

2019 DRAFTING REQUEST

Bill

For: **Administration-Budget** Drafter: **jkreye**
 By: **Quinn** Secondary Drafters:
 Date: **2/15/2019** May Contact:

Same as LRB:

Submit via email: **YES**
 Requester's email:
 Carbon copy (CC) to: **doasbostatlanguage@wisconsin.gov**
joseph.kreye@legis.wisconsin.gov

Pre Topic:

DOA:.....Quinn, BB0387 -

Topic:

Increase in refundable portion of research credit

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P1	jkreye 2/25/2019	aernstr 2/16/2019	chanaman 2/17/2019		State
/P2		anienaja 2/25/2019	mbarman 2/25/2019		State

FE Sent For: **<END>**

Kreye, Joseph

From: Hanaman, Cathlene
Sent: Friday, February 15, 2019 10:01 AM
To: Shovers, Marc; Kreye, Joseph; Lunder, Erika
Subject: FW: Statutory Language Drafting Request - 2019-21

From: Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>
Sent: Friday, February 15, 2019 10:00 AM
To: Hanaman, Cathlene <Cathlene.Hanaman@legis.wisconsin.gov>
Cc: Ziegler, Paul - DOA <Paul2.Ziegler@wisconsin.gov>; Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>
Subject: Statutory Language Drafting Request - 2019-21

Biennial Budget: 2019-21

Topic: Increase in Refundable Portion of Research Credit

Tracking Code: BB0387

SBO Team: TLGED

SBO Analyst: Quinn, Brian D - DOA
Phone: (608) 266-1923
E-mail: brian.quinn@wisconsin.gov

Agency Acronym: 835

Agency Number: 835

Priority: Medium

Intent:

Increase the refundable portion of the research credit to 20% from 10% beginning in tax year 2020.

Suggested statutory language:

Amend section 71.07(4k)(e)2.a. to read:

a. The amount of the claim not used to offset the tax due, for taxable years beginning after December 31, 2017 and before January 1, 2020, not to exceed 10 percent of the allowable amount of the claim under par. (b) 4., 5., or 6., and for taxable years beginning after December 31, 2019, 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 by check, share draft, or other draft drawn from the appropriation account under s. 20.835 (2) (d).

Amend section 71.28(4)(k)1 to read:

1. The amount of the claim not used to offset the tax due, for taxable years beginning after December 31, 2017 and before January 1, 2020, not to exceed 10 percent of the allowable amount of the claim under par. (b) 4., 5., or 6., and for taxable years beginning after December 31, 2019, 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 by check, share draft, or other draft drawn from the appropriation account under s. 20.835 (2) (d).

Amend section 71.47(4)(k)1 to read:

1. The amount of the claim not used to offset the tax due, for taxable years beginning after December 31, 2017 and before January 1, 2020, not to exceed 10 percent of the allowable amount of the claim under par. (b) 4., 5., or 6., and for taxable years beginning after December 31, 2019, 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 by check, share draft, or other draft drawn from the appropriation account under s. 20.835 (2) (d).

Attachments: False

Please send completed drafts to SBOStatlanguage@spsmail.enterprise.wistate.us



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-2067/P1

JK...
ahe

DOA:.....Quinn, BB0387 - Increase in refundable portion of research credit
FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

in Friday
2-15

SAV

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

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

AA **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 The 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.

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:

Insert 2-1

1 **SECTION 1.** 71.07 (4k) (e) 2. a. of the statutes is amended to read:

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

Cross-reference: See also ch. HS 3, Wis. adm. code.

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135, 183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487; 2007 a. 11, 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; 2013 a. 20, 54, 62, 116, 145; 2013 a. 166 s. 77; 2015 a. 55, 186; 2015 a. 197 s. 51; 2015 a. 237, 312; 2017 a. 58, 59, 176, 197; 2017 a. 364 ss. 11 to 13, 48; 2017 a. 365 s. 111; 2017 a. 366, 368; s. 13.92 (1) (bm) 2.; s. 35.17 correction in (9r) (j).

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

9 71.07 (4k) (e) 2. am. For taxable years beginning after December 31, 2019, the
10 amount of the claim not used to offset the tax due, not to exceed 20 percent of the
11 allowable amount of the claim under par. (b) 4., 5., or 6., shall be certified by the
12 department of revenue to the department of administration for payment from the
13 appropriation account under s. 20.835 (2) (d).

14 **SECTION 3.** 71.07 (4k) (e) 2. b. of the statutes is amended to read:

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

Cross-reference: See also ch. HS 3, Wis. adm. code.

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135, 183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487; 2007 a. 11, 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; 2013 a. 20, 54, 62, 116, 145; 2013 a. 166 s. 77; 2015 a. 55, 186; 2015 a. 197 s. 51; 2015 a. 237, 312; 2017 a. 58, 59, 176, 197; 2017 a. 364 ss. 11 to 13, 48; 2017 a. 365 s. 111; 2017 a. 366, 368; s. 13.92 (1) (bm) 2.; s. 35.17 correction in (9r) (j).

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

Insert 2-20

1 71.28 (4) (k) 1. The For taxable years beginning after December 31, 2017, and
 2 before January 1, 2020, the amount of the claim not used to offset the tax due, not
 3 to exceed 10 percent of the allowable amount of the claim under par. (ad) 4., 5., or 6.,
 4 shall be certified by the department of revenue to the department of administration
 5 for payment ~~by check, share draft, or other draft drawn~~ from the appropriation
 6 account under s. 20.835 (2) (d).

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; 2013 a. 20, 54, 62, 116, 145, 165; 2013 a. 166 ss. 26, 77; 2015 a. 55, 186, 237; 2017 a. 58, 59, 176, 197; 2017 a. 364 ss. 16 to 18, 48; 2017 a. 365 s. 111; 2017 a. 366; s. 13.92 (1) (bm) 2.

7 ↓ **SECTION 5.** 71.28 (4) (k) 1m. of the statutes is created to read:

8 71.28 (4) (k) 1m. For taxable years beginning after December 31, 2019, the
 9 amount of the claim not used to offset the tax due, not to exceed 20 percent of the
 10 allowable amount of the claim under par. (ad) 4., 5., or 6., shall be certified by the
 11 department of revenue to the department of administration for payment from the
 12 appropriation account under s. 20.835 (2) (d).

13 ↓ **SECTION 6.** 71.28 (4) (k) 2. of the statutes is amended to read:

14 71.28 (4) (k) 2. The amount of the claim not used to offset the tax due and not
 15 certified for payment under subd. 1. or 1m. may be carried forward and credited
 16 against Wisconsin income or franchise taxes otherwise due for the following 15
 17 taxable years to the extent not offset by these taxes otherwise due in all intervening
 18 years between the year in which the expense was incurred and the year in which the
 19 carry-forward credit is claimed.

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; 2013 a. 20, 54, 62, 116, 145, 165; 2013 a. 166 ss. 26, 77; 2015 a. 55, 186, 237; 2017 a. 58, 59, 176, 197; 2017 a. 364 ss. 16 to 18, 48; 2017 a. 365 s. 111; 2017 a. 366; s. 13.92 (1) (bm) 2.

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 ss. 80, 81; 2013 a. 20, 62, 116, 145; 2015 a. 55, 186, 237; 2017 a. 59, 176, 197; 2017 a. 365 s. 111; 2017 a. 366; s. 13.92 (1) (bm) 2.

20

SECTION 7. 71.47 (4) (k) 1. of the statutes is amended to read:

Insert 3-19

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

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 ss. 80, 81; 2013 a. 20, 62, 116, 145; 2015 a. 55, 186, 237; 2017 a. 59, 176, 197; 2017 a. 365 s. 111; 2017 a. 366; s. 13.92 (1) (bm) 2.

7 **SECTION 8.** 71.47 (4) (k) 1m. of the statutes is created to read:

8 71.47 (4) (k) 1m. For taxable years beginning after December 31, 2019, the
9 amount of the claim not used to offset the tax due, not to exceed 20 percent of the
10 allowable amount of the claim under par. (ad) 4., 5., or 6., shall be certified by the
11 department of revenue to the department of administration for payment from the
12 appropriation account under s. 20.835 (2) (d).

13 **SECTION 9.** 71.47 (4) (k) 2. of the statutes is amended to read:

14 71.47 (4) (k) 2. The amount of the claim not used to offset the tax due and not
15 certified for payment under subd. 1. or 1m. may be carried forward and credited
16 against Wisconsin income or franchise taxes otherwise due for the following 15
17 taxable years to the extent not offset by these taxes otherwise due in all intervening
18 years between the year in which the expense was incurred and the year in which the
19 carry-forward credit is claimed.

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 ss. 80, 81; 2013 a. 20, 62, 116, 145; 2015 a. 55, 186, 237; 2017 a. 59, 176, 197; 2017 a. 365 s. 111; 2017 a. 366; s. 13.92 (1) (bm) 2.

Insert 2 - 1

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

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

History: 1971 c. 125 ss. 192 to 195, 521; 1971 c. 215; 1973 c. 90, 158, 333; 1975 c. 39; 1975 c. 372 s. 41; 1975 c. 424; 1977 c. 29, 31, 313, 418, 447; 1979 c. 34 ss. 637m to 643m, 2102 (46) (d); 1979 c. 221; 1979 c. 329 s. 25 (1); 1979 c. 350 s. 27 (1); 1981 c. 1, 20, 93, 317; 1983 a. 2 ss. 1, 12; 1983 a. 27 ss. 489m, 490m, 2202 (45); 1985 a. 29, 41, 205; 1987 a. 27 ss. 473 to 474r, 476; 1987 a. 92; 1987 a. 312 s. 17; 1987 a. 323, 328, 399, 411, 422; 1989 a. 31 ss. 551 to 557m, 564m; 1989 a. 56 s. 259; 1989 a. 336; 1991 a. 37; 1991 a. 39 ss. 250m, 653m to 659m; 1991 a. 225, 269; 1993 a. 16, 263; 1995 a. 27, 56, 209, 417; 1997 a. 27, 237; 1999 a. 5, 9, 10; 1999 a. 150 s. 672; 1999 a. 167; 2001 a. 16, 105, 109; 2003 a. 31, 33, 320; 2005 a. 25, 361, 405, 483; 2007 a. 20, 96, 97, 226; 2009 a. 2, 28, 269, 295; 2011 a. 32; 2011 a. 260 s. 80; 2013 a. 20; 2015 a. 55, 114; 2017 a. 58, 59, 270, 367; s. 13.92 (1) (bm) 2., (2) (i).

Insert 2 - 20

4 SECTION 2. 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), business development credit under s. 71.07 (3y), research credit under
13 s. 71.07 (4k) (e) 2. a. and am., film production services credit under s. 71.07 (5f), film
14 production company investment credit under s. 71.07 (5h), veterans and surviving
15 spouses property tax credit under s. 71.07 (6e), enterprise zone jobs credit under s.
16 71.07 (3w), electronics and information technology manufacturing zone credit under
17 s. 71.07 (3wm), beginning farmer and farm asset owner tax credit under s. 71.07 (8r),

1 earned income tax credit under s. 71.07 (9e), estimated tax payments under s. 71.09,
2 and taxes withheld under subch. X.

History: 1987 a. 312; 1987 a. 411 ss. 94, 97, 176 to 179; 1987 a. 422 s. 4; 1989 a. 31, 56, 359; 1991 a. 39; 1993 a. 16, 184; 1995 a. 27, 209, 418, 453; 1997 a. 27, 63, 237, 248; 1999 a. 9, 167; 2001 a. 16, 109; 2003 a. 33, 99, 135, 176, 255, 321; 2005 a. 25, 49, 71, 74, 177, 178, 323, 361, 460, 479, 483; 2007 a. 1, 20, 96, 97; 2009 a. 2, 28, 89, 265, 269, 295, 332; 2011 a. 32, 76, 169, 212, 222, 232; 2011 a. 260 ss. 25, 80; 2013 a. 20, 62, 145; 2013 a. 165 s. 114; 2015 a. 55, 197, 218; 2017 a. 58, 59, 176, 197, 231, 364.

Insert 3 - 19

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

4 71.30 (3) (f) The total of farmland preservation credit under subch. IX,
5 farmland tax relief credit under s. 71.28 (2m), dairy manufacturing facility
6 investment credit under s. 71.28 (3p), jobs credit under s. 71.28 (3q), meat processing
7 facility investment credit under s. 71.28 (3r), woody biomass harvesting and
8 processing credit under s. 71.28 (3rm), food processing plant and food warehouse
9 investment credit under s. 71.28 (3rn), enterprise zone jobs credit under s. 71.28
10 (3w), electronics and information technology manufacturing zone credit under s.
11 71.28 (3wm), business development credit under s. 71.28 (3y), research credit under
12 s. 71.28 (4) (k) 1. and 1m., film production services credit under s. 71.28 (5f), film
13 production company investment credit under s. 71.28 (5h), beginning farmer and
14 farm asset owner tax credit under s. 71.28 (8r), and estimated tax payments under
15 s. 71.29.

History: 1987 a. 312; 1987 a. 411 ss. 144, 145, 182 to 185; 1989 a. 31, 56; 1991 a. 39; 1995 a. 27, 209; 1997 a. 27; 1999 a. 9; 2001 a. 16; 2003 a. 33, 99, 135, 255; 2005 a. 25, 74, 361, 479, 483; 2007 a. 20, 226; 2009 a. 2, 28, 265, 269, 295, 332; 2011 a. 3, 32, 212, 222, 232; 2011 a. 260 ss. 26, 80; 2015 a. 55; 2015 a. 197 s. 51; 2015 a. 218; 2017 a. 58, 59, 176, 197, 231, 364.

Insert 4 - 19

16 **SECTION 4.** 71.49 (1) (f) of the statutes is amended to read:

17 71.49 (1) (f) The total of farmland preservation credit under subch. IX,
18 farmland tax relief credit under s. 71.47 (2m), dairy manufacturing facility
19 investment credit under s. 71.47 (3p), jobs credit under s. 71.47 (3q), meat processing
20 facility investment credit under s. 71.47 (3r), woody biomass harvesting and

1 processing credit under s. 71.47 (3rm), food processing plant and food warehouse
2 investment credit under s. 71.47 (3rn), enterprise zone jobs credit under s. 71.47
3 (3w), business development credit under s. 71.47 (3y), research credit under s. 71.47
4 (4) (k) 1. and 1m., film production services credit under s. 71.47 (5f), film production
5 company investment credit under s. 71.47 (5h), beginning farmer and farm asset
6 owner tax credit under s. 71.47 (8r), and estimated tax payments under s. 71.48.

History: 1987 a. 312, 411; 1989 a. 31, 56; 1991 a. 39; 1995 a. 27, 209; 1997 a. 27; 2001 a. 16; 2003 a. 99, 135, 255; 2005 a. 74, 361, 479, 483; 2007 a. 20; 2009 a. 2, 28, 265, 269, 295, 332; 2011 a. 3, 32, 212, 232; 2011 a. 260 ss. 27, 80; 2015 a. 55; 2015 a. 197 s. 51; 2017 a. 59, 176, 197.

Kreye, Joseph

From: Quinn, Brian D - DOA
Sent: Friday, February 22, 2019 8:02 PM
To: Kreye, Joseph
Subject: 2067/P1 - Research Credit Draft

Joe,

There was an addition here that slipped my mind for inclusion. They wanted to ensure that no business in an EITM Zone (Foxconn) could be eligible for claiming the refundable share of the credit. I assume we could structure it so that no business claiming the EITM Zone credits could claim the refundable research credit?

Thanks.

Brian Quinn
Executive Policy and Budget Analyst - Advanced
Wisconsin Department of Administration
Division of Executive Budget and Finance
(608)-266-1923



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-2067/P1

JK:ahc + amv

DOA:.....Quinn, BB0387 - Increase in refundable portion of research credit
FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

1 **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.

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:

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

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

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

5 71.07 (4k) (e) 2. a. The For taxable years beginning after December 31, 2017,
6 and before January 1, 2020, the amount of the claim not used to offset the tax due,
7 not to exceed 10 percent of the allowable amount of the claim under par. (b) 4., 5., or
8 6., shall be certified by the department of revenue to the department of
9 administration for payment ~~by check, share draft, or other draft drawn~~ from the
10 appropriation account under s. 20.835 (2) (d). *Insert 2-10*

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

12 71.07 (4k) (e) 2. am. For taxable years beginning after December 31, 2019, the
13 amount of the claim not used to offset the tax due, not to exceed 20 percent of the
14 allowable amount of the claim under par. (b) 4., 5., or 6., shall be certified by the
15 department of revenue to the department of administration for payment from the
16 appropriation account under s. 20.835 (2) (d). *Insert 2-16*

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

18 71.07 (4k) (e) 2. b. The amount of the claim not used to offset the tax due and
19 not certified for payment under subd. 2. a. or am. may be carried forward and credited
20 against Wisconsin income taxes otherwise due for the following 15 taxable years to
21 the extent not offset by these taxes otherwise due in all intervening years between
22 the year in which the expense was incurred and the year in which the carry-forward
23 credit is claimed.

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

1 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
2 preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and
3 beyond under s. 71.613, homestead credit under subch. VIII, farmland tax relief
4 credit under s. 71.07 (3m), dairy manufacturing facility investment credit under s.
5 71.07 (3p), jobs tax credit under s. 71.07 (3q), meat processing facility investment
6 credit under s. 71.07 (3r), woody biomass harvesting and processing credit under s.
7 71.07 (3rm), food processing plant and food warehouse investment credit under s.
8 71.07 (3rn), business development credit under s. 71.07 (3y), research credit under
9 s. 71.07 (4k) (e) 2. a. and am., film production services credit under s. 71.07 (5f), film
10 production company investment credit under s. 71.07 (5h), veterans and surviving
11 spouses property tax credit under s. 71.07 (6e), enterprise zone jobs credit under s.
12 71.07 (3w), electronics and information technology manufacturing zone credit under
13 s. 71.07 (3wm), beginning farmer and farm asset owner tax credit under s. 71.07 (8r),
14 earned income tax credit under s. 71.07 (9e), estimated tax payments under s. 71.09,
15 and taxes withheld under subch. X.

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

17 71.28 (4) (k) 1. The For taxable years beginning after December 31, 2017, and
18 before January 1, 2020, the amount of the claim not used to offset the tax due, not
19 to exceed 10 percent of the allowable amount of the claim under par. (ad) 4., 5., or 6.,
20 shall be certified by the department of revenue to the department of administration
21 for payment by check, share draft, or other draft drawn from the appropriation
22 account under s. 20.835 (2) (d). *insert 3-22*

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

24 71.28 (4) (k) 1m. For taxable years beginning after December 31, 2019, the
25 amount of the claim not used to offset the tax due, not to exceed 20 percent of the

1 allowable amount of the claim under par. (ad) 4., 5., or 6., shall be certified by the
 2 department of revenue to the department of administration for payment from the
 3 appropriation account under s. 20.835 (2) (d).

insert 4-3

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

5 71.28 (4) (k) 2. The amount of the claim not used to offset the tax due and not
 6 certified for payment under subd. 1. or 1m. may be carried forward and credited
 7 against Wisconsin income or franchise taxes otherwise due for the following 15
 8 taxable years to the extent not offset by these taxes otherwise due in all intervening
 9 years between the year in which the expense was incurred and the year in which the
 10 carry-forward credit is claimed.

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

12 71.30 (3) (f) The total of farmland preservation credit under subch. IX,
 13 farmland tax relief credit under s. 71.28 (2m), dairy manufacturing facility
 14 investment credit under s. 71.28 (3p), jobs credit under s. 71.28 (3q), meat processing
 15 facility investment credit under s. 71.28 (3r), woody biomass harvesting and
 16 processing credit under s. 71.28 (3rm), food processing plant and food warehouse
 17 investment credit under s. 71.28 (3rn), enterprise zone jobs credit under s. 71.28
 18 (3w), electronics and information technology manufacturing zone credit under s.
 19 71.28 (3wm), business development credit under s. 71.28 (3y), research credit under
 20 s. 71.28 (4) (k) 1. and 1m., film production services credit under s. 71.28 (5f), film
 21 production company investment credit under s. 71.28 (5h), beginning farmer and
 22 farm asset owner tax credit under s. 71.28 (8r), and estimated tax payments under
 23 s. 71.29.

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

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

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

8 71.47 (4) (k) 1m. For taxable years beginning after December 31, 2019, the
9 amount of the claim not used to offset the tax due, not to exceed 20 percent of the
10 allowable amount of the claim under par. (ad) 4., 5., or 6., shall be certified by the
11 department of revenue to the department of administration for payment from the
12 appropriation account under s. 20.835 (2) (d). *Insert 5-12*

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

14 71.47 (4) (k) 2. The amount of the claim not used to offset the tax due and not
15 certified for payment under subd. 1. or 1m. may be carried forward and credited
16 against Wisconsin income or franchise taxes otherwise due for the following 15
17 taxable years to the extent not offset by these taxes otherwise due in all intervening
18 years between the year in which the expense was incurred and the year in which the
19 carry-forward credit is claimed.

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

21 71.49 (1) (f) The total of farmland preservation credit under subch. IX,
22 farmland tax relief credit under s. 71.47 (2m), dairy manufacturing facility
23 investment credit under s. 71.47 (3p), jobs credit under s. 71.47 (3q), meat processing
24 facility investment credit under s. 71.47 (3r), woody biomass harvesting and
25 processing credit under s. 71.47 (3rm), food processing plant and food warehouse

1 investment credit under s. 71.47 (3rn), enterprise zone jobs credit under s. 71.47
2 (3w), business development credit under s. 71.47 (3y), research credit under s. 71.47
3 (4) (k) 1. and 1m., film production services credit under s. 71.47 (5f), film production
4 company investment credit under s. 71.47 (5h), beginning farmer and farm asset
5 owner tax credit under s. 71.47 (8r), and estimated tax payments under s. 71.48.

6

(END)

Insert A

However, the bill prohibits a person certified to claim the electronics and information technology manufacturing zone credit from receiving the refund.

Insert 2 - 10

1 A person who is certified to claim tax benefits under s. 238.396 (3) or (3m) is not
2 eligible to receive the payment under this subd. 2. a.

Insert 2 - 16

3 A person who is certified to claim tax benefits under s. 238.396 (3) or (3m) is not
4 eligible to receive the payment under this subd. 2. am.

Insert 3 - 22

5 A person who is certified to claim tax benefits under s. 238.396 (3) or (3m) is not
6 eligible to receive the payment under this subdivision.

Insert 4 - 3

7 A person who is certified to claim tax benefits under s. 238.396 (3) or (3m) is not
8 eligible to receive the payment under this subdivision.

Insert 5 - 6

9 A person who is certified to claim tax benefits under s. 238.396 (3) or (3m) is not
10 eligible to receive the payment under this subdivision.

Insert 5 - 12

11 A person who is certified to claim tax benefits under s. 238.396 (3) or (3m) is not
12 eligible to receive the payment under this subdivision.



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

1 **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:

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

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

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

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

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

14 71.07 (4k) (e) 2. am. For taxable years beginning after December 31, 2019, the
15 amount of the claim not used to offset the tax due, not to exceed 20 percent of the
16 allowable amount of the claim under par. (b) 4., 5., or 6., shall be certified by the
17 department of revenue to the department of administration for payment from the
18 appropriation account under s. 20.835 (2) (d). A person who is certified to claim tax
19 benefits under s. 238.396 (3) or (3m) is not eligible to receive the payment under this
20 subd. 2. am.

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

1 71.07 (4k) (e) 2. b. The amount of the claim not used to offset the tax due and
2 not certified for payment under subd. 2. a. or am. may be carried forward and credited
3 against Wisconsin income taxes otherwise due for the following 15 taxable years to
4 the extent not offset by these taxes otherwise due in all intervening years between
5 the year in which the expense was incurred and the year in which the carry-forward
6 credit is claimed.

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

8 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
9 preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and
10 beyond under s. 71.613, homestead credit under subch. VIII, farmland tax relief
11 credit under s. 71.07 (3m), dairy manufacturing facility investment credit under s.
12 71.07 (3p), jobs tax credit under s. 71.07 (3q), meat processing facility investment
13 credit under s. 71.07 (3r), woody biomass harvesting and processing credit under s.
14 71.07 (3rm), food processing plant and food warehouse investment credit under s.
15 71.07 (3rn), business development credit under s. 71.07 (3y), research credit under
16 s. 71.07 (4k) (e) 2. a. and am., film production services credit under s. 71.07 (5f), film
17 production company investment credit under s. 71.07 (5h), veterans and surviving
18 spouses property tax credit under s. 71.07 (6e), enterprise zone jobs credit under s.
19 71.07 (3w), electronics and information technology manufacturing zone credit under
20 s. 71.07 (3wm), beginning farmer and farm asset owner tax credit under s. 71.07 (8r),
21 earned income tax credit under s. 71.07 (9e), estimated tax payments under s. 71.09,
22 and taxes withheld under subch. X.

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

24 71.28 (4) (k) 1. The For taxable years beginning after December 31, 2017, and
25 before January 1, 2020, the amount of the claim not used to offset the tax due, not

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

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

7 71.28 (4) (k) 1m. For taxable years beginning after December 31, 2019, the
8 amount of the claim not used to offset the tax due, not to exceed 20 percent of the
9 allowable amount of the claim under par. (ad) 4., 5., or 6., shall be certified by the
10 department of revenue to the department of administration for payment from the
11 appropriation account under s. 20.835 (2) (d). A person who is certified to claim tax
12 benefits under s. 238.396 (3) or (3m) is not eligible to receive the payment under this
13 subdivision.

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

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

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

22 71.30 (3) (f) The total of farmland preservation credit under subch. IX,
23 farmland tax relief credit under s. 71.28 (2m), dairy manufacturing facility
24 investment credit under s. 71.28 (3p), jobs credit under s. 71.28 (3q), meat processing
25 facility investment credit under s. 71.28 (3r), woody biomass harvesting and

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

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

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

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

18 71.47 (4) (k) 1m. For taxable years beginning after December 31, 2019, the
19 amount of the claim not used to offset the tax due, not to exceed 20 percent of the
20 allowable amount of the claim under par. (ad) 4., 5., or 6., shall be certified by the
21 department of revenue to the department of administration for payment from the
22 appropriation account under s. 20.835 (2) (d). A person who is certified to claim tax
23 benefits under s. 238.396 (3) or (3m) is not eligible to receive the payment under this
24 subdivision.

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

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

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

8 71.49 (1) (f) The total of farmland preservation credit under subch. IX,
9 farmland tax relief credit under s. 71.47 (2m), dairy manufacturing facility
10 investment credit under s. 71.47 (3p), jobs credit under s. 71.47 (3q), meat processing
11 facility investment credit under s. 71.47 (3r), woody biomass harvesting and
12 processing credit under s. 71.47 (3rm), food processing plant and food warehouse
13 investment credit under s. 71.47 (3rn), enterprise zone jobs credit under s. 71.47
14 (3w), business development credit under s. 71.47 (3y), research credit under s. 71.47
15 (4) (k) 1. and 1m., film production services credit under s. 71.47 (5f), film production
16 company investment credit under s. 71.47 (5h), beginning farmer and farm asset
17 owner tax credit under s. 71.47 (8r), and estimated tax payments under s. 71.48.

18 **(END)**