



State of Wisconsin

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STEPHEN R. MILLER
CHIEF

March 25, 2010

MEMORANDUM

To: Representative Davis

From: Marc E. Shovers, Managing Attorney, (608) 266-0129

Subject: Technical Memorandum to **2009 AB 838** (LRB-4133/1) by **DOR**

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

March 23, 2010

TO: Marc Shovers
Legislative Reference Bureau

FROM: Rebecca Boldt
Department of Revenue

SUBJECT: Technical Memorandum on Assembly Bill 838 (LRB 4133/1) – Property
Destroyed by Disasters

The Department has the following concerns related to the bill:

The credit is equal to property taxes paid in the taxable year to which the claim relates on the dwelling destroyed in the year to which the claim relates. The language is unclear as to property taxes that may be used for the credit. For example, suppose the taxpayer paid 2009 property taxes in January of 2010. In December of 2010 the dwelling is destroyed by fire. The taxpayer pays the 2010 property taxes in December of 2010. Is it the intent that the credit be allowed for both the 2009 and 2010 taxes paid in 2010? Alternatively the dwelling could be destroyed in 2010, but the taxpayer might not have made any property tax payments during the calendar year (pays the 2009 property taxes in 2009 and the 2010 property taxes in 2011). One possibility is to allow the credit for the property taxes assessed for the year in which the dwelling was destroyed.

Paragraph (c)2 provides that no credit may be claimed for any amounts for which the claimant received, or will receive, payment or reimbursement under an insurance policy. Homeowner's insurance policies generally do not reimburse persons for property taxes paid. Is it the intent that no credit is allowed if there is any reimbursement under an insurance policy?

The person claiming this credit may also be claiming the veterans and surviving spouses property tax credit which is a refund of all property taxes paid on the principal dwelling. Section 71.07(6e)(c)2 should be amended to provide a reference to sub. (5p) in order to prevent a double credit.

If you have any questions regarding this technical memorandum, please contact Brad Caruth at 608-261-8984 or Bradley.Caruth@revenue.wi.gov.

cc: Representative Davis