

State of Wisconsin
Department of Revenue

First Dollar Credit

Sec. 79.10, Wis. Stats.

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1. What is the First Dollar Credit?

The First Dollar Credit provides direct property tax relief as a credit for Wisconsin property owners on their property tax bill.

2. Which parcels qualify for the First Dollar Credit?

Every taxable parcel (business, commercial or private) containing a real property improvement (ex: building), qualifies for the First Dollar Credit. Unlike the Lottery and Gaming Credit, the property does not have to be the owner's primary residence. **Note:** A personal property improvement does not qualify a parcel for this credit.

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

No. This credit is automatically applied to all qualifying properties. If the property tax bill shows an amount under "Ass'd Value Improvements," that property should receive the credit. If you feel the property qualifies for the credit and it does not appear on the tax bill, contact your local treasurer or clerk.

4. 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 owner's primary residence and you may claim more than one credit.

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

It depends. If the manufactured/mobile home is properly classified as real property, the home qualifies for the First Dollar Credit. However, if a manufactured home is classified as personal property, the home does not qualify for the First Dollar Credit. State law (sec. 70.043, Wis. Stats.), lists the criteria for determining if a manufactured/mobile home is real or personal property.

A manufactured/mobile home is:

- **Real property** — if the home is connected to utilities and is set upon a foundation upon land owned by the manufactured/mobile home owner
- "Set upon a foundation" means it is off its wheels and is set upon some other support
- **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

6. If I am required to pay a manufactured/mobile home parking fee on my home, does my home qualify for the First Dollar Credit?

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

7. Is the First Dollar Credit distributed to the county instead of the municipality, similar to the School Levy Tax and Lottery and Gaming Credits?

Yes. Under state law (sec. 79.10 (7m) (c), Wis. Stats.), the county distributes the amount received to each municipality and taxing jurisdiction in the county unless a municipality qualifies for one of the exceptions listed in this law and the municipality requests direct payment. A municipality should send its request for direct payment to the Wisconsin Department of Administration (DOA) by the end of February each year.

8. Where is the First Dollar Credit listed on the property tax bill?

It is located directly above the Lottery and Gaming Credit line on the property tax bill. To review a sample of a state prescribed property tax bill, see our publication: [revenue.wi.gov/DOR Publications/mobhme.pdf](https://revenue.wi.gov/DOR%20Publications/mobhme.pdf)

9. Does the First Dollar Credit apply only to classes 1, 2, 3 and 7, as long as there is an improvement on the parcel?

Although the parcel must contain an improvement to fit within one of these classes, it is better to determine if a parcel qualifies for the First Dollar Credit by looking at the parcel's improvement value field. If the parcel's improvement value is greater than zero, the parcel qualifies for the credit. **Note:** The improvement must be correctly classified as real property to qualify; it cannot be classified as personal property.

10. When the First Dollar Credit is entered on the Taxation District Treasurer's Settlement Sheet, how does it impact the distribution of funds to the taxation districts?

DOA distributes First Dollar Credit payments on the 4th Monday of July. The county treasurer should distribute these amounts no later than August 20.

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

- Any error in the amount of funds distributed to a county/municipality by DOA (overpayment or underpayment) discovered by October 1 of the distribution year is corrected by reducing or increasing (as appropriate) the following year's distribution for that municipality
- Corrections are made in the distributions to all municipalities affected by the error under state law (sec. 79.10(6m) Wis. Stats.)

12. Will DOR supply the Maximum Credit Value (MCV) similar to the Lottery and Gaming Credit value? If so, when can we expect to receive the value?

Yes. DOR provides the First Dollar Credit MCV by mid to late November, in the same manner we currently provide the Lottery and Gaming Credit MCV.

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

Yes. Both credits use the same equalized value school tax rate.

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

Unlike the Lottery and Gaming Credit, the First Dollar Credit is applied equally to each installment.

Calculating a single payment (payment in full) amount:

- To determine the total amount due, subtract the Lottery and Gaming Credit, and the First Dollar Credit from the net tax (net of School Levy Tax Credit) and then add the amount of any special assessments and special charges and special taxes (PFC, MFL, Occupational)
- Under an installment plan, when calculating the tax amount due for each installment, apply the First Dollar Credit equally across all the installments

Example: If there is a \$31.95 First Dollar Credit, \$15.98 credit is applied to the first payment and \$15.97 to the second payment under a two payment plan

Two calculation methods:

- **First method**

- Subtract the First Dollar Credit from the net tax (net of School Levy Tax Credit), and then divide the amount by the number of installments offered (two in the example above) to determine the amount due for the second 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, special charges and special taxes (PFC, MFL, and Occupational)
- **Note:** Depending on the amounts of any special assessments, 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 second and subsequent installment amounts

- **Second method**

- Using two separate calculations, divide both the First Dollar Credit and the net tax (net of School Levy Tax Credit) by the number of installments. Take 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.

15. How is the First Dollar Credit Calculated?

The credit calculation is very similar to the calculation for the Lottery and Gaming Credit. The First Dollar Credit is determined in November of each year.

Based on available funds and an estimated number of properties that will qualify for the credit, a maximum credit value (MCV) is determined. The credit is calculated by multiplying the MCV (or the actual value of the property if that value is less than the MCV), by the applicable school tax rate. This is the amount of credit provided for that property. (sec. 79.10(5m), Wis. Stats.)

For more information, review "[How to Calculate the First Dollar Credit](#)."

Certification statement

FOR QUESTIONS OR COMMENTS CONTACT:

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