



State of Wisconsin

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STEPHEN R. MILLER
CHIEF

April 13, 2010

MEMORANDUM

To: Representative Hilgenberg

From: Joseph T. Kreye, Sr. Legislative Attorney, (608) 266-2263
Tracy T. Kuczenski, Legislative Attorney, (608) 266-9867

Subject: Technical Memorandum to **2009 AB 948** (LRB-4451/1) 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

April 13, 2010

TO: Joseph Kreye
Tracy T. Kuczenski
Legislative Reference Bureau

FROM: Rebecca Boldt
Department of Revenue

SUBJECT: Technical Memorandum on AB 948 (LRB 4451/1) – Credit for Investments in a
Community Development Financial Institution

The Department has the following technical concern with the above-referenced bill:

As with most credits, under the bill the amount of the computed credit must be added to income. If the person withdraws the credit, the person may have to repay all or a portion of the credit amount. If the person is required to repay all or a portion of the credit, it would seem that the person should also be allowed to subtract from income the amount of the credit repaid. For example, the person invested \$10,000 in March of 2010 and claimed a credit of \$500 for each year 2010 and 2011. The person was also required to include the \$1,000 in income (\$500 each on their 2010 and 2011 tax returns). The person withdrew the credit in 2012 and was required to repay 50% (\$500) of the credit. Thus the person only benefitted from a credit of \$500, but had to include \$1,000 in income. It would appear the person should be allowed to subtract from income the amount of the credit repaid (\$500) (provided that the person had been in fact required to add the amount of credit to income).

If you have any questions regarding this technical memorandum, please contact Michael Oakleaf at 261-5173 or via email at Michael.oakleaf@revenue.wi.gov.

cc: Rep. Hilgenberg