

- Q1:** What parcels qualify for the First Dollar Credit?
A1: Every taxable parcel in the state of Wisconsin qualifies for the First Dollar Credit provided that parcel contains a real property improvement. This includes business, commercial and private property. Unlike the Lottery and Gaming Credit, the property does not need to be the primary residence of the owner. A personal property improvement is not a qualifier for this credit.
- Q2:** Does a property owner have to apply for this Credit?
A2: No, this credit should be automatically applied to all qualifying properties. If the property tax bill has an amount shown in the "Ass'd Value Improvements" boxes, then that property should receive the credit.
- Q3:** Can an owner receive credit on more than one property?
A3: Yes, each taxable property (with an improvement) qualifies for this credit. Unlike the Lottery and Gaming Credit, it does not have to be the primary residence of the owner.
- Q4:** Does 2007 Wisconsin Act 190 direct the distribution of the First Dollar Credit to the county instead of the municipality as it does the School Levy and Lottery and Gaming Credits?
A4: No, this act only addressed the distribution of the School Levy and Lottery and Gaming Credits, it did not include the First Dollar Credit. Therefore, the First Dollar Credit will be distributed directly to the municipalities.

2007 Wisconsin Act 190 instructed DOR/DOA to distribute the School Levy and Lottery and Gaming Credits to the Counties unless the municipality qualifies under one or both of the following exemptions and requests these two credits (the School Levy Credit and the Lottery and Gaming Credit) be distributed directly to the municipality. The two exemptions are:

1. The total of the School Levy credit and the Lottery and Gaming Credit for a municipality is \$3 million or more.
2. The municipality offers 3 or more installments for payment of property taxes.

(See: <http://www.legis.state.wi.us/2007/data/acts/07Act190.pdf>)

- Q5:** Where will the First Dollar Credit be shown on the property tax bill?
A5: A line has been added just above the Lottery and Gaming Credit line on the property tax bill. The [Sample Property Tax Bill](#) illustrating where the credit is to be shown. The prescribed state property tax bill forms are located at <http://www.revenue.wi.gov/forms/govbill/index.html>.
- Q6:** Can last year's unused property tax bill forms be used for this year?
A6: Yes, provided the words "First Dollar Credit", and the 2007 credit of "0", the 2008 credit amount and the % Tax Change are all printed on the bill by the county. The only change to the back of the bill was the addition of a line informing the recipient who to contact if they have questions regarding the First Dollar Credit. There is no need for this information to be printed on the old forms, since the information is the same as that given for the Lottery and Gaming Credit. However, new versions of the form should include this additional information.
- Q7:** When selecting the parcels to receive the First Dollar Credit, is it true that the credit should only apply to classes 1, 2, 3 and 7 as long as there is an improvement on the parcel?
A7: Although the parcel should contain an improvement to be categorized within one of these classes, we believe a better method to determine if the parcel qualifies for the First Dollar

Credit is to look at the improvement value field for that parcel. If the improvement value is greater than zero for that parcel, then the parcel qualifies for the credit. The improvement must be correctly classified as real property to qualify; it can not be classified as personal property.

- Q8:** When the First Dollar Credit is entered on the Taxation District Treasurer's Settlement Sheet, how will this impact the distribution of funds to the taxation districts?
- A8:** Payment by the state of the First Dollar Credit occurs on the 4th Monday of July, full settlement of this credit should occur in August.
- Q9:** How are adjustments or corrections to the First Dollar Credit handled?
- A9:** The correction of any error in the amount of funds distributed to a municipality by the state (overpayment or underpayment) discovered by October 1 of the year of the distribution shall be corrected by reducing or increasing (as appropriate) the subsequent year's distribution for that municipality. Corrections shall be made in the distributions to all municipalities affected by the error [sec. 79.10(6m) Wis. Stats.]. For example, because of the appropriation limit on the funds available under this program, a correction to increase a municipality's credit amount may cause other municipality's credit amount to be reduced.
- Q10:** Will DOR supply the Maximum Credit Value (MCV) in a manner similar to the Lottery and Gaming Credit value? If so, when can we expect to receive the value?
- A10:** Yes. DOR will provide the First Dollar Credit MCV by mid to late November in the same manner we currently provide the Lottery and Gaming Credit MCV.
- Q11:** Will both the Lottery and Gaming Credit and the First Dollar Credit use the same equalized value school tax rate?
- A11:** Yes, both credits will use the same equalized value school tax rate.
- Q12:** Will the Settlement Form have an area to record School Credit and Lottery Credit Paid to the municipalities, plus an area for the School Credit and Lottery Credit Paid to the County?
- A12:** You would handle this the same way you have handled other credits on the Settlement Form for municipalities with multiply payment installments.
- Q13:** How is the First Dollar Credit applied on the property tax bill?
- A13:** Unlike the Lottery and Gaming Credit, the First Dollar Credit is applied equally to each installment. To calculate a single payment (payment in full) amount you would subtract both the Lottery and Gaming Credit, and the First Dollar Credit from the net tax (net of the School Levy Tax Credit) and then add the amount of any special assessments and special charges and special taxes (PFC, MFL, Occupational) to determine the total amount due. However when calculating the amount of tax due for each installment under an installment plan, the First Dollar Credit is to be applied equally across all the installments. For example, for a \$31.95 First Dollar Credit, \$15.98 credit would be applied to the first payment and \$15.97 to the second payment under a two payment plan. One method to calculate this would be to subtract the First Dollar Credit from the net tax (net of the School Levy Tax Credit), and then divide that amount by the number of installments offered (in this case 2) to determine the amount due for the 2nd and subsequent installments. For the first installment amount, you must subtract the Lottery and Gaming Credit from the same amount calculated for the second installment and then add the amount of any special assessments and special charges and special taxes (PFC, MFL, and Occupational). It should be noted that depending on the amounts of any special assessments and special charges and special taxes and whether a Lottery and Gaming Credit is available for this parcel, the amount due for the first installment may be greater than or less than the 2nd and subsequent installment amounts.

Another method may be to divide both the First Dollar Credit and the net tax (net of the School Levy Tax Credit), as two separate calculations, by the number of installments; then from the results of dividing the net tax by the number of installments, add any special charges, subtract the Lottery and Gaming Credit, and subtract the First Dollar amount determined by dividing the allowable First Dollar Credit by the number of installments. The second and subsequent installments would be the amount of the net tax divided by the number of installments less the allowable First Dollar Credit divided by the number of installments. Extra pennies can be applied to either the first or last installment.

No matter which method is used, an installment can never be less than zero. Since the entire Lottery and Gaming Credit is applied to the first installment (to the extent of the total tax due on the first installment), the Lottery and Gaming Credit (if applicable) should always be applied to the taxes due before the First Dollar Credit. For this reason, you may decide that the second method is the best method for calculating the amount due for each installment.

Q14: For settlement purposes, is the First Dollar Credit applied to both the municipality and county in the same manner the Lottery and Gaming Credit is currently applied?

A14: Yes, the DOR will develop a letter much like that used for the Lottery and Gaming Credit indicating the amount of credit to be paid and how that credit is to be applied.

Q15: How is the First Dollar Credit Calculated?

A15: [How to Calculate the First Dollar Credit](#) shows how the credit is calculated. Much like is done for the Lottery and Gaming Credit, the EFMV will must be calculated for those parcels that qualify but do not have an EFMV calculated on the property tax bill. This is done by dividing the total value by the Ave Assmt Ratio.

Q16: What State prescribed forms are affected by the First Dollar Credit?

A16: The following list identifies many of the forms that have been or will be updated to reflect the First Dollar Credit. Many of these forms can be found at: <http://www.revenue.wi.gov/forms/govbill/index.html>. Other forms are also under review to determine if changes are required due to this new credit.

- a. *Property Tax Bills (PA-685/1, PA-685/2, PA-685/3, PA-686/1, PA-686/2 and PA-686/3).*
 1. Added line for First Dollar Credit
 2. Drainage District Notification should be added for only those parcels that fall within an active drainage district. Sample tax bill previously sent to show location.
 3. Wording changed in the "Net Assessed Value Rate" to reflect that this box does not include the First Dollar Credit or the Lottery Credit.
- b. *Real Estate Tax Roll (PA-639-2) - Added 2 codes to the 4th column. The new codes are: F-First Dollar and P-Payment.*
- c. *Tax Settlement Receipt (PC-502). - Added First Dollar Credit to column A*
- d. *Tax District Treasurer's Settlement Sheet Instructions (SL-104).*
 1. Added references to First Dollar Credit.
 2. Clarified many of the column and line references throughout the instructions.
 3. Updated the MFL rates.
- e. *Tax District Treasurer's Settlement Form (PC-501).*
 1. Updated wording on line 12.

2. Added line 21 for First Dollar Credit.
 3. Added reference to line 21 to section 2 line B.
 4. Updated MFL rates in section 4 and MFL instructions.
- f. *Statement of Taxes (PC-623A).*
1. Added new line G4 for First Dollar Credit and renumbered previous G4 through G6 to G5 through G7.
 2. Updated MFL rates on line N.
 3. Updated instructions to reflect renumbering.
- g. The *Financial Report Form Schedule (A, B, C, CT and D)* will be updated to account for the First Dollar Credit before distributed.
- h. **New Form:** 2008 Late First Dollar Credit Application (PE-400)