



# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

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STEPHEN R. MILLER  
CHIEF

July 25, 2007

## MEMORANDUM

**To:** Representative Jorgenson

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

**Subject:** Technical Memorandum to **2007 AB 452** (LRB-1043/1) by **DOR**

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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

July 19, 2007

**TO:** Joseph Kreye  
Legislative Reference Bureau

**FROM:** Paul Ziegler  
Department of Revenue

**SUBJECT:** Technical Memorandum on AB 452 Regarding Creating a Homeowner's Tax Credit and Increasing the School Property Income Tax Credit

The Department of Revenue has the following concerns about the bill:

- (1) Claims for late payment of the lottery and gaming credit are paid from a separate SEG-Lottery appropriation. A separate GPR appropriation for late payments of the proposed homeowner's tax credit may be needed.
- (2) Under section 10 of the bill, the value on which the proposed homeowner's credit is paid is determined under sub. (11) [section 79.10 (11)]. That subdivision deals explicitly with determining the value for the lottery and gaming credit. We suggest adding language that refers to the proposed homeowner's credit.
- (3) Under s. 79.10 (9) (bm), for purposes of the lottery and gaming credit, if the value of a principal residence is less than the value "determined under sub. (11)", the credit for that parcel is based on the lower value. The author may wish to add a similar provision for the proposed credit. Thus, if the value for the homeowner's credit is determined to be \$60,000, but a person's principal residence is valued at only \$50,000, the credit would be paid on \$50,000.
- (4) Current law limits the maximum school property tax credit that can be claimed as a non-refundable credit on state income tax forms by homeowners and renters to no more than \$300. Under the bill, the maximum credit for renters would increase to \$400. We are unclear regarding how the maximum credit would be calculated for a person who was a renter and a homeowner in the same year.
- (5) Under Article IV, Section 24 of the Wisconsin Constitution, property tax relief measures funded from state revenues attributable to gaming and state lottery net proceeds are not subject to the uniformity in taxation clause under Article VIII, Section 1. Since the proposed homeowner's credit would be funded from general fund revenue sources, the exception under Article IV, Section 24 probably does not apply to the proposed credit.

The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation

language could be developed and costs allocated in the following manner:

	<b>Chapter 20</b>	<b>Amount</b>	<b>FTE</b>
one-time	s. 20.566 (3) (a)	\$108,000	
annual	s. 20.566 (2) (a)	\$214,000	4.0

If you have any questions regarding the comments on the bill's provisions, please contact Daniel Huegel at (608) 266-5705. If you have any questions regarding the bill's costs, please contact Julie Raes at (608) 267-9892.

cc: Representative Jorgenson