



2005 ASSEMBLY BILL 319

April 15, 2005 - Introduced by Representatives LOEFFELHOLZ, GARD, KREIBICH, AINSWORTH, BIES, BOYLE, DAVIS, J. FITZGERALD, FREESE, FRISKE, GRONEMUS, GUNDERSON, GUNDRUM, HAHN, HUNDERTMARK, KERKMAN, KESTELL, KLEEFISCH, KRAWCZYK, F. LASEE, LEHMAN, LOTHIAN, MEYER, MONTGOMERY, MUSSER, NASS, NERISON, NISCHKE, OTT, PETROWSKI, PETTIS, PRIDEMORE, SCHNEIDER, SHERMAN, SINICKI, SUDER, TOWNS, TURNER, VAN ROY, VRAKAS, VUKMIR, WIECKERT, WOOD, HUEBSCH, HUBLER, TRAVIS, BERCEAU, MOULTON, POPE-ROBERTS, MURSAU, RHOADES and KAUFERT, cosponsored by Senators BROWN, ZIEN, DARLING, GROTHMAN, HARSDORF, LAZICH, LEIBHAM, PLALE, ROESSLER, STEPP, TAYLOR, COGGS, KANAVAS, S. FITZGERALD, BRESKE, WIRCH, KAPANKE, A. LASEE and HANSEN, by request of Disabled American Veterans, Veterans of Foreign War, American Legion, AMVETS, Military Order of the Purple Heart, Gold Star Wives, Vietnam Veterans of America, Catholic War Veterans, Wisconsin Paralyzed Veterans of America, Jewish War Veterans, US Submarine Veterans of WWII, United Women Veterans, and the Military Officers Association of America.. Referred to Committee on Veterans Affairs.

- 1 **AN ACT to create** 71.07 (6e) and 71.10 (4) (ce) of the statutes; **relating to:**
2 creating a nonrefundable individual income tax credit for property taxes paid
3 by certain veterans and unremarried surviving spouses of certain former
4 service members.

Analysis by the Legislative Reference Bureau

This bill creates a nonrefundable 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. A nonrefundable credit may only be claimed up to the amount of the claimant's income tax liability.

Generally, and subject to a number of conditions, the credit under this bill may be claimed only by one of the following:

1. The unremarried surviving spouse of a person who died while on active duty in the U.S. armed forces or forces incorporated in the U.S. armed forces.
2. The unremarried surviving spouse of a person who served on active duty in the U.S. armed forces or forces incorporated in the U.S. armed forces and who, at the time of death, was at least 65 years of age and had been rated by the U.S. Department of Veterans Affairs as having a service-connected disability of 100 percent.

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3. The unremarried surviving spouse of a person who served in the national guard or reserves and died in the line of duty while on active or inactive duty for training purposes.

4. A person who served on active duty in the U.S. armed forces or forces incorporated in the U.S. armed forces and who is at least 65 years of age and has been rated by the U.S. Department of Veterans Affairs as having a service-connected disability of 100 percent.

All veterans or members of the national guard or reserves to whom the bill applies had to have been Wisconsin residents at the time of entry into service and had to have been a resident of Wisconsin either at the time that the individual died or at the time the individual's service-connected disability was rated by the U.S. Department of Veterans Affairs. The credit may not be claimed by any individual who also claims the homestead credit, the farmland preservation credit, the school property tax credit, or the farmland tax relief credit.

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:

1 **SECTION 1.** 71.07 (6e) of the statutes is created to read:

2 71.07 **(6e)** VETERANS AND SURVIVING SPOUSES PROPERTY TAX CREDIT. (a)

3 *Definitions.* In this subsection:

4 1. "Claimant" means an eligible unremarried surviving spouse or an eligible
5 veteran who files a claim under this subsection.

6 2. "Eligible unremarried surviving spouse" means an unremarried surviving
7 spouse of one of the following:

8 a. An individual who had served on active duty in the U.S. armed forces or in
9 forces incorporated as part of the U.S. armed forces, who was a resident of this state
10 at the time of entry into that active service and who, while a resident of this state,
11 died while on active duty.

12 b. An individual who had served on active duty under honorable conditions, in
13 the U.S. armed forces or in forces incorporated as part of the U.S. armed forces; was

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1 a resident of this state at the time of entry into that active service; was at least 65
2 years of age at the time of his or her death or would have been 65 years of age at the
3 close of the year to which the claim relates; was a resident of this state at the time
4 of his or her death; and had been rated by the U.S. department of veterans affairs
5 as having a service-connected disability of 100 percent.

6 c. An individual who had served in the national guard or a reserve component
7 of the U.S. armed forces, who was a resident of this state at the time of entry into that
8 service, and who, while a resident of this state, died in the line of duty while on active
9 or inactive duty for training purposes.

10 3. "Eligible veteran" means an individual who has served on active duty under
11 honorable conditions, in the U.S. armed forces or in forces incorporated as part of the
12 U.S. armed forces, who was a resident of this state at the time of entry into that active
13 service, is a resident of this state, at least 65 years of age, and who, while a resident
14 of this state, has been rated by the U.S. department of veterans affairs as having a
15 service-connected disability of 100 percent.

16 4. "Principal dwelling" has the meaning given in sub. (9) (a) 2.

17 5. "Property taxes" means real and personal property taxes, exclusive of special
18 assessments, delinquent interest and charges for service, paid by a claimant on the
19 claimant's principal dwelling in this state during the taxable year for which credit
20 under this subsection is claimed, less any property taxes paid which are properly
21 includable as a trade or business expense under section 162 of the Internal Revenue
22 Code. If the principal dwelling on which the taxes were paid is owned by 2 or more
23 persons or entities as joint tenants or tenants in common or is owned by spouses as
24 marital property, "property taxes" is that part of property taxes paid that reflects the
25 ownership percentage of the claimant. If the principal dwelling is sold during the

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1 taxable year the “property taxes” for the seller and buyer shall be the amount of the
2 tax prorated to each in the closing agreement pertaining to the sale or, if not so
3 provided for in the closing agreement, the tax shall be prorated between the seller
4 and buyer in proportion to months of their respective ownership. ”Property taxes”
5 includes monthly parking permit fees in respect to a principal dwelling collected
6 under s. 66.0435 (3) (c).

7 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
8 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
9 amount of those taxes, an amount equal to the amount of the claimant’s property
10 taxes.

11 (c) *Limitations.* 1. No credit may be allowed under this subsection unless it
12 is claimed within the time period under s. 71.75 (2).

13 2. No credit may be allowed under this subsection if the individual files a claim
14 under subs. (3m) or (9) or subchs. VIII or IX that relates to the same taxable year for
15 which a claim is made under this subsection.

16 (d) *Administration.* Subsection (9e) (d), to the extent that it applies to the credit
17 under that subsection, applies to the credit under this subsection.

18 **SECTION 2.** 71.10 (4) (ce) of the statutes is created to read:

19 71.10 (4) (ce) The veterans and surviving spouses property tax credit under s.
20 71.07 (6e).

21 **SECTION 3. Initial applicability.**

22 (1) This act first applies to taxable years beginning on January 1 of the year
23 in which this subsection takes effect, except that if this subsection takes effect after

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1 July 31 this act first applies to taxable years beginning on January 1 of the year
2 following the year in which this subsection takes effect.

3 (END)