



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-2067/P2
JK:ahe&amn

DOA:.....Quinn, BB0387 - Increase in refundable portion of research credit

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

1. Research credit

Current law allows a person to claim a tax credit equal to a percentage of the person's expenses to conduct research in this state. For example, a person may claim 11.5 percent of the amount of the expenses that exceed 50 percent of the person's average research expenses for the previous three years on research involving engines or hybrid-electric vehicles. The credit is partially refundable. If the credit exceeds the amount of the person's tax liability, the person receives a refund in an amount not exceeding 10 percent of the person's claim. Any amount not used to offset the person's tax liability or paid as a refund may be claimed as a credit against the person's tax liability in subsequent years.

This bill increases the amount that a person may receive as a refund. Under the bill, a person may receive a refund in an amount not exceeding 20 percent of the person's claim. However, the bill prohibits a person certified to claim the electronics and information technology manufacturing zone credit from receiving the refund.

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

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

SECTION 1. 20.835 (2) (d) of the statutes is amended to read:

20.835 (2) (d) *Research credit.* A sum sufficient to make the payments under ss. 71.07 (4k) (e) 2. a. and am., 71.28 (4) (k) 1. and 1m., and 71.47 (4) (k) 1. and 1m.

SECTION 2. 71.07 (4k) (e) 2. a. of the statutes is amended to read:

71.07 (4k) (e) 2. a. ~~The~~ For taxable years beginning after December 31, 2017, and before January 1, 2020, the amount of the claim not used to offset the tax due, not to exceed 10 percent of the allowable amount of the claim under par. (b) 4., 5., or 6., shall be certified by the department of revenue to the department of administration for payment ~~by check, share draft, or other draft drawn~~ from the appropriation account under s. 20.835 (2) (d). A person who is certified to claim tax benefits under s. 238.396 (3) or (3m) is not eligible to receive the payment under this subd. 2. a.

SECTION 3. 71.07 (4k) (e) 2. am. of the statutes is created to read:

71.07 (4k) (e) 2. am. For taxable years beginning after December 31, 2019, the amount of the claim not used to offset the tax due, not to exceed 20 percent of the allowable amount of the claim under par. (b) 4., 5., or 6., shall be certified by the department of revenue to the department of administration for payment from the appropriation account under s. 20.835 (2) (d). A person who is certified to claim tax benefits under s. 238.396 (3) or (3m) is not eligible to receive the payment under this subd. 2. am.

SECTION 4. 71.07 (4k) (e) 2. b. of the statutes is amended to read:

71.07 (4k) (e) 2. b. The amount of the claim not used to offset the tax due and not certified for payment under subd. 2. a. or am. may be carried forward and credited against Wisconsin income taxes otherwise due for the following 15 taxable years to the extent not offset by these taxes otherwise due in all intervening years between the year in which the expense was incurred and the year in which the carry-forward credit is claimed.

SECTION 5. 71.10 (4) (i) of the statutes is amended to read:

71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and beyond under s. 71.613, homestead credit under subch. VIII, farmland tax relief credit under s. 71.07 (3m), dairy manufacturing facility investment credit under s. 71.07 (3p), jobs tax credit under s. 71.07 (3q), meat processing facility investment credit under s. 71.07 (3r), woody biomass harvesting and processing credit under s. 71.07 (3rm), food processing plant and food warehouse investment credit under s. 71.07 (3rn), business development credit under s. 71.07 (3y), research credit under s. 71.07 (4k) (e) 2. a. and am., film production services credit under s. 71.07 (5f), film production company investment credit under s. 71.07 (5h), veterans and surviving spouses property tax credit under s. 71.07 (6e), enterprise zone jobs credit under s. 71.07 (3w), electronics and information technology manufacturing zone credit under s. 71.07 (3wm), beginning farmer and farm asset owner tax credit under s. 71.07 (8r), earned income tax credit under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under subch. X.

SECTION 6. 71.28 (4) (k) 1. of the statutes is amended to read:

71.28 (4) (k) 1. The For taxable years beginning after December 31, 2017, and before January 1, 2020, the amount of the claim not used to offset the tax due, not

to exceed 10 percent of the allowable amount of the claim under par. (ad) 4., 5., or 6., shall be certified by the department of revenue to the department of administration for payment ~~by check, share draft, or other draft drawn~~ from the appropriation account under s. 20.835 (2) (d). A person who is certified to claim tax benefits under s. 238.396 (3) or (3m) is not eligible to receive the payment under this subdivision.

SECTION 7. 71.28 (4) (k) 1m. of the statutes is created to read:

71.28 (4) (k) 1m. For taxable years beginning after December 31, 2019, the amount of the claim not used to offset the tax due, not to exceed 20 percent of the allowable amount of the claim under par. (ad) 4., 5., or 6., shall be certified by the department of revenue to the department of administration for payment from the appropriation account under s. 20.835 (2) (d). A person who is certified to claim tax benefits under s. 238.396 (3) or (3m) is not eligible to receive the payment under this subdivision.

SECTION 8. 71.28 (4) (k) 2. of the statutes is amended to read:

71.28 (4) (k) 2. The amount of the claim not used to offset the tax due and not certified for payment under subd. 1. or 1m. may be carried forward and credited against Wisconsin income or franchise taxes otherwise due for the following 15 taxable years to the extent not offset by these taxes otherwise due in all intervening years between the year in which the expense was incurred and the year in which the carry-forward credit is claimed.

SECTION 9. 71.30 (3) (f) of the statutes is amended to read:

71.30 (3) (f) The total of farmland preservation credit under subch. IX, farmland tax relief credit under s. 71.28 (2m), dairy manufacturing facility investment credit under s. 71.28 (3p), jobs credit under s. 71.28 (3q), meat processing facility investment credit under s. 71.28 (3r), woody biomass harvesting and

processing credit under s. 71.28 (3rm), food processing plant and food warehouse investment credit under s. 71.28 (3rn), enterprise zone jobs credit under s. 71.28 (3w), electronics and information technology manufacturing zone credit under s. 71.28 (3wm), business development credit under s. 71.28 (3y), research credit under s. 71.28 (4) (k) 1. and 1m., film production services credit under s. 71.28 (5f), film production company investment credit under s. 71.28 (5h), beginning farmer and farm asset owner tax credit under s. 71.28 (8r), and estimated tax payments under s. 71.29.

SECTION 10. 71.47 (4) (k) 1. of the statutes is amended to read:

71.47 (4) (k) 1. The For taxable years beginning after December 31, 2017, and before January 1, 2020, the amount of the claim not used to offset the tax due, not to exceed 10 percent of the allowable amount of the claim under par. (ad) 4., 5., or 6., shall be certified by the department of revenue to the department of administration for payment ~~by check, share draft, or other draft drawn~~ from the appropriation account under s. 20.835 (2) (d). A person who is certified to claim tax benefits under s. 238.396 (3) or (3m) is not eligible to receive the payment under this subdivision.

SECTION 11. 71.47 (4) (k) 1m. of the statutes is created to read:

71.47 (4) (k) 1m. For taxable years beginning after December 31, 2019, the amount of the claim not used to offset the tax due, not to exceed 20 percent of the allowable amount of the claim under par. (ad) 4., 5., or 6., shall be certified by the department of revenue to the department of administration for payment from the appropriation account under s. 20.835 (2) (d). A person who is certified to claim tax benefits under s. 238.396 (3) or (3m) is not eligible to receive the payment under this subdivision.

SECTION 12. 71.47 (4) (k) 2. of the statutes is amended to read:

71.47 (4) (k) 2. The amount of the claim not used to offset the tax due and not certified for payment under subd. 1. or 1m. may be carried forward and credited against Wisconsin income or franchise taxes otherwise due for the following 15 taxable years to the extent not offset by these taxes otherwise due in all intervening years between the year in which the expense was incurred and the year in which the carry-forward credit is claimed.

SECTION 13. 71.49 (1) (f) of the statutes is amended to read:

71.49 (1) (f) The total of farmland preservation credit under subch. IX, farmland tax relief credit under s. 71.47 (2m), dairy manufacturing facility investment credit under s. 71.47 (3p), jobs credit under s. 71.47 (3q), meat processing facility investment credit under s. 71.47 (3r), woody biomass harvesting and processing credit under s. 71.47 (3rm), food processing plant and food warehouse investment credit under s. 71.47 (3rn), enterprise zone jobs credit under s. 71.47 (3w), business development credit under s. 71.47 (3y), research credit under s. 71.47 (4) (k) 1. and 1m., film production services credit under s. 71.47 (5f), film production company investment credit under s. 71.47 (5h), beginning farmer and farm asset owner tax credit under s. 71.47 (8r), and estimated tax payments under s. 71.48.

(END)