

# State of Misconsin 2005 - 2006 LEGISLATURE

LRB-3658/1 MES:kjf:pg

# 2005 ASSEMBLY BILL 668

September 15, 2005 – Introduced by Representative Loeffelholz, cosponsored by Senator Leibham. Referred to Committee on Veterans Affairs.

- 1 AN ACT to amend 71.07 (6e) (a) 5. of the statutes; relating to: expanding
- 2 eligibility for the veterans and surviving spouses property tax credit.

## Analysis by the Legislative Reference Bureau

Under current law as created in the the budget bill, 2005 Wisconsin Act 25, there exists a refundable individual income tax credit that may be claimed by certain U.S. armed forces veterans and by the unremarried surviving spouses of certain veterans or members of the national guard or reserves. The amount of the credit that may be claimed is the amount of property taxes paid by a claimant on the claimant's principal dwelling in the year to which the claim relates. Because the credit is refundable, if the amount of the credit for which the claimant is eligible exceeds the claimant's tax liability, the excess amount of the credit is paid to the claimant by check.

Under this bill, the eligibility for the credit is expanded to ensure that if a principal dwelling is owned jointly by spouses or as marital property, where only one of the spouses is an eligible veteran, the credit may be claimed for the full amount of taxes paid on the principal dwelling.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

### **ASSEMBLY BILL 668**

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**SECTION 1.** 71.07 (6e) (a) 5. of the statutes, as created by 2005 Wisconsin Act 25, is amended to read:

71.07 (6e) (a) 5. "Property taxes" means real and personal property taxes, exclusive of special assessments, delinquent interest, and charges for service, paid by a claimant on the claimant's principal dwelling in this state during the taxable year for which credit under this subsection is claimed, less any property taxes paid which are properly includable as a trade or business expense under section 162 of the Internal Revenue Code. If the principal dwelling on which the taxes were paid is owned by 2 or more persons or entities as joint tenants or tenants in common or is owned by spouses as marital property, "property taxes" is that part of property taxes paid that reflects the ownership percentage of the claimant, except that this limitation does not apply to spouses who own the principal dwelling jointly or as marital property. If the principal dwelling is sold during the taxable year, the "property taxes" for the seller and buyer shall be the amount of the tax prorated to each in the closing agreement pertaining to the sale or, if not so provided for in the closing agreement, the tax shall be prorated between the seller and buyer in proportion to months of their respective ownership. "Property taxes" includes monthly parking permit fees in respect to a principal dwelling collected under s. 66.0435 (3) (c).

### Section 2. Initial applicability.

(1) This act first applies to taxable years beginning on January 1, 2005.

22 (END)