



State of Wisconsin

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STEPHEN R. MILLER
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May 7, 2010

MEMORANDUM

To: Representative Fields

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

Subject: Technical Memorandum to **2009 AB 965** (LRB-3351/4) 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 30, 2010

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Paul Ziegler
Department of Revenue

SUBJECT: Technical memorandum on AB 965 – an income and franchise tax credit for the sales tax paid on certain products.

This bill creates a nonrefundable income tax credit for state sales and use tax paid during a twelve month period on motorcycles, all-terrain vehicles, personal watercraft, generators, motorized lawn or garden equipment, snowmobiles, motorboats, and inboard or outboard boat motors.

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

1. The bill includes all-terrain vehicles in the list of items eligible for the income tax credit. It is unclear if all-terrain vehicles include any non-motorized items such as mountain bikes.
2. According to the bill, the credit applies to purchases made within 12 months after the day of publication. In addition, the credit is to be claimed in the taxable year that the purchase is made. If the bill is enacted late in the year, however, the department would not have a sufficient amount of time to change the income tax forms and prepare instructions for claiming the credit for that year. Consequently, the department recommends that if the bill is enacted after July 1st, the bill first apply to purchases on the following January 1st.

If you have questions regarding this technical memorandum, please contact Bob Schmidt at (608) 267-9892 or robertk1.schmidt@revenue.wi.gov

cc: Rep. Fields