



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2005 Assembly Bill 668

**Assembly Substitute
Amendment 1**

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2005 Wisconsin Act 25 (the Budget Act) created a refundable individual income tax credit--the veterans property tax credit--for property taxes paid on a principal dwelling by certain disabled married veterans over age 65 and unremarried surviving spouses of certain former service members. In the case of a married couple claiming the credit, the intention was to allow the couple to claim the credit for 100% of the property taxes imposed on the veteran's principal dwelling. However, according to the Department of Revenue (DOR), for couples holding property jointly or as marital property, the Act 25 provision would in fact only permit a claim for the share of property taxes that reflects the veteran's ownership interest in the dwelling, which would be 50% for property owned as marital property.

Assembly Bill 668 modifies the veterans property tax credit provision to provide that if a principal dwelling is owned by spouses jointly or as marital property, where only one spouse is an eligible veteran, the credit may be claimed for the full amount of property taxes imposed on the dwelling.

Assembly Substitute Amendment 1 addresses technical concerns raised by DOR. Under the substitute amendment, 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 spouse is an eligible veteran, the credit may be claimed for the full amount of taxes paid on the principal dwelling. Also under the substitute amendment, if an eligible veteran and his or her spouse file separate tax returns, each spouse may claim a percentage of the credit based on his or her ownership interest in the eligible veteran's principal dwelling.

Legislative History

The Assembly Committee on Veterans Affairs recommended passage of Assembly Bill 668 on September 20, 2005, on a vote of Ayes, 8; Noes, 0. On September 27, 2005, the Joint Committee on Finance introduced Assembly Substitute Amendment 1 and adopted the substitute amendment on a vote of Ayes, 14; Noes, 0. The committee recommended passage of the bill, as amended, also on a vote of Ayes, 14; Noes, 0.

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