

Property Taxes

AB 68 – First Dollar Credit

Reps. Dexter & Sherman

Summary of Bill

Assembly Bill (AB) 68 - Pertains to the distribution of the first dollar property tax credit.

Fiscal Effect:

Under current law, municipalities can earn interest for the days between when they receive the first dollar credit and when they are required to settle with the county. Under this bill, these interest earnings may shift to the county. Assuming that every municipality settles with the county on August 15th, the maximum shift in earnings would be approximately \$40,200. Because many municipalities that can choose to have the first dollar credit paid directly to them will choose this option, the actual shift in interest earnings will be lower than the \$40,200 amount.

Supporters Message:

- Last session, the Legislature passed legislation to streamline the distribution of the school levy credit and the lottery and gaming credit. The first dollar credit was just created last session, so it was not included in that bill (2007 WI Act 190). This legislation will make the method of distribution for all three property tax credits identical.
- It makes sense to distribute all property tax credits in the same manner.
- This change will alleviate extra work for the state and municipal governments.

Opponents Message:

- Some municipalities' interest earnings, for the window of time between receipt of the first dollar credit and when they settle with the county, will be shifted to the county. It should be noted, however, that there is an exemption for municipalities if the combined three credits due to municipality is at least \$3,000,000, or if the municipality allows property taxes to be paid in three or more installments.

Key Supporters:

Reps. Dexter and Sherman, Sen. Vinehout (authors); the Wisconsin County Treasurers' Association; and the Wisconsin Counties Association. Outagamie County Board of Supervisors and Waukesha County both registered in favor on the GAB web site.

Key Opponents:

No one testified or registered against AB 68, and no one registered against it with the Ethics Board.

Committee Vote:

On April 23, 2009, the Assembly Committee on Ways and Means recommended passage of AB 68 on a vote of 10-0.

Ranking Member Author of Bill Summary

Vicky Halverson; Office of Rep. Samantha Kerkman (6-2530)