



State of Wisconsin

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STEPHEN R. MILLER
CHIEF

October 31, 2005

MEMORANDUM

To: Representative Parisi

From: Joseph T. Kreye, Sr. Legislative Attorney, (608) 266-2263

Subject: Technical Memorandum to **2005 AB-745** (LRB 05-3546/1)

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

October 26, 2005

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Rebecca Boldt
Department of Revenue

SUBJECT: Technical Memorandum on Assembly Bill 745 – Tax Credit for the Purchase of Hybrid Motor Vehicles

“Hybrid motor vehicle” is not defined. In the absence of a statutory definition, the dictionary definition applies. “Hybrid” is defined in Merriam-Webster’s online dictionary in part, as “something (as a power plant, vehicle, or electronic circuit) that has two different types of components performing essentially the same function.”

It appears that the intention of the bill is to allow the credit for sales and use tax on the purchase of motor vehicles that use multiple power sources, such as both an internal combustion engine and electric motor, for propulsion. Such vehicles would be included using the dictionary definition above but the dictionary definition is not limited only to vehicles that use multiple power sources. If the intention of the bill is to allow the credit for motor vehicles that use multiple power sources for propulsion, but not include other “hybrid” vehicles, it is recommended that such a definition be added to the bill.

The bill creates complexity for purchasers because of the cap on the credit, especially if the qualifying motor vehicle is leased. For example, if a motor vehicle is leased, the purchaser would have to keep track of the tax being paid on the lease payments, and if it reaches \$1,000 at some point during the course of the lease, the taxpayer would then have to stop claiming the credit.

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

cc: Representative Parisi