

State of Wisconsin



January 2018 Special Session
Assembly Bill 5

Date of enactment: April 10, 2018
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2017 WISCONSIN ACT 270

AN ACT to create 20.835 (2) (ff) and 73.03 (73) of the statutes; relating to: creating a pilot and permanent program for making periodic payments to eligible recipients of the earned income tax credit and making an appropriation.

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

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

20.835 (2) (ff) *Earned income tax credit; periodic payments.* A sum sufficient to make the payments described under s. 73.03 (73) (c) 2.

SECTION 2. 73.03 (73) of the statutes is created to read:

73.03 (73) To work with the Internal Revenue Service to undertake a pilot and a permanent program that accomplishes all of the following:

(a) Assist the department in a 2-year pilot program to make monthly payments to eligible claimants of the amounts such claimants would otherwise be eligible to claim under the federal earned income tax credit under section 32 of the Internal Revenue Code. The pilot program shall be for taxable years beginning after December 31, 2018, and before January 1, 2021. If the Internal Revenue Service agrees to assist with the pilot program, the Internal Revenue Service and the department shall enter into an agreement describing the responsibilities and duties of each party. If the Internal Revenue Service and the department are unable to reach an agreement on how the pilot program will operate, this subsection does not apply and may not be enforced.

(b) Under the pilot program, the Internal Revenue Service would determine the amount of earned income tax credit that could likely be claimed by 100 randomly selected residents of Wisconsin for taxable year 2019 and taxable year 2020, based on criteria selected by the Internal Revenue Service. The department and the Internal Revenue Service shall make every effort to ensure that each individual or married couple selected will be eligible to claim the credit for those taxable years, and that the credit amount for which he or she will likely be eligible will be in excess of \$600 each year. At the beginning of each taxable year, the Internal Revenue Service would forward to the department the total amount of payments those 100 claimants would likely be eligible to claim for that taxable year, specifying the amounts allotted to each claimant. The department shall deposit such amounts in the general fund.

(c) 1. The department would develop a method to disperse the federal credit amount to each claimant on a periodic basis.

2. For the test group, based on the amount of federal and state earned income tax credit that each claimant would likely be eligible to receive based on his or her estimated taxable year 2019 and 2020 income tax returns, each claimant would receive one-eleventh of his or her likely federal credit amount each month except for the

* Section 991.11, WISCONSIN STATUTES: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication."

month following the month in which the claimant receives the credit claimed on his or her tax return, from the department, from the general fund, except that the maximum total amount that each claimant could receive under this subdivision, annually, would be two-thirds of his or her likely credit amount. Any excess amount of federal and state credit for which the claimant is eligible could be claimed for that taxable year on his or her federal income tax return, under s. 71.07 (9e), or under the terms of the agreement under par. (a).

3. The department shall also establish a 2nd test group of 100 claimants who are likely to be eligible to claim the earned income tax credit for taxable years 2019 and 2020, who will receive their earned income tax credit after filing their individual income tax returns, and compare their financial stability to that of the other test group.

(d) For taxable years 2019 and 2020, the participants in each of the 2 test groups shall remain the same, to the greatest extent possible.

(e) The department shall develop policies and promulgate rules, if necessary, to ensure that members of each test group are able to continue to claim the credit under s. 71.07 (9e) to the extent that they are eligible to do so.

(f) 1. Subject to subd. 2., for taxable years beginning after December 31, 2020, the department shall make the pilot program described under par. (b) permanent and applicable to all eligible claimants of the earned income tax credit under s. 71.07 (9e) (aj), based on the specifications described under pars. (b) and (c) 2.

2. Subdivision 1. does not apply unless the Internal Revenue Service and the department enter into an agreement describing the responsibilities and duties of each party and an agreement on how the permanent program will operate. If the Internal Revenue Service and the department are unable to reach an agreement on how the permanent program will operate, subd. 1. does not apply and may not be enforced.
