



State of Wisconsin

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STEPHEN R. MILLER
CHIEF

February 3, 2006

MEMORANDUM

To: Representative Van Roy

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

Subject: Technical Memorandum to **2005 AB-952** (LRB 05-4392/1)

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

February 2, 2006

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Paul Ziegler
Department of Revenue

SUBJECT: Technical Memorandum on AB 952 Creating an Individual Income Tax Credit in the Amount of the Sales and Use Tax Paid on Self-Service Laundry Services

The Department has the following concerns with AB 952:

- S. 71.07 (5h) (b) allows the credit to be offset against the taxes imposed under s. 71.02. However, the order of computation [s. 71.10(4) (gxx)] places the credit after the alternative minimum tax and, therefore, s. 71.07 (5h) (b) should include a reference to the taxes imposed under s. 71.08.
- Claiming the credit will be complex and confusing for the claimant. Since only self-service machines operated by non-coin means (e.g., tokens, debit or smart cards) are subject to sales tax, the claimant will have to distinguish between coin-operated and non-coin-operated self-service machines. Based on the claimant's expenditures for non-coin machines only, the claimant will then have to determine the amount of tax paid. For example, the tax on \$5 of expenditures would be $\$0.24 = \$5 - (\$5/1.05)$. The claimant will have to keep a log of usage, type of payment, and amount of tax to document their claims for credit.
- On page 2, line 18, "is a claimant" should be deleted.
- The effective date will be a problem if the bill is enacted late in the year after tax forms have been finalized for printing. It would be preferable to add that if enacted after July 31, the credit would first apply to taxable years beginning on January 1 after date of enactment

If you have any questions regarding this technical memorandum, please contact Blair Kruger at 266-1310 or bkruger@dor.state.wi.us.

cc: Representative Van Roy