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Testimony before the Assembly Committee on Ways and Means

Senator André Jacque

June 8, 2023

Chairman Macco and Committee Members:

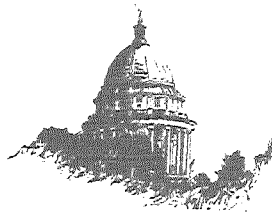
Thank you for the opportunity to testify as the author in support of Assembly Bill 248, the Domestic Violence Survivor Earned Income Tax Credit Fairness Act.

All of us strongly encourage any victim of domestic abuse to get out of a harrowing, life-threatening relationship. However, current Wisconsin state tax laws actually incentivizes remaining in dangerous living situations by requiring a survivor to file a joint tax return with their abuser to qualify for the Earned Income Tax Credit (EITC). Domestic violence targets who get themselves out of a violent – and potentially deadly - relationship lose their eligibility for the EITC when they file their taxes as married filing separately.

Wisconsin's state tax code should not re-victimize survivors of domestic violence by essentially taxing them for leaving their abusers, especially since those living in poverty are more likely to be victims, research has shown.

This bill would allow a victim of domestic abuse to qualify for the EITC regardless of their tax filing status, similar to a 2017 Massachusetts law. We cannot allow these survivors to slip through the social safety net at a time when they are struggling to support themselves financially without being dependent on their abuser. The state tax code must remove any and all provisions that force domestic abuse victim to continuing living in fear.

Thank you for your consideration of Assembly Bill 248. I'm happy to answer any questions.



PAUL TITTL

STATE REPRESENTATIVE • 25TH ASSEMBLY DISTRICT

Assembly Committee on Ways and Means

Assembly Bill 248

June 8, 2023

First of all, I would like to thank you, Chairman Macco and committee members, for allowing me to testify before you concerning Assembly Bill 248.

The Earned Income Tax Credit (EITC) helps low to moderate income workers and families get a tax break. Those who qualify can use the credit to reduce the taxes they owe – and perhaps increase refund they might receive.

In 2021 the federal law was changed to allow married but separated spouses who do not file a joint return to qualify to claim the EITC. However, the Wisconsin law did not change to match the federal provision.

Assembly Bill 248 modifies the Wisconsin law to make it consistent with the federal law allowing separated spouses to claim the credit without having to file a joint return.

This change is especially important for spouses who have been living in domestic violence situations. Under the current law, they would lose their ability to qualify unless they file a joint tax return. Under AB 248, they could file independently and still qualify for the Earned Income Tax Credit.

It has been said that Wisconsin's state tax code should not re-victimize survivors of domestic violence by essentially taxing them for leaving their abusers. That statement is especially pertinent, because research has shown that those living in poverty are more likely to be victims.

Thanks for the opportunity to testify on this important legislation. I would be pleased to take any questions you might have.

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STATE REPRESENTATIVE
SUE CONLEY

44TH ASSEMBLY DISTRICT

JANESVILLE

Assembly Committee on Ways and Means

Testimony of Representative Sue Conley

Assembly Bill 248

June 8, 2023

Chairman Macco and members of the Committee,

Thank you for hearing Assembly Bill 248 today. I serve on the Governor's Council on Domestic Abuse along with Senator Andre Jacque. Earlier this year, we learned that our current earned income tax credit (EITC) could be difficult to claim for victims of domestic violence.

Earned income tax credits have proved to be an effective tool to fight child poverty. Wisconsin's EITC is a refundable tax credit for low-income workers with dependent children. The amount of the refund depends on the amount of earned income from wages or salary and the number of children in the household.

Under current law, married couples must file a joint Wisconsin tax return to claim the EITC. This poses a problem for victims of domestic violence who have escaped their abuser and are unable to file jointly.

This bill allows a married claimant to file a separate return to claim the Wisconsin EITC if the claimant lives apart from the claimant's spouse when filing the return and is unable to file a joint return because of domestic abuse as defined in s. 968.075 (1) (a).

Escaping domestic abuse is a scary and difficult time. The risk to the victim is greatest after leaving the relationship – up to 75% of abused women who are murdered by their abuser are killed after they leave. Allowing victims of domestic abuse to claim the EITC without filing jointly will go a long way to support the victims and children involved.

Thank you for your time and consideration.



Tony Evers
Governor

Peter W. Barca
Secretary of Revenue

Information Only Testimony on Assembly Bill 248
June 8, 2023
Peter Barca, Secretary of the Department of Revenue

Good morning, Chairman Macco, Ranking Member Conley, and members of the Assembly Committee on Ways and Means. I would also like to thank Rep. Tittl for his interest in the earned income tax credit. I appreciate the opportunity to provide written testimony for information only on Assembly Bill 248, a bill to change the applicability of the Earned Income Tax Credit (EITC).

This bill would allow a married individual who is a victim of domestic abuse to file a separate income tax return to claim the EITC.

There are a few issues that the Department of Revenue would like to highlight for the Committee. First, the bill does not include a method to verify if claimants are victims of domestic abuse. This could lead to fraudulent claims for the credit. Additionally, the start date as written could cause undo administrative burden to the Department. If the bill is signed into law late in the calendar year, income tax forms may already be finalized for the start of the next tax year. The department would require additional resources to make the changes to the tax forms in a short period of time.

The Department of Revenue recommends an alternative, that the Legislature approve the most recent IRCs included in the Governor's budget to adopt the provision that allows married individuals filing separately to claim the EITC. This would accomplish the same purpose but in a manner that ensures eligible taxpayers actually qualify for the credit.

The American Rescue Plan Act of 2021 included a provision that allows a married individual who files separately and lives apart from their spouse for the last 6 months of the year or has a divorce or separation document from their spouse within the last six months of the tax year to claim the EITC. The Internal Revenue Code change does not limit eligibility to victims of domestic abuse.

The Department recommends adopting the federal treatment of this issue to avoid confusion among taxpayers and allow the Department to have an enforceable standard for claiming the credit. Thank you for your consideration.

YWCA IS ON A MISSION

June 6, 2023

Public testimony to the State of Wisconsin Ways and Means Committee in support of AB 248:

YWCA Madison is dedicated to eliminating racism, empowering women, and promoting peace, justice, freedom, and dignity for all. To fulfill this mission, we provide responsive programming under three umbrellas of service: Race & Gender Equity, Housing & Shelter, and Transportation & Employment. We are Dane County's largest provider of affordable housing for women. With our expertise and values in mind, we provide testimony today in support of the proposed legislation AB 248 which would allow for a married claimant to file a separate return to claim Wisconsin Earned Income Tax Credit if the claimant lives apart from their spouse or is unable to file a joint return because of domestic abuse.

YWCA Madison has historically provided housing and support services to survivors of domestic violence, additionally, we know that a large amount of the people experiencing homelessness have experienced domestic and intimate partner violence. The Earned Income Tax Credit is the nation's largest anti-poverty program for working parents, and especially benefits low-income women with children, who experience an elevated risk of intimate partner violence. It is reported by the National Network to End Domestic Violence that financial abuse occurs in 99% of domestic violence cases – often leaving the survivor with extremely limited income. “Surveys of survivors reflect that concerns over their ability to provide financially for themselves and their children was one of the top reasons for staying in or returning to an abusive partner. As with all forms of abuse, financial abuse occurs across all socio-economic, educational, and racial and ethnic groups.”¹

Every day in our work, we support survivors who are in various stages of leaving a violent relationship. The people we serve are often fleeing without personal belongings including vital documents necessary for a divorce process. Once stably housed, survivors work toward regaining control and independence which often includes securing employment, obtaining a restraining order from the abuser, and beginning the divorce process. On ‘average’, a divorce proceeding in Wisconsin takes 6 months to a year, but in a violent, abusive relationship the abuser often will continue to manipulate by evading summons or otherwise disputing circumstances of the relationship throughout the proceedings – elongating the process. By providing married survivors the ability to file for the Earned Income Tax Credit after fleeing a spouse, Wisconsin will help to ensure that some of our community's most vulnerable will have additional funds– to which they are entitled– to support themselves and their families as they rebuild their lives.

Thank you to the authors and co sponsors of AB 248 and your consideration of supporting this measure to improve the financial stability of survivors of domestic violence.

¹ National Network to End Domestic Violence, Financial Abuse and Empowerment, via: https://nmedv.org/spotlight_on/financial-abuse-empowerment/

eliminating racism
empowering women
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