



State of Wisconsin  
2015 - 2016 LEGISLATURE

LRB-0666/1  
MES:emw:jm

## 2015 ASSEMBLY BILL 84

March 12, 2015 - Introduced by Representatives RIEMER, MASON, BARCA, BARNES, BERCEAU, BILLINGS, BOWEN, BROSTOFF, DOYLE, GENRICH, GOYKE, HEBL, HESSELBEIN, HINTZ, JOHNSON, JORGENSEN, KAHL, KOLSTE, MILROY, OHNSTAD, POPE, SARGENT, SHANKLAND, SINICKI, SPREITZER, STUCK, SUBECK, C. TAYLOR, YOUNG and ZAMARRIPA, cosponsored by Senators HANSEN, HARRIS DODD, CARPENTER, C. LARSON, MILLER, RINGHAND, RISSER, SHILLING, L. TAYLOR, WIRCH, VINEHOUT and LASSA. Referred to Committee on Ways and Means.

1     **AN ACT to amend** 71.07 (9e) (af) (intro.), 71.07 (9e) (aj) (intro.), 71.08 (1) (intro.)  
2             and 71.10 (4) (i); and **to create** 20.835 (2) (cb) and 71.07 (9g) of the statutes;  
3             **relating to:** creating a refundable earned income tax credit for individuals,  
4             repealing the changes made to the earned income tax credit in 2011 Wisconsin  
5             Act 32, and making an appropriation.

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### *Analysis by the Legislative Reference Bureau*

Under current law, as created in 2011 Wisconsin Act 32, the earned income tax credit (EITC), as a percentage of the federal credit, is 4 percent for claimants with one qualifying child, 11 percent for claimants with two qualifying children, and 34 percent for claimants with three or more qualifying children. This bill repeals those provisions and restores former law. Under the bill, for taxable years beginning after December 31, 2014, the EITC, as a percentage of the federal credit, would be 4 percent for claimants with one qualifying child, 14 percent for claimants with two qualifying children, and 43 percent for claimants with three or more qualifying children.

This bill also creates a new refundable individual income tax credit for persons who have earned income, as defined under the Internal Revenue Code, during the taxable year to which the claim relates. Because the credit is refundable, if the amount of the credit for which the claimant is eligible exceeds his or her tax liability, the difference will be refunded to the claimant by check.

Under the bill, and subject to a number of limitations and conditions, a claimant may claim a credit equal to 25 percent of the claimant's earned income that he or she

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receives in the year to which the claim relates. The maximum credit that may be claimed each year by each claimant is \$2,500. Once a claimant's earned income exceeds \$15,000, the maximum credit that may be claimed is phased down. No credit may be claimed by an individual whose earned income exceeds \$31,666. To be eligible to claim the credit, an individual must be at least 18 years old for the entire year to which the claim relates and the individual may not have been claimed as a dependent for federal income tax purposes on another individual's tax return. The credit may not be claimed by nonresidents or part-year residents of the state.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 20.835 (2) (cb) of the statutes is created to read:

2           20.835 (2) (cb) *Additional earned income tax credit.* A sum sufficient to pay the  
3 claims approved under s. 71.07 (9g).

4           **SECTION 2.** 71.07 (9e) (af) (intro.) of the statutes is amended to read:

5           71.07 (9e) (af) (intro.) For taxable years beginning after December 31, 1995,  
6 and before January 1, 2011, and for taxable years beginning after December 31, 2014,  
7 any natural person may credit against the tax imposed under s. 71.02 an amount  
8 equal to one of the following percentages of the federal basic earned income credit for  
9 which the person is eligible for the taxable year under section 32 (b) (1) (A) to (C) of  
10 the Internal Revenue Code:

11           **SECTION 3.** 71.07 (9e) (aj) (intro.) of the statutes is amended to read:

12           71.07 (9e) (aj) (intro.) For taxable years beginning after December 31, 2010,  
13 and before January 1, 2015, an individual may credit against the tax imposed under  
14 s. 71.02 an amount equal to one of the following percentages of the federal basic  
15 earned income credit for which the person is eligible for the taxable year under  
16 section 32 (b) (1) (A) to (C) of the Internal Revenue Code:

17           **SECTION 4.** 71.07 (9g) of the statutes is created to read:

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1           71.07 **(9g)** ADDITIONAL EARNED INCOME TAX CREDIT. (a) *Definitions*. In this  
2 subsection:

3           1. "Claimant" means an individual who claims the credit under this subsection.

4           2. "Earned income" has the meaning given in section 32 (c) (2) of the Internal  
5 Revenue Code.

6           (b) *Filing claims*. Subject to the limitations and conditions provided in this  
7 subsection, a claimant may claim as a credit against the tax imposed under s. 71.02  
8 or 71.08 an amount equal to 25 percent of the claimant's earned income that he or  
9 she receives in the taxable year to which the claim relates, and if the allowable  
10 amount of the claim exceeds the income taxes otherwise due on the claimant's  
11 income, the amount of the claim not used as an offset against those taxes shall be  
12 certified by the department of revenue to the department of administration for  
13 payment to the claimant by check, share draft, or other draft drawn from the  
14 appropriation account under s. 20.835 (2) (cb).

15           (c) *Limitations and conditions*. 1. To be eligible to claim a credit under this  
16 subsection, all of the following must apply to an individual who files a claim under  
17 this subsection:

18           a. He or she is at least 18 years old for the entire year to which the claim relates.

19           b. He or she received earned income in the year to which the claim relates.

20           c. He or she has not been claimed as a dependent for federal income tax  
21 purposes by another individual for the taxable year to which the claim relates.

22           2. No credit may be claimed under this subsection by a part-year resident or  
23 a nonresident of this state.

24           3. No credit may be allowed under this subsection unless it is claimed within  
25 the time period under s. 71.75 (2).

**ASSEMBLY BILL 84****SECTION 4**

1           4. No credit may be allowed under this subsection for a taxable year covering  
2 a period of less than 12 months, except for a taxable year closed by reason of the death  
3 of the taxpayer.

4           5. The maximum credit that may be claimed each taxable year under this  
5 subsection by a claimant is \$2,500, except as provided in subds. 6. and 7.

6           6. If a claimant's earned income in the taxable year to which the claim relates  
7 exceeds \$15,000, the maximum credit that a claimant may claim under this  
8 subsection shall be calculated as follows:

9           a. Subtract \$15,000 from the claimant's earned income in the taxable year to  
10 which the claim relates.

11           b. Multiply the amount obtained under subd. 6. a. by 15 percent.

12           c. Subtract the amount obtained under subd. 6. b. from \$2,500 to determine the  
13 maximum allowable credit for the claimant.

14           7. An individual may not claim the credit under this subsection if his or her  
15 earned income exceeds \$31,666 in the taxable year to which the claim relates.

16           (d) *Administration.* Subsection (9e) (d), to the extent that it applies to the credit  
17 under that subsection, applies to the credit under this subsection.

18           **SECTION 5.** 71.08 (1) (intro.) of the statutes is amended to read:

19           71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married  
20 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under  
21 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3m), (3n), (3p),  
22 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (4k), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (5n), (6),  
23 (6e), (8r), (9e), (9g), (9m), and (9r), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx),  
24 (1dy), (2m), (3), (3n), (3t), and (3w), 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx),  
25 (1dy), (2m), (3), (3n), (3t), and (3w), 71.57 to 71.61, and 71.613 and subch. VIII and

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1 payments to other states under s. 71.07 (7), is less than the tax under this section,  
2 there is imposed on that natural person, married couple filing jointly, trust or estate,  
3 instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

4 **SECTION 6.** 71.10 (4) (i) of the statutes is amended to read:

5 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland  
6 preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and  
7 beyond under s. 71.613, homestead credit under subch. VIII, farmland tax relief  
8 credit under s. 71.07 (3m), dairy manufacturing facility investment credit under s.  
9 71.07 (3p), jobs tax credit under s. 71.07 (3q), meat processing facility investment  
10 credit under s. 71.07 (3r), woody biomass harvesting and processing credit under s.  
11 71.07 (3rm), food processing plant and food warehouse investment credit under s.  
12 71.07 (3rn), film production services credit under s. 71.07 (5f), film production  
13 company investment credit under s. 71.07 (5h), veterans and surviving spouses  
14 property tax credit under s. 71.07 (6e), enterprise zone jobs credit under s. 71.07 (3w),  
15 beginning farmer and farm asset owner tax credit under s. 71.07 (8r), earned income  
16 tax credit under s. 71.07 (9e), additional earned income tax credit under s. 71.07 (9g),  
17 estimated tax payments under s. 71.09, and taxes withheld under subch. X.

18 **SECTION 7. Initial applicability.**

19 (1) The treatment of sections 20.835 (2) (cb), 71.07 (9g), 71.08 (1) (intro.), and  
20 71.10 (4) (i) of the statutes first applies to taxable years beginning on January 1 of  
21 the year in which this subsection takes effect, except that if this subsection takes  
22 effect after July 31 the treatment of sections 20.835 (2) (cb), 71.07 (9g), 71.08 (1)  
23 (intro.), and 71.10 (4) (i) of the statutes first applies to taxable years beginning on  
24 January 1 of the year following the year in which this subsection takes effect.

25 (END)