

LRB

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## MEMORANDUM

**DATE** December 14, 2017

**SUBJECT** Technical memorandum to **2017 AB 726** (LRB-0809/1) by **DOR**

**TO** Representative Genrich

**FROM** Krista Pleviak, Legislative Attorney, (608) 266-7290  
Marc Shovers, Senior Legislative Attorney, (608) 266-0129

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

December 14, 2017

**TO:** Krista Pleviak  
Marc Shovers  
Legislative Reference Bureau

**FROM:** Bob Schmidt  
Department of Revenue

**SUBJECT:** Technical Memorandum on Assembly Bill 726: Relating to Creating a Nonrefundable Individual and Corporate Income and Franchise Tax Credit for Costs Paid to Eliminate Exposure to a Lead Hazard in a Dwelling

The Department has the following concerns related to the bill:

"Lead hazard" is defined as any substance, surface or object that contains lead and that, due to its condition, location or nature, may contribute to the lead poisoning or lead exposure of a child under 6 years of age. The department suggests clarifying whether or not the credit is available only if there is a child under 6 years of age in the dwelling unit.

Section 71.07(8g)(b) specifies that filing a claim is done for the year in which a certificate of lead-free status is first effective. It does not specify if the related expenses can include amounts from prior taxable years or if the credit must be computed based only on same-year expenses. DOR suggests specifically including qualifying expenses paid during each of the taxable years beginning with the date the certified professional determines that a lead hazard exists and ending on the date of the certificate of lead-free status.

"Dwelling unit" means a structure or that part of a structure that is designed, used, or intended to be used as a home, residence, or sleeping place by one person or by 2 or more persons maintaining a common household, to the exclusion of all others. Individuals could interpret "sleeping place" to mean that a three-bedroom home, could count as a three "dwelling units." DOR suggests removing the reference to "sleeping place." The definition would then read "Dwelling unit" means a structure or that part of a structure that is designed, used, or intended to be used as a home or residence by one person or by 2 or more persons maintaining a common household, to the exclusion of all others.

Under current law, condominium associations and housing cooperatives that are organized as C corporations cannot pass credits to their shareholders. This bill provides that condominium associations and housing cooperatives may choose to claim the credit or allocate it to the unit owners. DOR suggests eliminating sec. 71.28(8g)(c)6., on page 12, lines 3-13; and sec. 71.47(8g)(c)6., on page 18, lines 3-13. Similarly, DOR suggests eliminating sec. 71.28(8g)(c)10., on page 13, lines 8-16; and sec. 71.47(8g)(c)10., on page 19, lines 8-16; and page 20, lines 1-3.

If you have any questions regarding this technical memorandum, please contact Brad Caruth at (608) 261-8984 or [bradley.caruth@revenue.wi.gov](mailto:bradley.caruth@revenue.wi.gov).

cc: Representative Genrich