

## First Dollar Credit

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### 1. Which parcels qualify for the First Dollar Credit?

Every taxable parcel (business, commercial or private) containing a real property improvement, qualifies for the First Dollar Credit. Unlike the Lottery and Gaming Credit, the property does not need to be the primary residence of the owner. A personal property improvement does not qualify a parcel for this credit.

### 2. Does a property owner have to apply for this credit?

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. If the credit is not shown on the tax bill, contact your local treasurer or clerk.

### 3. Can an owner receive credit on more than one property?

Yes, each taxable property (containing a real property improvement) qualifies for the credit. Unlike the Lottery and Gaming Credit, it does not have to be the primary residence of the owner.

### 4. Does a Manufactured/Mobile Home qualify for the First Dollar Credit?

If the manufactured/mobile home is properly classified as a real property, then the home would qualify for the First Dollar Credit. However, if a manufactured home is classified as personal property, then the home would not qualify for the First Dollar Credit.

Section 70.43, Wis. Stats., provides the criteria for determining if a manufactured/mobile home is real or personal property. A manufactured/mobile home is an improvement to real property if the home is connected to utilities and is set upon a foundation upon land which is owned by the manufactured/mobile home owner. A mobile manufactured/mobile home is "set upon a foundation" if it is off its wheels and is set upon some other support. A manufactured/mobile home is personal property if the land upon which it is located is not owned by the manufactured/mobile home owner or if the manufactured/mobile home is not set upon a foundation or connected to utilities.

### 5. If a manufactured/mobile home parking fee is required to be paid on a home, does that home qualify for the First Dollar Credit?

No. If a manufactured/mobile home is not properly classified as real property, then the First Dollar Credit does not apply.

### 6. Will the First Dollar Credit be distributed to the county instead of the municipality as it is for the School Levy Tax and Lottery and Gaming Credits?

Yes, sec. 79.10 (7m) (c), Wis. Stats., directs the payment to be made to the county, unless the municipality qualifies for one of the exceptions listed in this section and the municipality requests direct payment. A request for distribution to the municipality should be sent to the Department of Administration (DOA) by the end of February each year.

### 7. Where will the First Dollar Credit be shown on the property tax bill?

A line has been added just above the Lottery and Gaming Credit line on the property tax bill. See samples of the state prescribed property tax bills for placement of this and other credits at: <http://www.revenue.wi.gov/forms/govbill/index.html> or [Sample Property Tax Bill](#).

### 8. 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?

Although the parcel should contain an improvement to be categorized within one of these classes, 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.

### 9. 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?

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.

### 10. How are adjustments or corrections to the First Dollar Credit handled?

The correction of any error in the amount of funds distributed to a county/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.

11. **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?**

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.

12. **Will both the Lottery and Gaming Credit and the First Dollar Credit use the same equalized value school tax rate?**

Yes, both credits will use the same equalized value school tax rate.

13. **How is the First Dollar Credit applied to the taxes due on a property tax bill?**

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 is 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 cents 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.

14. **How is the First Dollar Credit Calculated?**

[How to Calculate the First Dollar Credit](#) shows how the credit is calculated. The calculation is very similar to the calculation for the Lottery and Gaming Credit. The Estimated Fair Market Value (EFMV) 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.

#### **FOR MORE INFORMATION PLEASE CONTACT:**

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