



# State of Wisconsin

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STEPHEN R. MILLER  
CHIEF

September 20, 2005

## MEMORANDUM

**To:** Representative Loeffelholz

**From:** Marc E. Shovers, Sr. Legislative Attorney, (608) 266-0129

**Subject:** Technical Memorandum to **2005 AB-668** (LRB 05-3658/1)

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We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

## MEMORANDUM

September 19, 2005

**TO:** Marc Shovers  
Legislative Reference Bureau

**FROM:** Rebecca Boldt  
Department of Revenue

**SUBJECT:** Technical Memorandum on Assembly Bill 668 – Veterans And Surviving Spouses Property Tax Credit

This bill provides that "property taxes" are the part of the taxes that reflect the ownership percentage of the claimant, except that this limitation does not apply to spouses who own the principle dwelling jointly or as marital property.

However, even with the above exception, sec. 71.07(6e)(a)5 provides that property taxes are "real and personal property taxes...paid by a claimant on the claimant's principle dwelling." If property taxes are paid from marital funds, each spouse is considered to have paid half of the taxes. In order to allow 100% of the taxes, the first sentence of the above section should read as follows: "Property taxes" means real and personal property taxes exclusive of special assessments, delinquent interest, and charges for service, paid by a claimant and the claimant's spouse if filing a joint return, on the claimant's principle dwelling...

For consistency, the insert to sec. 71.07(6e)(a)5 should be changed to "except that this limitation does not apply to spouses who file a joint return."

It is unclear how this bill will affect married persons filing a separate return. "Claimant" is the eligible veteran. If property taxes are paid from marital funds, each spouse is considered to have paid half of the taxes. Should the veteran then be allowed 50% of the taxes on a separate return? The amendment appears to allow 100% of the taxes to the veteran even if the spouses file separate returns and each paid half of the taxes. Separate returns will always be a problem as the spouse will want to claim, for example, the school property tax credit, which would mean the veteran could not claim the credit (sec. 71.07(6e)(c)2). A possible solution would be to limit the credit for disabled veterans to married persons who file a joint return. This could be done by creating sec. 71.07(6e)(c)3 to read: "No credit is allowable to married persons who file a separate return."

The effective date will be a problem if the bill is enacted after tax forms have been printed. The department would have to know by October 17 in order to reflect this proposed legislation on the 2005 tax forms.

If you have any questions regarding this technical memorandum, please contact Kirstin Nelson at (608) 261-8984.

cc: Representative Loeffelholz