



State of Wisconsin
2021 - 2022 LEGISLATURE

LRB-1806/1
JK:skw&cde

2021 SENATE BILL 126

February 18, 2021 - Introduced by Senators RINGHAND, AGARD, LARSON, ROYS, SMITH and WIRCH, cosponsored by Representatives MCGUIRE, CONLEY, OHNSTAD, RIEMER, ANDERSON, BALDEH, BOWEN, BROSTOFF, CABRERA, CONSIDINE, DOYLE, DRAKE, EMERSON, MILROY, SHANKLAND, SPREITZER, STUBBS, S. RODRIGUEZ and VINING. Referred to Committee on Financial Institutions and Revenue.

1 **AN ACT to amend** 71.07 (9e) (aj) (intro.); and **to create** 71.07 (9e) (ak) of the
2 statutes; **relating to:** adopting for state tax purposes federal changes to the
3 earned income tax credit.

Analysis by the Legislative Reference Bureau

This bill adopts for state income tax purposes changes made by the federal Consolidated Appropriations Act of 2021 related to the earned income tax credit. Under current law, the Wisconsin EITC is equal to a percentage of the federal EITC. The EITC on both the state and federal levels is intended to provide financial assistance to low-income families. By adopting the changes made by the CAA, if a taxpayer's earned income for 2020 is less than the earned income for the preceding year, the taxpayer may elect to use the earned income for the preceding year for the taxable year 2020 for purposes of the EITC.

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:

4 **SECTION 1.** 71.07 (9e) (aj) (intro.) of the statutes is amended to read:
5 71.07 **(9e)** (aj) (intro.) For taxable years beginning after December 31, 2010,
6 and before January 1, 2020, an individual may credit against the tax imposed under

SENATE BILL 126**SECTION 1**

1 s. 71.02 an amount equal to one of the following percentages of the federal basic
2 earned income credit for which the person is eligible for the taxable year under
3 section 32 (b) (1) (A) to (C) of the Internal Revenue Code:

4 **SECTION 2.** 71.07 (9e) (ak) of the statutes is created to read:

5 71.07 **(9e)** (ak) For taxable years beginning after December 31, 2019, an
6 individual may credit against the tax imposed under s. 71.02 an amount equal to one
7 of the following percentages of the federal basic earned income credit for which the
8 person is eligible for the taxable year under section 32 of the Internal Revenue Code
9 in effect for federal purposes on December 31, 2020:

10 1. If the person has one qualifying child who has the same principal place of
11 abode as the person, 4 percent.

12 2. If the person has 2 qualifying children who have the same principal place of
13 abode as the person, 11 percent.

14 3. If the person has 3 or more qualifying children who have the same principal
15 place of abode as the person, 34 percent.

16 (END)