,518	309	0.2	84,547	46.9	274	93.4
\$20,000 - <25,000	171,672	-	-	-	-	-	-	-	-
\$25,000 - <30,000	164,216	-	-	-	-	-	-	-	-
\$30,000 - <40,000	276,668	-	-	-	-	-	-	-	-
\$40,000 - <50,000	210,829	-	-	-	-	-	-	-	-
\$50,000 - <70,000	315,934	-	-	-	-	-	-	-	-
\$70,000 - <100,000	287,139	-	-	-	-	-	-	-	-
\$100,000 - <200,000	218,708	-	-	-	-	-	-	-	-
\$200,000 - <500,000	38,654	-	-	-	-	-	-	-	-
\$500,000 - <1,000,000	6,738	-	-	-	-	-	-	-	-
\$1,000,000 and over	2,949	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>2,831,473</b>	<b>844</b>	<b>196,432</b>	<b>790</b>	<b>0.0%</b>	<b>180,170</b>	<b>100.0%</b>	<b>228</b>	<b>91.7%</b>

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

### Other Nonrefundable Credits

Tables 8A – 8J provide information on the remaining nonrefundable credits. The film production services credit, the film production company investment credit, the health insurance risk sharing assessment 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 4,870 filers at a cost of \$1.3 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 2009**

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	71,111	-	0.0%	-	0.00%	-
\$0 - <5,000	416,296	S	S	S	S	S
\$5,000 - <10,000	261,270	23	0.0	2,265	0.2	98
\$10,000 - <15,000	203,534	664	0.3	80,734	6.2	122
\$15,000 - <20,000	185,755	858	0.5	235,754	18.1	275
\$20,000 - <25,000	171,672	937	0.6	253,156	19.4	270
\$25,000 - <30,000	164,216	659	0.4	198,806	15.3	302
\$30,000 - <40,000	276,668	732	0.3	227,097	17.4	310
\$40,000 - <50,000	210,829	353	0.2	112,355	8.6	318
\$50,000 - <70,000	315,934	333	0.1	103,020	7.9	309
\$70,000 - <100,000	287,139	190	0.1	54,633	4.2	288
\$100,000 - <200,000	218,708	112	0.1	32,782	2.5	293
\$200,000 - <500,000	38,654	M	M	2,100	0.2	M
\$500,000 - <1,000,000	6,738	-	0.0	-	0.0	-
\$1,000,000 and over	2,949	S	S	S	S	S
<b>TOTAL</b>	<b>2,831,473</b>	<b>4,872</b>	<b>0.2%</b>	<b>1,303,361</b>	<b>100.0%</b>	<b>268</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 26 filers who were able to reduce their tax liability by \$67,000 for an average credit of \$2,586. Practically all of the credit went to filers with incomes of \$70,000 and over and about 40% 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 2009**

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	71,111	-	0.0%	-	0.0%	-
\$0 - <5,000	416,296	S	S	S	S	S
\$5,000 - <10,000	261,270	S	S	S	S	S
\$10,000 - <15,000	203,534	-	0.0	-	0.0	-
\$15,000 - <20,000	185,755	-	0.0	-	0.0	-
\$20,000 - <25,000	171,672	-	0.0	-	0.0	-
\$25,000 - <30,000	164,216	-	0.0	-	0.0	-
\$30,000 - <40,000	276,668	-	0.0	-	0.0	-
\$40,000 - <50,000	210,829	-	0.0	-	0.0	-
\$50,000 - <70,000	315,934	-	0.0	-	0.0	-
\$70,000 - <100,000	287,139	S	S	S	S	S
\$100,000 - <200,000	218,708	M	M	11,161	16.6	M
\$200,000 - <500,000	38,654	S	S	S	S	S
\$500,000 - <1,000,000	6,738	S	S	S	S	S
\$1,000,000 and over	2,949	S	S	S	S	S
TOTAL	2,831,473	26	0.0%	67,225	100.0%	2,586

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 418 tax filers, totaling \$1.4 million for an average credit of \$3,383. Filers with income of \$70,000 or more accounted for 92% of the credit amount.

**TABLE 8C  
DISTRIBUTION OF HISTORIC CREDIT BY WAGI CLASS FOR TAX YEAR 2009**

WAGI Class	Tax filers	Used Historic Credit				
	Count	Count	As % of filers in income class	Amount (\$)	% of Total Used	Average Credit (\$)
Less than \$0	71,111	-	0.0%	-	0.0%	-
\$0 - <5,000	416,296	-	0.0	-	0.0	-
\$5,000 - <10,000	261,270	-	0.0	-	0.0	-
\$10,000 - <15,000	203,534	S	S	S	S	S
\$15,000 - <20,000	185,755	M	M	1,034	0.1	M
\$20,000 - <25,000	171,672	M	M	1,722	0.1	M
\$25,000 - <30,000	164,216	M	M	4,289	0.3	M
\$30,000 - <40,000	276,668	14	0.0	10,092	0.7	721
\$40,000 - <50,000	210,829	13	0.0	16,614	1.2	1,278
\$50,000 - <70,000	315,934	44	0.0	74,237	5.3	1,687
\$70,000 - <100,000	287,139	73	0.0	184,707	13.1	2,530
\$100,000 - <200,000	218,708	138	0.1	488,104	34.5	3,537
\$200,000 - <500,000	38,654	89	0.2	443,649	31.4	4,985
\$500,000 - <1,000,000	6,738	19	0.3	132,084	9.3	6,952
\$1,000,000 and over	2,949	S	S	S	S	S
TOTAL	2,831,473	418	0.0%	1,414,165	100.0%	3,383

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 155 tax filers at a cost of \$2.1 million for an average credit of \$13,203. About 96% of this credit went to filers with income of \$200,000 or more, and 91% 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 2009**

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	71,111	-	0.0%	-	0.0%	-
\$0 - <5,000	416,296	S	S	S	S	S
\$5,000 - <10,000	261,270	-	0.0	-	0.0	-
\$10,000 - <15,000	203,534	-	0.0	-	0.0	-
\$15,000 - <20,000	185,755	-	0.0	-	0.0	-
\$20,000 - <25,000	171,672	S	S	S	S	S
\$25,000 - <30,000	164,216	S	S	S	S	S
\$30,000 - <40,000	276,668	S	S	S	S	S
\$40,000 - <50,000	210,829	S	S	S	S	S
\$50,000 - <70,000	315,934	M	M	4,317	0.2	M
\$70,000 - <100,000	287,139	S	S	S	S	S
\$100,000 - <200,000	218,708	23	0.0	34,229	1.7	1,488
\$200,000 - <500,000	38,654	29	0.1	55,218	2.7	1,904
\$500,000 - <1,000,000	6,738	18	0.3	60,175	2.9	3,343
\$1,000,000 and over	2,949	56	1.9	1,853,869	90.6	33,105
TOTAL	2,831,473	155	0.0%	2,046,490	100.0%	13,203

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 4,615 tax filers at a cost of \$5.9 million. The average credit was \$1,285. Filers with incomes of \$50,000 or more accounted for 70% 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 \$62.3 million.

**TABLE 8E**  
**DISTRIBUTION OF DAIRY AND LIVESTOCK FARM INVESTMENT CREDIT BY WAGI CLASS FOR TAX YEAR 2009**

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	71,111	S	S	S	S	S
\$0 - <5,000	416,296	M	M	60,448	1.0	M
\$5,000 - <10,000	261,270	M	M	4,219	0.1	M
\$10,000 - <15,000	203,534	120	0.1	12,593	0.2	105
\$15,000 - <20,000	185,755	155	0.1	42,542	0.7	274
\$20,000 - <25,000	171,672	375	0.2	81,050	1.4	216
\$25,000 - <30,000	164,216	510	0.3	171,867	2.9	337
\$30,000 - <40,000	276,668	952	0.3	590,977	10.0	621
\$40,000 - <50,000	210,829	715	0.3	787,381	13.3	1,101
\$50,000 - <70,000	315,934	847	0.3	1,359,964	22.9	1,606
\$70,000 - <100,000	287,139	567	0.2	1,248,028	21.1	2,201
\$100,000 - <200,000	218,708	280	0.1	1,057,744	17.8	3,778
\$200,000 - <500,000	38,654	67	0.2	415,559	7.0	6,202
\$500,000 - <1,000,000	6,738	12	0.2	43,127	0.7	3,594
\$1,000,000 and over	2,949	S	S	S	S	S
TOTAL	2,831,473	4,615	0.2%	5,929,899	100.0%	1,285

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 469 tax filers at a cost of \$3.8 million for an average credit of \$8,168. About 96% of this credit went to filers with income of \$100,000 or more, and 58% 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 2009**

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	71,111	-	0.0%	-	0.0%	-
\$0 - <5,000	416,296	S	S	S	S	S
\$5,000 - <10,000	261,270	S	S	S	S	S
\$10,000 - <15,000	203,534	S	S	S	S	S
\$15,000 - <20,000	185,755	-	0.0	-	0.0	-
\$20,000 - <25,000	171,672	S	S	S	S	S
\$25,000 - <30,000	164,216	S	S	S	S	S
\$30,000 - <40,000	276,668	S	S	S	S	S
\$40,000 - <50,000	210,829	M	M	8,106	0.2	M
\$50,000 - <70,000	315,934	15	0.0	23,506	0.6	1,567
\$70,000 - <100,000	287,139	37	0.0	95,796	2.5	2,589
\$100,000 - <200,000	218,708	98	0.0	423,588	11.1	4,322
\$200,000 - <500,000	38,654	149	0.4	1,013,343	26.5	6,801
\$500,000 - <1,000,000	6,738	85	1.3	807,680	21.1	9,502
\$1,000,000 and over	2,949	66	2.2	1,414,302	36.9	21,429
TOTAL	2,831,473	469	0.0%	3,830,961	100.0%	8,168

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 260 tax filers at a cost of \$.95 million. The average credit was \$3,647. Filers with incomes of \$100,000 or more accounted for 94% of the credit amount.

**TABLE 8G  
DISTRIBUTION OF SEED INVESTMENT CREDIT BY WAGI CLASS FOR TAX YEAR 2009**

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	71,111	-	0.0%	-	0.0%	-
\$0 - <5,000	416,296	M	M	6,465	0.7	M
\$5,000 - <10,000	261,270	S	S	S	S	S
\$10,000 - <15,000	203,534	S	S	S	S	S
\$15,000 - <20,000	185,755	S	S	S	S	S
\$20,000 - <25,000	171,672	S	S	S	S	S
\$25,000 - <30,000	164,216	S	S	S	S	S
\$30,000 - <40,000	276,668	S	S	S	S	S
\$40,000 - <50,000	210,829	S	S	S	S	S
\$50,000 - <70,000	315,934	M	M	10,536	1.1	M
\$70,000 - <100,000	287,139	16	0.0	28,416	3.0	1,776
\$100,000 - <200,000	218,708	51	0.0	178,961	18.9	3,509
\$200,000 - <500,000	38,654	80	0.2	323,611	34.1	4,045
\$500,000 - <1,000,000	6,738	41	0.6	159,026	16.8	3,879
\$1,000,000 and over	2,949	39	1.3	232,685	24.5	5,966
TOTAL	2,831,473	260	0.0%	948,299	100.0%	3,647

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 95 tax filers at a cost of \$0.7 million. The average credit was \$7,016. Filers with incomes of \$100,000 or more accounted for 88% of the credit amount.

**TABLE 8H  
DISTRIBUTION OF TECHNOLOGY ZONE CREDIT BY WAGI CLASS FOR TAX YEAR 2009**

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	71,111	-	0.0%	-	0.0%	-
\$0 - <5,000	416,296	S	S	S	S	S
\$5,000 - <10,000	261,270	-	0.0	-	0.0	-
\$10,000 - <15,000	203,534	-	0.0	-	0.0	-
\$15,000 - <20,000	185,755	-	0.0	-	0.0	-
\$20,000 - <25,000	171,672	-	0.0	-	0.0	-
\$25,000 - <30,000	164,216	S	S	S	S	S
\$30,000 - <40,000	276,668	S	S	S	S	S
\$40,000 - <50,000	210,829	S	S	S	S	S
\$50,000 - <70,000	315,934	S	S	S	S	S
\$70,000 - <100,000	287,139	23	0.0	61,877	9.3	2,690
\$100,000 - <200,000	218,708	20	0.0	62,399	9.4	3,120
\$200,000 - <500,000	38,654	25	0.1	160,090	24.0	6,404
\$500,000 - <1,000,000	6,738	M	M	100,723	15.1	M
\$1,000,000 and over	2,949	S	S	S	S	S
<b>TOTAL</b>	<b>2,831,473</b>	<b>95</b>	<b>0.0%</b>	<b>666,566</b>	<b>100.0%</b>	<b>7,016</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 Internet Equipment credit (see Table 8I) was used by 22 tax filers at a cost of \$9,400. The average credit was \$429.

**TABLE 8I**  
**DISTRIBUTION OF INTERNET EQUIPMENT CREDIT BY WAGI CLASS FOR TAX YEAR 2009**

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	71,111	-	0.0%	-	0.0%	-
\$0 - <5,000	416,296	-	0.0	-	0.0	-
\$5,000 - <10,000	261,270	-	0.0	-	0.0	-
\$10,000 - <15,000	203,534	S	S	S	S	S
\$15,000 - <20,000	185,755	S	S	S	S	S
\$20,000 - <25,000	171,672	S	S	S	S	S
\$25,000 - <30,000	164,216	S	S	S	S	S
\$30,000 - <40,000	276,668	S	S	S	S	S
\$40,000 - <50,000	210,829	S	S	S	S	S
\$50,000 - <70,000	315,934	S	S	S	S	S
\$70,000 - <100,000	287,139	S	S	S	S	S
\$100,000 - <200,000	218,708	-	0.0	-	0.0	-
\$200,000 - <500,000	38,654	-	0.0	-	0.0	-
\$500,000 - <1,000,000	6,738	-	0.0	-	0.0	-
\$1,000,000 and over	2,949	-	0.0	-	0.0	-
<b>TOTAL</b>	<b>2,831,473</b>	<b>22</b>	<b>0.0%</b>	<b>9,429</b>	<b>100.0%</b>	<b>429</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 8J) was used by 178 tax filers at a cost of \$278,200. The average credit was \$1,563. Filers with incomes of \$100,000 or more accounted for 98% of the credit amount.

**TABLE 8J**  
**DISTRIBUTION OF MANUFACTURING INVESTMENT CREDIT BY WAGI CLASS FOR TAX YEAR 2009**

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	71,111	-	0.0%	-	0.0%	-
\$0 - <5,000	416,296	M	M	459	0.2	M
\$5,000 - <10,000	261,270	M	M	150	0.1	M
\$10,000 - <15,000	203,534	-	0.0	-	0.0	-
\$15,000 - <20,000	185,755	S	S	S	S	S
\$20,000 - <25,000	171,672	-	0.0	-	0.0	-
\$25,000 - <30,000	164,216	S	S	S	S	S
\$30,000 - <40,000	276,668	S	S	S	S	S
\$40,000 - <50,000	210,829	S	S	S	S	S
\$50,000 - <70,000	315,934	M	M	1,758	0.6	M
\$70,000 - <100,000	287,139	17	0.0	788	0.3	46
\$100,000 - <200,000	218,708	36	0.0	12,448	4.5	346
\$200,000 - <500,000	38,654	34	0.1	49,960	18.0	1,469
\$500,000 - <1,000,000	6,738	24	0.4	32,192	11.6	1,341
\$1,000,000 and over	2,949	39	1.3	179,097	64.4	4,592
<b>TOTAL</b>	<b>2,831,473</b>	<b>178</b>	<b>0.0%</b>	<b>278,202</b>	<b>100.0%</b>	<b>1,563</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).

## 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, The Dairy Cooperative Credit, and, the Meat Processing Facility Investment 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 through 9D provide information on these credits.<sup>1</sup>

The Veterans' and Surviving Spouses' Property Tax Credit was created in tax year 2005. Prior to 2009, the credit was available only to veterans who were at least 65 years of age. Beginning in 2009, the age requirement has been eliminated. As shown in Table 9A 3,665 tax filers claimed the credit in tax year 2009 at a total cost to the state of \$10.9 million. Eighty one percent of the credit was used by claimants with income below \$40,000. The average credit was \$2,980.

**TABLE 9A  
DISTRIBUTION OF VETERANS' AND SURVIVING SPOUSES' PROPERTY TAX CREDIT  
BY WAGI CLASS FOR TAX YEAR 2009**

WAGI Class	Count	Count	As % of filers in income class	Amount (\$)	%	Average Credit (\$)
Less than \$0	71,111	165	0.23%	468,468	4.29%	2,839
\$0 - <5,000	416,296	1,134	0.27	2,853,752	26.13	2,517
\$5,000 - <10,000	261,270	370	0.14	1,027,453	9.41	2,777
\$10,000 - <15,000	203,534	298	0.15	889,780	8.15	2,986
\$15,000 - <20,000	185,755	237	0.13	661,454	6.06	2,791
\$20,000 - <25,000	171,672	205	0.12	579,107	5.30	2,825
\$25,000 - <30,000	164,216	228	0.14	711,587	6.52	3,121
\$30,000 - <40,000	276,668	319	0.12	1,015,160	9.30	3,182
\$40,000 - <50,000	210,829	201	0.10	715,324	6.55	3,559
\$50,000 - <70,000	315,934	287	0.09	1,015,736	9.30	3,539
\$70,000 - <100,000	287,139	144	0.05	612,938	5.61	4,257
\$100,000 - <200,000	218,708	70	0.03	324,053	2.97	4,629
\$200,000 - <500,000	38,654	M	M	46,503	0.43	M
\$500,000 - <1,000,000	6,738	0	0.00	0	0.00	-
\$1,000,000 and over	2,949	0	0.00	0	0.00	-
TOTAL	2,831,473	3,665	0.13%	10,921,315	100.0%	2,980

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, the Film Production Company Investment Credit and the Film Production Services Credit are also available, but they are not included in the discussion. Fewer than 10 individuals used the credits in tax year 2009.

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 85 tax filers claimed the credit in tax year 2009 at a total cost to the state of \$270,000. The average credit was \$3,172.

**TABLE 9B  
DISTRIBUTION OF DAIRY MANUFACTURING FACILITY CREDIT  
BY WAGI CLASS FOR TAX YEAR 2009**

WAGI Class	Count	Count	As % of filers in income class	Amount (\$)	%	Average Credit (\$)
Less than \$0	71,111	M	M	13,861	5.14%	M
\$0 - <5,000	416,296	S	S	S	S	S
\$5,000 - <10,000	261,270	M	M	3,748	1.39	M
\$10,000 - <15,000	203,534	S	S	S	S	S
\$15,000 - <20,000	185,755	M	M	1,691	0.63	M
\$20,000 - <25,000	171,672	S	S	S	S	S
\$25,000 - <30,000	164,216	S	S	S	S	S
\$30,000 - <40,000	276,668	S	S	S	S	S
\$40,000 - <50,000	210,829	S	S	S	S	S
\$50,000 - <70,000	315,934	M	M	4,406	1.63	M
\$70,000 - <100,000	287,139	11	0.00	12,413	4.60	1,128
\$100,000 - <200,000	218,708	S	S	S	S	S
\$200,000 - <500,000	38,654	11	0.03	27,418	10.17	2,493
\$500,000 - <1,000,000	6,738	11	0.16	46,823	17.37	4,257
\$1,000,000 and over	2,949	S	S	S	S	S
TOTAL	2,831,473	85	0.00%	269,587	100.0%	3,172

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 Cooperative Credit was created in tax year 2009. The credit is computed by the cooperative and is allocated to the patrons of the cooperative. As Shown in Table 9C, 109 tax filers claimed the credit at a cost of \$63,000. Forty seven percent of the credit was used by claimants who had negative income.

TABLE 9C DISTRIBUTION OF DAIRY COOPERATIVE CREDIT BY WAGI CLASS FOR TAX YEAR 2009						
WAGI CLASS	ALL TAXFILERS Count	DAIRY COOPERATIVES CREDIT				Aver. Credit (\$)
		Number of Participants		Amount		
		Count	as % of filers in income class	(\$)	%	
Less than \$0	71,111	39	0.05%	29,665	47.01%	761
\$0 - <5,000	416,296	M	M	1,266	2.01	M
\$5,000 - <10,000	261,270	S	S	S	S	S
\$10,000 - <15,000	203,534	S	S	S	S	S
\$15,000 - <20,000	185,755	S	S	S	S	S
\$20,000 - <25,000	171,672	S	S	S	S	S
\$25,000 - <30,000	164,216	M	M	1,372	2.17	M
\$30,000 - <40,000	276,668	M	M	1,450	2.30	M
\$40,000 - <50,000	210,829	M	M	2,496	3.96	M
\$50,000 - <70,000	315,934	15	0.00	6,135	9.72	409
\$70,000 - <100,000	287,139	M	M	2,237	3.54	M
\$100,000 - <200,000	218,708	M	M	13,147	20.83	M
\$200,000 - <500,000	38,654	0	0.00	0	0.00	-
\$500,000 - 1,000,000	6,738	S	S	S	S	S
\$1,000,000 and over	2,949	0	0.00	0	0.00	-
TOTAL	2,831,473	109	0.00%	63,108	100.00%	579

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).

Table 9D reports the income distribution of Meat Processing Facility Investment Credit claimants. Thirteen tax filers claimed the credit in 2009 at a cost of \$76,400.

**TABLE 9D  
MEAT PROCESSING FACILITY INVESTMENT CREDIT, BY INCOME CLASS, TAX YEAR 2009**

WAGI CLASS	ALL TAXFILERS		MEAT PROCESSING FACILITY INVESTMENT CREDIT			
	Count	Number of Participants		Amount		Aver. Credit (\$)
		Count	as % of filers in income class	(\$)	%	
Less than \$0	71,111	0	0.00%	0	0.00%	-
\$0 - <5,000	416,296	0	0.00	0	0.00	-
\$5,000 - <10,000	261,270	0	0.00	0	0.00	-
\$10,000 - <15,000	203,534	0	0.00	0	0.00	-
\$15,000 - <20,000	185,755	0	0.00	0	0.00	-
\$20,000 - <25,000	171,672	S	S	S	S	S
\$25,000 - <30,000	164,216	0	0.00	0	0.00	-
\$30,000 - <40,000	276,668	0	0.00	0	0.00	-
\$40,000 - <50,000	210,829	0	0.00	0	0.00	-
\$50,000 - <70,000	315,934	S	S	S	S	S
\$70,000 - <100,000	287,139	S	S	S	S	S
\$100,000 - <200,000	218,708	0	0.00	0	0.00	-
\$200,000 - <500,000	38,654	S	S	S	S	S
\$500,000 - 1,000,000	6,738	0	0.00	0	0.00	-
\$1,000,000 and over	2,949	S	S	S	S	S
<b>TOTAL</b>	<b>2,831,473</b>	<b>13</b>	<b>0.00%</b>	<b>76,400</b>	<b>100.00%</b>	<b>5,877</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).

## 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 (29,200) report use tax. Total use tax collected through the income tax return amounted to \$1.72 million, for an average of \$59. The reporting rate increases with income.

**TABLE 10A  
USE TAX FOR TAX YEAR 2009**

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	71,111	251	0.35%	25,073	1.46%	100
\$0 - <5,000	416,296	932	0.22	32,490	1.89	35
\$5,000 - <10,000	261,270	937	0.36	26,910	1.56	29
\$10,000 - <15,000	203,534	952	0.47	34,557	2.01	36
\$15,000 - <20,000	185,755	1,021	0.55	39,500	2.29	39
\$20,000 - <25,000	171,672	1,028	0.60	39,458	2.29	38
\$25,000 - <30,000	164,216	1,190	0.72	47,553	2.76	40
\$30,000 - <40,000	276,668	2,546	0.92	114,315	6.64	45
\$40,000 - <50,000	210,829	2,474	1.17	109,581	6.36	44
\$50,000 - <70,000	315,934	4,460	1.41	211,279	12.27	47
\$70,000 - <100,000	287,139	5,164	1.80	274,040	15.91	53
\$100,000 - <200,000	218,708	5,850	2.67	358,320	20.81	61
\$200,000 - <500,000	38,654	1,728	4.47	177,466	10.31	103
\$500,000 - <1,000,000	6,738	433	6.43	65,594	3.81	151
\$1,000,000 and over	2,949	234	7.93	165,801	9.63	709
<b>TOTAL</b>	<b>2,831,473</b>	<b>29,200</b>	<b>1.03%</b>	<b>1,721,937</b>	<b>100.0%</b>	<b>59</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 1.03%, with the average reported use tax gradually increasing from \$20 to nearly \$60. Total use tax collected has risen from \$245,000 to \$1.72 million.

**TABLE 10B  
USE TAX FOR TAX YEARS 1988-2009**

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
2009	2,831,473	29,200	1.03%	\$1,721,937	\$59

## 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 2009, 18,309 filers donated a total of about \$335,000 or an average of \$18 for every donor. The average ranged from below \$9 for incomes below \$10,000 to \$45 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 2009**

WAGI Class	Tax filers	Endangered Resources Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	71,111	85	0.12%	1,300	0.4%	15
\$0 - <5,000	416,296	627	0.15	5,376	1.6	9
\$5,000 - <10,000	261,270	888	0.34	7,935	2.4	9
\$10,000 - <15,000	203,534	882	0.43	10,419	3.1	12
\$15,000 - <20,000	185,755	912	0.49	10,470	3.1	11
\$20,000 - <25,000	171,672	950	0.55	11,040	3.3	12
\$25,000 - <30,000	164,216	1,042	0.63	11,790	3.5	11
\$30,000 - <40,000	276,668	1,916	0.69	27,369	8.2	14
\$40,000 - <50,000	210,829	1,805	0.86	30,107	9.0	17
\$50,000 - <70,000	315,934	2,925	0.93	52,758	15.8	18
\$70,000 - <100,000	287,139	2,955	1.03	62,571	18.7	21
\$100,000 - <200,000	218,708	2,879	1.32	76,614	22.9	27
\$200,000 - <500,000	38,654	390	1.01	24,440	7.3	63
\$500,000 - <1,000,000	6,738	41	0.61	1,808	0.5	44
\$1,000,000 and over	2,949	12	0.41	580	0.2	48
<b>TOTAL</b>	<b>2,831,473</b>	<b>18,309</b>	<b>0.65%</b>	<b>334,577</b>	<b>100.0%</b>	<b>18</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 2009, 18,300, 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 \$18 in 2009.

**TABLE 12  
ENDANGERED RESOURCES DONATION 1990-2009**

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
2009	2,831,473	18,309	0.6%	334,577	18

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 2009, 4,921 filers gave a total of about \$36,530, for an average of \$7. 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 2009**

WAGI Class	Tax filers	Packers Stadium Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	71,111	26	0.04%	239	0.7%	9
\$0 - <5,000	416,296	238	0.06	1,245	3.4	5
\$5,000 - <10,000	261,270	360	0.14	1,975	5.4	5
\$10,000 - <15,000	203,534	339	0.17	1,938	5.3	6
\$15,000 - <20,000	185,755	370	0.20	2,324	6.4	6
\$20,000 - <25,000	171,672	329	0.19	2,461	6.7	7
\$25,000 - <30,000	164,216	365	0.22	2,367	6.5	6
\$30,000 - <40,000	276,668	534	0.19	3,138	8.6	6
\$40,000 - <50,000	210,829	427	0.20	3,305	9.0	8
\$50,000 - <70,000	315,934	624	0.20	4,650	12.7	7
\$70,000 - <100,000	287,139	624	0.22	4,976	13.6	8
\$100,000 - <200,000	218,708	594	0.27	5,926	16.2	10
\$200,000 - <500,000	38,654	82	0.21	1,587	4.3	19
\$500,000 - <1,000,000	6,738	M	M	198	0.5	M
\$1,000,000 and over	2,949	S	S	S	S	S
<b>TOTAL</b>	<b>2,831,473</b>	<b>4,921</b>	<b>0.17%</b>	<b>36,529</b>	<b>100.0%</b>	<b>7</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 14,500 filers gave a total of \$192,000 for an average of \$13. Donors with income below \$100,000 gave \$12 on average, while donors with income \$100,000 or more donated \$22 on average.

**TABLE 14  
BREAST CANCER RESEARCH DONATION FOR TAX YEAR 2009**

WAGI Class	Tax filers		Breast Cancer Research Donation			
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	71,111	76	0.11%	773	0.4%	10
\$0 - <5,000	416,296	600	0.14	4,247	2.2	7
\$5,000 - <10,000	261,270	900	0.34	8,113	4.2	9
\$10,000 - <15,000	203,534	970	0.48	8,746	4.6	9
\$15,000 - <20,000	185,755	1,017	0.55	10,263	5.3	10
\$20,000 - <25,000	171,672	986	0.57	10,165	5.3	10
\$25,000 - <30,000	164,216	937	0.57	9,547	5.0	10
\$30,000 - <40,000	276,668	1,648	0.60	19,057	9.9	12
\$40,000 - <50,000	210,829	1,296	0.61	16,821	8.8	13
\$50,000 - <70,000	315,934	2,015	0.64	28,680	14.9	14
\$70,000 - <100,000	287,139	2,089	0.73	30,931	16.1	15
\$100,000 - <200,000	218,708	1,777	0.81	34,111	17.8	19
\$200,000 - <500,000	38,654	204	0.53	8,132	4.2	40
\$500,000 - <1,000,000	6,738	22	0.33	1,312	0.7	60
\$1,000,000 and over	2,949	S	S	S	S	S
TOTAL	2,831,473	14,541	0.51%	192,173	100.0%	13

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 7,300 filers who gave a total of \$93,300 for an average of \$13 per return (See Table 15). Donors with income above \$200,000 donated the most on average at about \$67 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 2009**

WAGI Class	Tax filers	Veterans' Trust Fund Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	71,111	58	0.08%	1,065	1.1%	18
\$0 - <5,000	416,296	309	0.07	2,516	2.7	8
\$5,000 - <10,000	261,270	422	0.16	3,492	3.7	8
\$10,000 - <15,000	203,534	439	0.22	4,083	4.4	9
\$15,000 - <20,000	185,755	497	0.27	4,654	5.0	9
\$20,000 - <25,000	171,672	488	0.28	4,930	5.3	10
\$25,000 - <30,000	164,216	479	0.29	4,532	4.9	9
\$30,000 - <40,000	276,668	848	0.31	11,754	12.6	14
\$40,000 - <50,000	210,829	726	0.34	8,525	9.1	12
\$50,000 - <70,000	315,934	1,094	0.35	13,560	14.5	12
\$70,000 - <100,000	287,139	958	0.33	11,992	12.9	13
\$100,000 - <200,000	218,708	895	0.41	13,504	14.5	15
\$200,000 - <500,000	38,654	110	0.28	5,401	5.8	49
\$500,000 - <1,000,000	6,738	15	0.22	3,067	3.3	204
\$1,000,000 and over	2,949	S	S	S	S	S
TOTAL	2,831,473	7,342	0.26%	93,250	100.0%	13

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 6,680 filers who gave a total of \$83,000 for an average of \$12 per return. Donors with income above \$50,000 donated the most on average at about \$17 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 2009**

WAGI Class	Tax filers	Multiple Sclerosis Research Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	71,111	41	0.06%	376	0.5%	9
\$0 - <5,000	416,296	285	0.07	1,703	2.1	6
\$5,000 - <10,000	261,270	414	0.16	2,715	3.3	7
\$10,000 - <15,000	203,534	411	0.20	3,365	4.1	8
\$15,000 - <20,000	185,755	429	0.23	3,734	4.5	9
\$20,000 - <25,000	171,672	421	0.25	4,014	4.8	10
\$25,000 - <30,000	164,216	442	0.27	4,020	4.8	9
\$30,000 - <40,000	276,668	727	0.26	7,532	9.1	10
\$40,000 - <50,000	210,829	609	0.29	7,312	8.8	12
\$50,000 - <70,000	315,934	1,014	0.32	13,259	16.0	13
\$70,000 - <100,000	287,139	941	0.33	13,432	16.2	14
\$100,000 - <200,000	218,708	829	0.38	16,584	20.0	20
\$200,000 - <500,000	38,654	96	0.25	3,642	4.4	38
\$500,000 - <1,000,000	6,738	18	0.27	1,182	1.4	66
\$1,000,000 and over	2,949	S	S	S	S	S
<b>TOTAL</b>	<b>2,831,473</b>	<b>6,678</b>	<b>0.24%</b>	<b>82,920</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 4,400 filers who gave a total of \$38,000 for an average of \$9 per return (See Table 17). Donors with income above \$50,000 donated the most on average at about \$11 per return. Filers with income of less than \$50,000 had average donations of about \$7.

**TABLE 17  
FIREFIGHTERS MEMORIAL DONATION FOR TAX YEAR 2009**

WAGI Class	Tax filers	Firefighters Memorial Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	71,111	31	0.04%	295	0.8%	10
\$0 - <5,000	416,296	185	0.04	928	2.5	5
\$5,000 - <10,000	261,270	274	0.10	1,635	4.3	6
\$10,000 - <15,000	203,534	279	0.14	1,883	5.0	7
\$15,000 - <20,000	185,755	326	0.18	2,198	5.8	7
\$20,000 - <25,000	171,672	284	0.17	1,918	5.1	7
\$25,000 - <30,000	164,216	276	0.17	1,903	5.1	7
\$30,000 - <40,000	276,668	507	0.18	4,047	10.8	8
\$40,000 - <50,000	210,829	406	0.19	3,069	8.2	8
\$50,000 - <70,000	315,934	622	0.20	5,686	15.1	9
\$70,000 - <100,000	287,139	601	0.21	5,765	15.3	10
\$100,000 - <200,000	218,708	507	0.23	5,657	15.0	11
\$200,000 - <500,000	38,654	57	0.15	1,054	2.8	18
\$500,000 - <1,000,000	6,738	13	0.19	556	1.5	43
\$1,000,000 and over	2,949	S	S	S	S	S
<b>TOTAL</b>	<b>2,831,473</b>	<b>4,371</b>	<b>0.15%</b>	<b>37,619</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 7,500 filers who gave a total of \$72,000 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 2009**

WAGI Class	Tax filers	Prostate Cancer Research Donation				Average (\$)
	Count	Count	As % of filers in income class	Amount (\$)	%	
Less than \$0	71,111	38	0.05%	369	0.5%	10
\$0 - <5,000	416,296	293	0.07	1,469	2.0	5
\$5,000 - <10,000	261,270	458	0.18	2,621	3.6	6
\$10,000 - <15,000	203,534	431	0.21	2,622	3.6	6
\$15,000 - <20,000	185,755	470	0.25	3,008	4.1	6
\$20,000 - <25,000	171,672	449	0.26	3,443	4.8	8
\$25,000 - <30,000	164,216	474	0.29	3,236	4.5	7
\$30,000 - <40,000	276,668	838	0.30	6,920	9.5	8
\$40,000 - <50,000	210,829	686	0.33	5,955	8.2	9
\$50,000 - <70,000	315,934	1,084	0.34	10,523	14.5	10
\$70,000 - <100,000	287,139	1,152	0.40	12,379	17.1	11
\$100,000 - <200,000	218,708	1,043	0.48	15,211	21.0	15
\$200,000 - <500,000	38,654	109	0.28	3,976	5.5	36
\$500,000 - <1,000,000	6,738	13	0.19	752	1.0	58
\$1,000,000 and over	2,949	0	0.00	0	0.0	
<b>TOTAL</b>	<b>2,831,473</b>	<b>7,538</b>	<b>0.27%</b>	<b>72,484</b>	<b>100.0%</b>	<b>10</b>

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

### Military Family Relief Fund

This donation was new for tax year 2009 and allows taxpayers to make donations towards a military family fund. A donation either reduces a taxpayer's refund, or adds to tax due. There were 8,500 filers who gave a total of \$112,000 for an average of \$13 per return (See Table 19). Donors with income above \$200,000 donated the most on average at about \$56 per return. Filers with income of less than \$200,000 had average donations of about \$12.

**TABLE 19**  
**MILITARY FAMILY RELIEF FUND DONATION, BY INCOME CLASS, TAX YEAR 2009**

WAGI Class	Tax filers	Military Family Relief Fund Donation				
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	71,111	54	0.08%	752	0.7%	14
\$0 - <5,000	416,296	355	0.09	2,570	2.3	7
\$5,000 - <10,000	261,270	515	0.20	4,128	3.7	8
\$10,000 - <15,000	203,534	515	0.25	4,710	4.2	9
\$15,000 - <20,000	185,755	534	0.29	4,837	4.3	9
\$20,000 - <25,000	171,672	526	0.31	5,339	4.7	10
\$25,000 - <30,000	164,216	534	0.33	5,246	4.7	10
\$30,000 - <40,000	276,668	935	0.34	12,483	11.1	13
\$40,000 - <50,000	210,829	825	0.39	10,393	9.2	13
\$50,000 - <70,000	315,934	1,223	0.39	15,938	14.2	13
\$70,000 - <100,000	287,139	1,170	0.41	15,503	13.8	13
\$100,000 - <200,000	218,708	1,122	0.51	21,042	18.7	19
\$200,000 - <500,000	38,654	146	0.38	5,704	5.1	39
\$500,000 - <1,000,000	6,738	19	0.28	3,274	2.9	172
\$1,000,000 and over	2,949	M	M	552	0.5	M
TOTAL	2,831,473	8,479	0.30%	112,471	100.0%	13

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).

## Second Harvest Food Bank

This donation was new for tax year 2009 and allows taxpayers to make donations towards the Second Harvest Food Banks that are members of Feeding America. A donation either reduces a taxpayer's refund, or adds to tax due. There were 10,000 filers who gave a total of \$165,000 for an average of \$16 per return (See Table 20). Donors with income above \$200,000 donated the most on average at about \$52 per return. Filers with income of less than \$200,000 had average donations of about \$16.

**TABLE 20**  
**SECOND HARVEST FOOD BANK DONATION, BY INCOME CLASS, TAX YEAR 2009**

WAGI Class	Tax filers		Second Harvest Food Bank Donation			
	Count	Count	As % of filers in income class	Amount (\$)	%	Average (\$)
Less than \$0	71,111	55	0.08%	654	0.4%	12
\$0 - <5,000	416,296	384	0.09	3,015	1.8	8
\$5,000 - <10,000	261,270	553	0.21	4,588	2.8	8
\$10,000 - <15,000	203,534	583	0.29	6,784	4.1	12
\$15,000 - <20,000	185,755	590	0.32	7,044	4.3	12
\$20,000 - <25,000	171,672	627	0.37	7,218	4.4	12
\$25,000 - <30,000	164,216	644	0.39	8,007	4.8	12
\$30,000 - <40,000	276,668	1,138	0.41	18,050	10.9	16
\$40,000 - <50,000	210,829	986	0.47	14,658	8.9	15
\$50,000 - <70,000	315,934	1,544	0.49	24,432	14.8	16
\$70,000 - <100,000	287,139	1,429	0.50	28,419	17.2	20
\$100,000 - <200,000	218,708	1,341	0.61	33,229	20.1	25
\$200,000 - <500,000	38,654	158	0.41	7,506	4.5	48
\$500,000 - <1,000,000	6,738	13	0.19	1,432	0.9	110
\$1,000,000 and over	2,949	S	S	S	S	S
TOTAL	2,831,473	10,049	0.35%	165,246	100.0%	16

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 2009 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 2009 include:

- An exclusion for 30% of capital gains on assets held for more than one year which Wisconsin allows in tax year 2009, but are taxed in full at the federal level.
- 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 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 \$6,000 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 2009 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 2009**

Filing Status	Wisconsin Adjusted Gross Income (WAGI) (\$)	Standard Deduction (\$)
Single	<13,610	9,440
	13,610 to 92,277	9,440 – 12% (WAGI – 13,610)
	> 92,277	0
Head of Household	<13,610	12,190
	13,610 to 39,763	12,190 – 22.515% (WAGI – 13,610)
	>39,763 to 92,277	9,440 – 12% (WAGI – 13,610)
	>92,277	0
Married Filing Jointly	<19,100	17,010
	19,100 to 105,105	17,010 – 19.778% (WAGI – 19,100)
	>105,105	0
Married Filing Separately	<9,070	8,080
	9,070 to 49,923	8,080 – 19.778% (WAGI – 9,070)
	>49,923	0

Source: WI Department of Revenue.

## Personal Exemptions

Personal exemptions are subtracted from WAGI to arrive at taxable income. For tax year 2009, 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 2009 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 2009**

Marginal Tax Rates (%)	Taxable Income Brackets (\$)		
	Single	Married Filing Jointly	Married Filing Separately
4.60	>0 - 10,220	>0 - 13,620	>0 - 6,810
6.15	>10,220 - 20,440	>13,620 - 27,250	>6,810 - 13,620
6.50	>20,440 - 153,280	>27,250 - 204,370	>13,620 - 102,190
6.75	>153,280 - 225,000	> 204,370 - 300,000	>102,190 - 150,000
7.75	>225,000	>300,000	>150,000

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, medical expenses in excess of 7.5% of the taxpayer's FAGI, and certain casualty losses related to a federally declared disaster.
- 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.
- The economic development tax credit is available for tax years beginning after December 31, 2008. It is available to persons certified by the Department of Commerce. The amount of credit available is limited to \$121.3 million, which is the amount of available credit that had not been allocated by Commerce in the five zone-based programs that this credit replaces.

### **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 2009, the maximum federal credit is 34% of earnings not exceeding \$8,950 for persons with one child and 40% of earnings not exceeding \$12,570 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 \$19,550 - \$38,593, for singles it is \$15,740 - \$33,995.
  - for 2 or more children the phase-out range for joint filers is \$19,550 - \$43,425, and for singles it is \$16,420 - \$40,295.

Thus, the maximum federal credit for tax year 2009 is \$3,043 for one child and \$5,028 for two or more children, and the maximum state credit is \$122 for one child, \$704 for two children, and \$2,162 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 2009 was equal to 18% of up to \$8,333 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 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% or a 100% disability rating based on individual unemployability. 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.

- The meat processing credit is available to persons who have invested to modernize or expand meat processing facilities. The Department of Commerce must certify eligible taxpayers and allocate the amount of credit.
- The film production services credit is available to film production companies that operate an accredited production in Wisconsin. Approved expenses must be certified by the Department of Commerce.
- The film production company investment credit may be claimed for expenses related to establishing a film production company in Wisconsin. These expenses must be certified by the Department of Commerce.

## **APPENDIX B CHANGES AFFECTING TAX YEAR 2009 RETURNS**

The following significant changes affected tax year 2009 returns:

- A fifth tax bracket was created with a marginal tax rate of 7.75%. This rate applies to single filers with taxable income of \$225,000, to married joint filers with taxable income over \$300,000 and to married couples filing separately with taxable income over \$150,000.
- The exclusion for long term capital gains for non farm assets was reduced from 60% to 30%.
- The deduction for college savings accounts was modified to allow contributions where the beneficiary is the contributor's child, but it does not require the child to be the contributor's dependent.
- A federal provision was adopted that allows taxpayers with adjusted gross income over \$100,000 to convert a traditional individual retirement account (IRA) to a Roth IRA without penalty. Also adopted were provisions that allow higher contribution levels to IRAs, 401(k) plans, SIMPLE plans, 457 deferred compensation plans, Roth 401(k) plans and Roth 403(b) plans.
- The maximum subtraction for tuition paid was increased to \$6,000 from \$5,114 per student.
- Up to \$5,000 in qualified pension and IRA income can be excluded from gross income for taxpayers who are 65 or older and have federal adjusted gross income less than \$15,000 for single filers or \$30,000 for married joint filers.
- The economic development tax credit replaced five different zone-based credits in 2009. Individuals used \$102,000 of the credit.
- The dairy cooperative credit was created in 2009 (see Table 9C).
- The meat processing facility investment credit was created in 2009 (see Table 9D).
- Two additional income tax check-offs were created for tax year 2009: The Military Family Relief Fund (see Table 19) and the Second Harvest Food Bank (see Table 20)
- 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.

Tables B1 and B2 show the tax brackets and standard deductions for tax year 2008. (Tax year 2009 amounts are in Tables A1 and A2.)

**TABLE B1  
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.

**TABLE B2  
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.